

MES Mould Empower Serve NPC

(Registration number 1989/004921/08)

Financial statements for the year ended

28 February 2023



MES Mould Empower Serve NPC

(Registration number: 1989/004921/08)

Financial Statements for the year ended 28 February 2023

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Community Upliftment
Directors	Botha CE Eksteen WS MacLean MA Myburgh CD Ndungane YF Pienaar L Ramasike TG Rossouw E Visser A Windell JH
Auditors	Nexia SAB&T Chartered Accountants (SA) Registered Auditors First Floor DVM Office Park 16 Kingfisher Crescent Meyersdal 1448
Tax reference number	9959513145
Preparer	The financial statements were internally compiled by: Rabie Incorporated Registered Auditors
Non Profit registration no.	023 603 NPO
18A registration no.	RG/0012/09/04
PBO number	930003011
Chief Executive Officer	Pienaar L

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Level of assurance

These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

Preparer

Rabie Incorporated
Registered Auditors

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Financial Statements for the year ended 28 February 2023

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements 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 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 29 February 2024 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 auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 9 - 11.

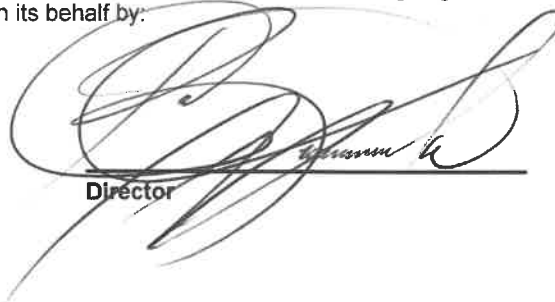
The financial statements set out on pages 12 to 25, which have been prepared on the going concern basis, were approved by the board on 31 August 2023 and were signed on its behalf by:

Approval of financial statements

Director



Director



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Directors' Report

The directors have pleasure in submitting their report on the financial statements of MES Mould Empower Serve NPC for the year ended 28 February 2023.

1. Incorporation

MES was founded and incorporated on 6 June 1989.

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

MES reported a surplus of R 2 949 892 in the financial year. This is significantly higher than in the prior year as the organisations revenue, donations, and goods and services in kind increased overall.

The organisation's total operating expense was R 50 844 070 (2022: R 42 345 441), and was funded mainly by donor contributions, with the remainder split between donations in kind and revenue generated from its various social entrepreneurship initiatives.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

3. Identity

MES is a community-based Christian organisation focusing on community development and its clients' spiritual and emotional well-being.

4. Core Values

The core values of MES are based on Christian principles and should be reflected to all stakeholders.

The five key values of MES being:

- Influence Potential
- Serve with Compassion
- Govern with excellence & Lead Responsibly
- Drive essential social change
- Initiate, collaborate & partner

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Directors' Report

5. Focus

Socio-economic and developmental challenges of a pervasive nature confront inner cities like Johannesburg, Cape Town, Gqeberha and Kempton Park and require innovative interventions.

These cosmopolitan cities face incredible challenges in public healthcare, housing provision, unemployment and meeting vulnerable individuals' spiritual needs and well-being. The challenges mentioned above inform the focus of MES concerning the provision of:

Social relief services (food relief, shelter solutions, basic needs)

Education services (early childhood development and after-school support to learners)

Training & development services (youth leadership and internships, job rehabilitation, skills development and job placement)

Professional health and social work services

MES collaborates closely with organisations in the private sector, public sector, churches and a growing number of caring individuals. Strategic partnerships are imperative in solving these challenges.

MES similarly focuses on a broad spectrum of services to address pervasive poverty challenges. Various programmes are directed at assisting vulnerable people in leading meaningful lives and empowering them to live sustainably. The specific service units are detailed in this annual report.

