

**BRYANSTON EAST COMMUNITY FORUM (ASSOCIATION
INCORPORATED UNDER SECTION 21)
(REGISTRATION NUMBER 2004/011551/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2010**

**Moore Brothers and Associates
Chartered Accountants (S.A.)
Registered Auditor
Issued 21 May 2010**

Bryanston East Community Forum (Association Incorporated under Section 21)

(Registration number 2004/011551/08)

Annual Financial Statements for the year ended 28 February 2010

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Non profit organisation providing security services to the Bryanston East community
Auditors	Moore Brothers and Associates Chartered Accountants (S.A.) Registered Auditor
Company registration number	2004/011551/08

Bryanston East Community Forum (Association Incorporated under Section 21)

(Registration number 2004/011551/08)

Annual Financial Statements for the year ended 28 February 2010

Index

The reports and statements set out below comprise the annual financial statements presented to the members:

Index	Page
Independent Auditor's Report	3
Directors' Responsibilities and Approval	4
Directors' Report	5
Balance Sheet	6
Income Statement	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Accounting Policies	10 - 11
Notes to the Annual Financial Statements	12 - 14

Independent Auditor's Report

To the members of Bryanston East Community Forum (Association Incorporated under Section 21)

We have audited the annual financial statements of Bryanston East Community Forum (Association Incorporated under Section 21), which comprise the balance sheet as at 28 February 2010, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 5 to 14.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa, 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Bryanston East Community Forum (Association Incorporated under Section 21) as at 28 February 2010, and its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa, 1973.

Moore Brothers and Associates
Registered Auditor

21 May 2010

Bryanston East Community Forum (Association Incorporated under Section 21)

(Registration number 2004/011551/08)

Annual Financial Statements for the year ended 28 February 2010

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 28 February 2011 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 3.

The annual financial statements set out on pages 5 to 14, which have been prepared on the going concern basis, were approved by the board on 21 May 2010 and were signed on its behalf by:

W.A. Boonzaier

R.E. Kleyn

Johannesburg

21 May 2010

Bryanston East Community Forum (Association Incorporated under Section 21)

(Registration number 2004/011551/08)

Annual Financial Statements for the year ended 28 February 2010

Directors' Report

The directors submit their report for the year ended 28 February 2010.

1. Review of activities

Main business and operations

The company is engaged as a non profit organisation providing security services to the Bryanston East community and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net loss of the company was R 41 918 (2009: profit R 69 479), after taxation of R - (2009: R -).

2. Post balance sheet events

The directors are not aware of any matter or circumstance arising since the end of the financial year.

3. Dividends

No dividends were declared or paid during the year. The company is a Section 21 company and therefore has a no dividend declaration policy since it is a non profit organisation.

4. Directors

The directors of the company during the year and to the date of this report are as follows:

Name

R.E. Kleyn

W.A. Boonzaier

5. Auditors

Moore Brothers and Associates will continue in office in accordance with section 270(2) of the Companies Act.

Bryanston East Community Forum (Association Incorporated under Section 21)

(Registration number 2004/011551/08)

Annual Financial Statements for the year ended 28 February 2010

Balance Sheet

Figures in Rand	Note(s)	2010	2009
Assets			
Non-Current Assets			
Property, plant and equipment	2	16 075	37 647
Current Assets			
Current tax receivable		2 344	-
Cash and cash equivalents	3	38 786	56 393
		41 130	56 393
Total Assets		57 205	94 040
Equity and Liabilities			
Equity			
Retained income		34 014	75 932
Liabilities			
Non-Current Liabilities			
Other financial liabilities	4	5 400	-
Current Liabilities			
Current tax payable		-	2 640
Trade and other payables	5	17 791	15 468
		17 791	18 108
Total Liabilities		23 191	18 108
Total Equity and Liabilities		57 205	94 040

Bryanston East Community Forum (Association Incorporated under Section 21)

(Registration number 2004/011551/08)

Annual Financial Statements for the year ended 28 February 2010

Income Statement

Figures in Rand	Note(s)	2010	2009
Revenue			
Rendering of services		733 798	769 901
Other income			
Donations received		-	80 050
Interest received	7	122	250
		122	80 300
Operating expenses			
Accounting fees		(8 780)	(5 894)
Advertising		(1 274)	(7 242)
Bank charges		(13 980)	(16 821)
Cleaning		(9 481)	(13 304)
Computer expenses		(11 200)	(12 177)
Depreciation, amortisation and impairments		(21 573)	(15 085)
Donations		(1 139)	-
Employee costs		(497 967)	(443 700)
Events		(20 447)	(7 240)
Gifts		-	(1 302)
Insurance		(5 750)	-
Lease rentals on operating lease		(72 600)	(82 475)
Motor vehicle expenses		(14 124)	(16 640)
Newsletters		(28 894)	(56 675)
Printing and stationery		(4 975)	(9 053)
Repairs and maintenance		(2 794)	(21 905)
Rewards		(25 100)	(26 300)
Security		(1 326)	(1 908)
Staff welfare		-	(2 904)
Subscriptions		(894)	(4 184)
Telephone and fax		(31 504)	(35 013)
Uniforms		(2 036)	(900)
		(775 838)	(780 722)
(Loss) profit for the year		(41 918)	69 479

Bryanston East Community Forum (Association Incorporated under Section 21)