6. Finances

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

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Directors' Report

7. Board of directors

The following people served as Directors of the Company during this period. Unless stated otherwise all directors are non-executive directors:

Surname	Appointed	Position	Resignation	Meeting	Attended	%
Windell JH	15 Feb 2000	Director (Chairperson)		6	6	100%
Ramasike TG	21 Feb 2017	Treasurer/Vice Chairperson		6	5	83.3%
Pienaar L	19 Nov 2019	Executive Director		6	6	100%
Botha SE	19 Jun 2012	Director	30 Aug 2022	2	1	50%
Botha CE	30 Aug 2022	Director		4	4	100%
De Frey T	11 May 2006	Director	30 Aug 2022		2	100%
Eksteen WS	26 Jul 2019	Director		6	5	83.3%
MacLean MA	30 Aug 2022	Director		4	4	100%
Myburgh CD	30 Aug 2022	Director		4	4	100%
Ndungane YF	18 Feb 2016	Director		6	6	100%
Rossouw E	30 Aug 2022	Director		4	4	100%
Visser A	13 Nov 2018	Director		6	6	100%

8. Committees of the board

Audit and Risk Committee:

The Board's Audit and Risk Committee meets independently of the Executive Committee and oversees the organisation's budget, financial policies and risk management. The committee met on eight (8) occasions during the previous financial year and consisted of the following members:

Surname	Appointed	Position	Resignation	Meeting	Attended	%
Rossouw E	11 Nov 2019	Director		8	7	87.5%
Ramasike TG	21 Feb 2017	Director		8	8	100%
Botha SE	25 Aug 2020	Director	30 Aug 2022	8	6	100%
Myburgh CD	30 Aug 2022	Director		4	4	75%
Philander K	25 Feb 2019	Financial Manager		8	8	100%
Pienaar L	19 Nov 2019	Executive Director		8	8	100%

Human Resources Committee:

The Board's Human Resources committee meets independently of the Executive Committee and advises MES' management on human resources and remuneration matters. The committee met on five (5) occasions during the previous financial year and consisted of the following members:

Surname	Appointed	Position	Resignation	Meeting	Attended	%
Ndungane YF	18 Feb 2016	Director		5	5	100%
Botha CE	30 Aug 2022	Director		2	1	50%
Eksteen L	17 Jul 2016	Advisor		5	4	80%
MacLean MA	30 Aug 2022	Director		2	2	50%
Nyoka P	18 Jul 2016	HR Manager		5	5	100%
Pienaar L	19 Nov 2019	Executive Director		5	5	100%
Visser A	13 Nov 2019	Director		5	5	80%

Fundraising and Marketing Committee:

The Board's Fundraising and Marketing Committee meets independently of the Executive Committee and oversees the organisation's funding, marketing strategy and brand management. The committee met on four (4) occasions during the previous financial year and consisted of the following members:

Surname	Appointed	Position	Resignation	Meeting	Attended	%
Eksteen WS	29 Jul 2014	Director		4	4	100%

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Directors' Report

(continued)

Botha SE	19 Nov 2015	Vice Chairperson	30 Aug 2022	4	4	100%
Hudson K	01 Oct 2022	National F&M Manager		2	2	100%
Kuun K	11 May 2021	Advisor		4	4	100%
MacLean MA	30 Aug 2022	Director		2	1	50%
Myburgh CD	30 Aug 2022	Director		2	2	100%
Ndlovu Z	02 Jun 2020	National F&M Manager	30 Sep 2022	2	2	100%
Pienaar L	19 Nov 2019	Executive Director		4	4	100%

Executive Committee of the Board:

The Executive Committee met on six (6) occasions during the previous financial year and consisted of the following members:

Surname	Appointed	Position	Resignation	Meeting	Attended	%
Windell JH	15 Feb 2000	Chairman		6	6	100%
Botha SE	19 Oct 2021	Non-executive Director	30 Aug 2022	1	1	100%
Botha CE	30 Aug 2022	Non-executive Director		3	3	100%
Eksteen WS	26 Jul 2019	Non-executive Director		3	3	100%
Pienaar L	19 Nov 2019	Executive Director		6	6	100%
Ramasike TG	19 Oct 2021	Vice Chairperson		6	6	100%
Chatikobo N	13 Feb 2023	M&E Advisor		1	1	100%

9. Responsibility

The Board of Directors is responsible for efficient and effective corporate governance and carrying out its fiduciary responsibilities with great care and accountability.

In essence, the Board of Directors is ultimately responsible for matters related to corporate governance.

The externally appointed auditors are responsible for the independent auditing and the fair presentation of the financial statements following the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS) and the requirements of the Companies Act, No 71 of 2008.

The Directors are also responsible for ensuring an effective internal control system regarding financial statements, safety controls and the preservation of assets. The Board of Directors declares that the financial statements have been prepared following sound accounting practices.

The Directors are assured that the company has the necessary resources to remain an effective service provider.

The Board of Directors spent much time deliberating the impact of the global and local economic situation on the organisation's financial position. Safeguarding MES's financial sustainability, all operations and programmes have been considered, and changes have been made where and when necessary.

Given the indications that the current economic climate will remain, another challenging year awaits MES. The Board and executive management tackle these challenges by addressing the budget, setting fundraising targets, and availing funds where needed.

The Board is committed to finding creative and cost-effective solutions to all challenges. The Board attends to all the areas necessary for efficient and proper decision-making through its committees Executive, Audit and Risk, Human Resources, and Fundraising and Marketing.

As MES renders its services in the four cities, the Board and executive management apply their minds to alleviate the inequality in urban communities and the fact that situations are continuously changing.

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Directors' Report

10. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

11. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

12. Going concern

The MES financial statements have been prepared based on 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. As is evident from the Statements of Comprehensive Income, MES mostly depends on donor and government support. The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future based on the continued commitment of existing and potential donors. Accordingly, the financial statements have been prepared on a going-concern basis. The directors are satisfied that the company is in a sound financial position and are unaware of any new material changes that may adversely impact the company. The directors are also unaware of any material non-compliance with statutory or regulatory requirements or any pending changes to legislation which may affect the company.

13. Auditors

Nexia SAB&T (previously Kreston Johannesburg Inc) continued in office as auditors for 2023. Kreston Johannesburg Inc. merged with Nexia SAB&T effective from June 2022.

To the Directors of MES Mould Empower Serve NPC

Qualified Opinion

We have audited the financial statements of MES Mould Empower Serve NPC set out on pages 12 to 25, which comprise the statement of financial position as at 28 February 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of MES Mould Empower Serve NPC as at 28 February 2023, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis for Qualified Opinion

Donations are a significant source of revenue for MES Mould Empower Serve NPC. The directors have determined that it is not feasible to establish internal controls over the collection of cash donations, goods collections from donations and donations in kind prior to the initial entry into its accounting financial records. We were therefore unable to confirm whether all donations were recorded.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "MES Mould Empower Serve NPC financial statements for the year ended 28 February 2023", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Audit. Tax. Advisory.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about whether all donations were recorded. Accordingly, we were unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Nexia SAB&T

Sunette Prinsloo

Director

Registered Auditor

12 September 2023

Audit. Tax. Advisory.

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Statement of Financial Position as at 28 February 2023

Figures in Rand	Notes	2023	2022
Assets			
Non-Current Assets			
Property, plant and equipment	2	17 290 667	14 767 559
Current Assets			
Trade and other receivables	3	2 000 173	1 322 702
Cash and cash equivalents	4	2 742 028	3 704 143
		4 742 201	5 026 845
Total Assets		22 032 868	19 794 404
Equity and Liabilities			
Equity			
Retained income		16 178 961	13 229 070
Liabilities			
Non-Current Liabilities			
Other financial liabilities	5	623 661	2 262 575
Current Liabilities			
Other financial liabilities	5	121 925	112 157
Deferred income	6	2 169 277	1 742 085
Trade and other payables	7	2 939 044	2 448 517
		5 230 246	4 302 759
Total Liabilities		5 853 907	6 565 334
Total Equity and Liabilities		22 032 868	19 794 404

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Statement of Comprehensive Income

Figures in Rand	Notes	2023	2022
Revenue generated	8	10 689 441	8 969 572
Government subsidies	9	14 029 113	11 975 661
Financial Donations	10	22 144 970	17 124 804
Revenue excluding in kind donations		46 863 524	38 070 037
Goods and services received in kind	11	6 645 929	4 510 402
Total Revenue		53 509 453	42 580 439
Other income	12	349 188	101 535
Operating expenses	13	(50 844 070)	(42 345 441)
Operating surplus		3 014 571	336 533
Investment revenue	14	15 019	14 591
Finance costs	15	(79 699)	(78 594)
Surplus for the year		2 949 891	272 530

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Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 March 2021	12 956 540	12 956 540
Other comprehensive income	-	-
Surplus for the year	272 530	272 530
Balance at 01 March 2022	13 229 070	13 229 070
Other comprehensive income	-	-
Surplus for the year	2 949 891	2 949 891
Balance at 28 February 2023	16 178 961	16 178 961