(Registration number 2004/011551/08)

Annual Financial Statements for the year ended 28 February 2010

Statement of Changes in Equity

Figures in Rand	Share capital	Retained income	Total equity
Balance at 01 March 2008	-	6 453	6 453
Changes in equity			
Profit for the year	-	69 479	69 479
Total changes	-	69 479	69 479
Balance at 01 March 2009	-	75 932	75 932
Changes in equity			
Loss for the year	-	(41 918)	(41 918)
Total changes	-	(41 918)	(41 918)
Balance at 28 February 2010	-	34 014	34 014

Bryanston East Community Forum (Association Incorporated under Section 21)

(Registration number 2004/011551/08)

Annual Financial Statements for the year ended 28 February 2010

Cash Flow Statement

Figures in Rand	Note(s)	2010	2009
Cash flows from operating activities			
Cash (used in) generated from operations	9	(18 144)	97 577
Interest income		122	250
Tax paid	10	(4 984)	-
Net cash from operating activities		(23 006)	97 827
Cash flows from investing activities			
Purchase of property, plant and equipment	2	-	(10 757)
Cash flows from financing activities			
Proceeds from other financial liabilities		25 000	25 000
Repayment of other financial liabilities		(19 600)	(80 050)
Net cash from financing activities		5 400	(55 050)
Total cash movement for the year		(17 606)	32 020
Cash at the beginning of the year		56 393	24 372
Total cash at end of the year	3	38 787	56 392

Bryanston East Community Forum (Association Incorporated under Section 21)

(Registration number 2004/011551/08)

Annual Financial Statements for the year ended 28 February 2010

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and the Companies Act of South Africa, 1973. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Item	Average useful life
Furniture and fixtures	6 years
Motor vehicles	5 years
IT equipment	3 years
Computer software	3 years

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.2 Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Bryanston East Community Forum (Association Incorporated under Section 21)

(Registration number 2004/011551/08)

Annual Financial Statements for the year ended 28 February 2010

Accounting Policies

1.2 Financial instruments (continued)

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.4 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest is recognised, in profit or loss, using the effective interest rate method.

Bryanston East Community Forum (Association Incorporated under Section 21)

(Registration number 2004/011551/08)

Annual Financial Statements for the year ended 28 February 2010

Notes to the Annual Financial Statements

Figures in Rand

2010

2009

2. Property, plant and equipment

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	7 617	(7 156)	461	7 617	(5 887)	1 730
Motor vehicles	57 000	(49 400)	7 600	57 000	(38 000)	19 000
IT equipment	26 711	(18 698)	8 013	26 711	(9 795)	16 916
Computer software	2 679	(2 678)	1	2 679	(2 678)	1
Total	94 007	(77 932)	16 075	94 007	(56 360)	37 647

Reconciliation of property, plant and equipment - 2010

	Opening Balance	Depreciation	Total
Furniture and fixtures	1 730	(1 269)	461
Motor vehicles	19 000	(11 400)	7 600
IT equipment	16 916	(8 903)	8 013
Computer software	1	-	1
	37 647	(21 572)	16 075

Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Depreciation	Total
Furniture and fixtures	3 000	-	(1 270)	1 730
Motor vehicles	30 400	-	(11 400)	19 000
IT equipment	8 055	10 757	(1 896)	16 916
Computer software	521	-	(520)	1
	41 976	10 757	(15 086)	37 647

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	46	10
Bank balances	38 740	56 383
	38 786	56 393

4. Other financial liabilities

Held at amortised cost

R.E. Kleyn	5 400	-
This loan is unsecured, interest free and has no fixed terms of repayment.		

Non-current liabilities

At amortised cost	5 400	-
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5. Trade and other payables

Bryanston East Community Forum (Association Incorporated under Section 21)

(Registration number 2004/011551/08)

Annual Financial Statements for the year ended 28 February 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
5. Trade and other payables (continued)		
Trade payables	(1)	(2)
VAT	5 730	2 906
Accrued expenses	7 335	7 335
SARS PAYE	4 727	5 229
	17 791	15 468
6. Revenue		
Rendering of services	733 798	769 901
7. Investment revenue		
Interest revenue		
Bank	122	250
8. Taxation		
Major components of the tax expense		
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting (loss) profit	(41 918)	69 479
Tax at the applicable tax rate of 28% (2009: 28%)	(11 737)	19 454
Tax effect of adjustments on taxable income		
Charitable donations income	-	(22 414)
Tax losses carried forward	11 418	-
Donations not deductible	319	-
	-	(2 960)
No provision has been made for 2010 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R 10 571 (2009: R 0).		
9. Cash (used in) generated from operations		
(Loss) profit before taxation	(41 918)	69 479
Adjustments for:		
Depreciation and amortisation	21 573	15 085
Interest received	(122)	(250)
Changes in working capital:		
Trade and other receivables	-	3 510
Trade and other payables	2 323	9 753
	(18 144)	97 577
10. Tax paid		

Bryanston East Community Forum (Association Incorporated under Section 21)

(Registration number 2004/011551/08)

Annual Financial Statements for the year ended 28 February 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
10. Tax paid (continued)		
Balance at beginning of the year	(2 640)	(2 640)
Balance at end of the year	(2 344)	2 640
	<u>(4 984)</u>	<u>-</u>

11. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.