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Statement of Cash Flows

Figures in Rand	Notes	2023	2022
Cash flows from operating activities			
Cash generated from operations	16	3 974 336	2 424 539
Interest income		15 019	14 591
Finance costs		(79 699)	(78 594)
Net cash from operating activities		3 909 656	2 360 536
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(3 302 930)	(1 104 206)
Sale of property, plant and equipment	2	60 305	-
Net cash from investing activities		(3 242 625)	(1 104 206)
Cash flows from financing activities			
Repayment of other financial liabilities		(1 629 146)	1 423 414
Finance lease payments		-	(1 344 869)
Net cash from financing activities		(1 629 146)	78 545
Total cash movement for the year		(962 115)	1 334 875
Cash at the beginning of the year		3 704 143	2 369 268
Total cash at end of the year	4	2 742 028	3 704 143

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Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

The company reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date. During the current year, the directors determined that the useful lives of certain items of surveillance equipment should be shortened, due to developments in technology.

Impairment testing

The company reviews and tests the carrying value of property, plant and equipment, investment property on the cost model and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Revenue- Donation in kind received

In Kind Goods Receipts:

Goods received include new and used equipment, materials and perishable and non-perishable food items.

Goods in Kind are valued as follows:

New goods are valued at the stated invoice provided by the donor which is then assessed for reasonability and included in the financial records.

Used goods and instances where no invoice is provided by the donor, the In kind goods are assessed and a market related estimate is used to determine the value of the goods and then included in the financial records.

Expenses to the corresponding values of goods and services have been recognised as part of Operating expenses. The resultant net impact of above goods and services received in kind on the net surplus for the year is therefore Rnil.

In Kind Services Receipts:

Services received include marketing and other services provided by donors.

Services in Kind are valued as follows:

The donor provides an invoice for the services provided including the detail of services provided, this is then assessed for reasonability and included in the financial records.

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Financial Statements for the year ended 28 February 2023

Accounting Policies

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes 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.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of property, plant and equipment. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 years
IT equipment	Straight line	7 to 10 years
Leasehold improvements	Straight line	10 years
Motor vehicles	Straight line	4 to 12 years
Office equipment	Straight line	6 to 12 years
Plant and machinery	Straight line	5 to 16 years

Land and buildings are not depreciated.

Leasehold improvements are made available for use only in the 2023 financial year.

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Any gain or loss arising from an item of property, plant and equipment, is included in profit or loss.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. They are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

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Accounting Policies

1.4 Tax

Tax expenses

In accordance with section 10 of the Income Tax Act, MES is exempt from income tax and donations tax. Thus no provision for tax is made in the financial statements.

1.5 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.6 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.7 Government grants

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Grants are measured at the fair value of the asset received or receivable.

1.8 Revenue

Goods and services received in kind are measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of operations, net of value added tax.

Financial Donations and revenue generated from various sources are normally recognised on the receipt thereof. However donations of a substantial nature are deferred and recognised in accordance with the donor stipulated funding period.

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

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.9 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

MES Mould Empower Serve NPC

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Financial Statements for the year ended 28 February 2023

Notes to the Financial Statements

Figures in Rand

2023

2022

2. Property, plant and equipment

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	10 921 448	-	10 921 448	10 770 000	-	10 770 000
Furniture and fixtures	59 084	(48 834)	10 250	59 084	(47 025)	12 059
IT equipment	542 767	(280 043)	262 724	527 202	(240 879)	286 323
Leasehold improvements	4 061 429	(367 407)	3 694 022	1 344 869	-	1 344 869
Motor vehicles	3 013 411	(1 509 591)	1 503 820	2 755 408	(1 322 506)	1 432 902
Office equipment	344 423	(280 525)	63 898	344 423	(271 710)	72 713
Plant and machinery	1 197 033	(362 528)	834 505	1 161 358	(312 665)	848 693
Total	20 139 595	(2 848 928)	17 290 667	16 962 344	(2 194 785)	14 767 559

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Buildings	10 770 000	151 448	-	-	10 921 448
Furniture and fixtures	12 059	-	-	(1 809)	10 250
IT equipment	286 323	15 564	-	(39 163)	262 724
Leasehold improvements	1 344 869	2 716 560	-	(367 407)	3 694 022
Motor vehicles	1 432 902	258 002	(125 677)	(61 407)	1 503 820
Office equipment	72 713	-	-	(8 815)	63 898
Plant and machinery	848 693	161 356	-	(175 544)	834 505
	14 767 559	3 302 930	(125 677)	(654 145)	17 290 667

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Reclassification	Depreciation	Closing balance
Buildings	11 089 449	-	(319 449)	-	10 770 000
Furniture and fixtures	14 068	-	-	(2 009)	12 059
IT equipment	133 726	175 122	-	(22 525)	286 323
Leasehold improvements	-	1 344 869	-	-	1 344 869
Motor vehicles	1 285 989	326 046	-	(179 133)	1 432 902
Office equipment	42 320	37 945	-	(7 552)	72 713
Plant and machinery	56 952	565 093	319 449	(92 801)	848 693
	12 622 504	2 449 075	-	(304 020)	14 767 559

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Notes to the Financial Statements

Figures in Rand	2023	2022
2. Property, plant and equipment (continued)		
Details of properties		
Roly Poly Pre-school		
Erf 4573, Kapteijn Street Hillbrow, Johannesburg		
- Cost: 2000	170 000	170 000
- Additions since purchase: 2003	304 041	304 041
- Revaluation	5 959	5 959
	480 000	480 000
MES Impilo Shelter (previously known as Zaziwe)		
353 Main Street, Fairview		
- Cost: 2004	1 403 509	1 403 509
- Revaluation	1 596 491	1 596 491
	3 000 000	3 000 000
Hillbrow Community Centre		
Erf 4573, 16 Kapteijn Street Hillbrow, Johannesburg		
- Cost: 2005 (Section 29,30 &34)	600 000	600 000
- Revaluation (Section 29,30 and 34)	120 000	120 000
	720 000	720 000
Hillbrow Community Centre		
16 Kapteijn Street Hillbrow, Johannesburg		
- 404, 16 Kapteijn Street - Section 28	80 000	80 000
- 405, 16 Kapteijn Street - Section 27	80 000	80 000
- 406, 16 Kapteijn Street - Section 26	80 000	80 000
	240 000	240 000
Our Kids		
54 Stramford Street, Forest Hill		
- Cost: 2008	650 000	650 000
	650 000	650 000
MES PE Shelter and office (previously known as Diakos Building)		
Erf 4177, Korsten, Hiles Street, Nelson Mandela Bay Municipality		
- Cost: 2008	3 600 000	3 600 000
	3 600 000	3 600 000
Lufunoni Home		
Portion 1 Erf 10 Yeoville Township		
- Cost: 2010	400 000	400 000
	400 000	400 000
Genesis Centre		
54 Millbourne Street		
- Cost: 2000	90 000	90 000
- Revaluation	390 000	390 000
	480 000	480 000
MES Kempton Park Shelter and office		
Erf 2804 Kempton Park Ext		
- Cost: 2021	1 200 000	1 200 000

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Notes to the Financial Statements

Figures in Rand	2023	2022
3. Trade and other receivables		
Deposits	25 557	32 557
Employee costs in advance	11 256	23 707
Provision for bad debts	(61 440)	(159 285)
Trade receivables	778 892	951 632
VAT	1 245 908	474 091
	2 000 173	1 322 702
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	2 696 029	3 664 084
Cash on hand	23 237	25 608
Short-term deposits	22 762	14 451
	2 742 028	3 704 143
5. Other financial liabilities		
At amortised cost		
VDMV Property Management Loan	-	1 526 462
The VDMV Property Management loan was granted as a donation by VDMV during the 2023 financial year. Therefore, there is no longer a balance due to VDMV Property Management.		
MES Kempton Park Shelter Bond		
MES has an installment sales agreement with Nederduitse Gereformeerde Kerk Gemeente Kempton Park for the purchase of the MES Kempton Park Shelter and office. The average term is 7 years and 7 months effective from 25 February 2020 and the average effective borrowing rate is 8.5% pa.	745 586	848 270
	745 586	2 374 732
Non-current liabilities		
At amortised cost	623 661	2 262 575
Current liabilities		
At amortised cost	121 925	112 157
	745 586	2 374 732
6. Deferred income		
Corporates	-	248 500
Foundations and Trusts	1 365 769	209 450
Government funding	803 508	1 097 286
Individuals	-	186 849
	2 169 277	1 742 085

Donations of substantial nature are deferred and recognised in accordance with donor stipulating funding.

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Notes to the Financial Statements

Figures in Rand	2023	2022
7. Trade and other payables		
Accrued leave pay	860 029	774 290
Payable disbursements	69 286	117 180
Payroll accruals	134 989	314 955
Trade payables	1 874 740	1 242 092
	2 939 044	2 448 517
8. Revenue generated		
Revenue - Commercial	2 287 957	1 952 989
Revenue - Enterprise	862 809	877 359
Revenue - Fees	7 538 675	6 139 224
	10 689 441	8 969 572
9. Government subsidies		
National Treasury (Economic Stimulus Wages)	2 343 373	1 017 209
City of Cape Town (GIA)	788 037	517 004
Western Cape Department of Social Development	399 307	232 956
City of Johannesburg (Housing)	897 056	846 526
Gauteng Department of Basic Education	1 132 846	-
Gauteng Department of Social Development	8 389 809	9 250 549
Eastern Cape Department of Social Development	78 685	111 417
	14 029 113	11 975 661
10. Financial Donations		
Local:		
Churches	1 060 726	841 155
Corporates	7 172 738	2 968 551
Foundations & trusts	7 153 212	7 050 351
Foundations & trusts - Street Smart SA (Ring-fenced)	40 000	40 000
Individuals	4 115 249	3 922 762
	19 541 925	14 822 819
International:		
International sponsors	2 603 045	2 301 985
	22 144 970	17 124 804
11. Goods and services received in kind		
Services received in kind:		
Marketing service: Stone	932 559	786 780
Marketing service: Ornico	117 986	-
Myculture Design and Digital	48 225	-
Discount from auditors: Nexia SAB&T/ Kreston Johannesburg Inc	106 000	100 000
	1 204 770	886 780
Goods received in kind	5 441 159	3 623 622
	6 645 929	4 510 402

Goods received in kind consist of mainly food, equipment and blankets.

Expenses to the corresponding values of above goods and services have been recognised as part of Operating expenses. The resultant net impact of above goods and services received in kind on the net surplus for the year is therefore Rnil.

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Notes to the Financial Statements

Figures in Rand	2023	2022
12. Other income		
Other income - Employee tax incentive	288 883	101 535
Surplus on sale of assets	60 305	-
	349 188	101 535
<p>Other income comprises mostly of employee tax incentives received from SARS. It is an incentive aimed at encouraging employers to hire young workers.</p>		
13. Operating expenses		
<p>Operating expenses include the following expenses:</p>		
Operating lease charges		
Premises		
• Contractual amounts	611 189	830 263
Depreciation	654 145	304 020
Employee costs	20 475 069	19 770 687
14. Investment revenue		
Interest revenue		
Bank	15 019	14 591
15. Finance costs		
Bank	17 383	2 441
Interest Expense & Bond repayments	62 316	76 153
	79 699	78 594
16. Cash generated from operations		
Surplus before taxation	2 949 891	272 530
Adjustments for:		
Depreciation	654 145	304 020
Surplus on sale of assets	(60 305)	-
Interest received	(15 019)	(14 591)
Finance costs	79 699	78 594
Changes in working capital:		
Trade and other receivables	(551 793)	398 954
Trade and other payables	490 527	1 002 232
Deferred income	427 191	382 800
	3 974 336	2 424 539

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Financial Statements for the year ended 28 February 2023

Notes to the Financial Statements

Figures in Rand	2023	2022
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17. Related parties

Relationships

Affiliated entity

Entity under common control

MES Khula Sustainability Trust

Stone (Eksteen WS - Director)

Related party balances and transactions with other related parties

Related party balances

There were no outstanding balances with related parties as at year end.

Related party transactions

Income received from related parties

MES Khula Sustainability Trust- Foundations and Trusts

Stone - Services received in kind

1 400 000

932 559

325 000

786 780

18. Directors' and prescribed officer's remuneration

All non-executive directors serve on the Board of Directors and its committees on a pro-bono basis. It has been included at a Rnil value in the financial statements.

Executive

2023

Directors' emoluments

Emoluments

Total

Prescribed officer - salary

L Pienaar

686 828

686 828

2022

Directors' emoluments

Emoluments

Total

Prescribed officer - salary

L Pienaar

678 895

678 895

19. Going concern

The MES financial statements have been prepared based on 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. As is evident from the Statements of Comprehensive Income, MES mostly depends on donor and government support. The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future based on the continued commitment of existing and potential donors. Accordingly, the financial statements have been prepared on a going-concern basis. The directors are satisfied that the company is in a sound financial position and are unaware of any new material changes that may adversely impact the company. The directors are also unaware of any material non-compliance with statutory or regulatory requirements or any pending changes to legislation which may affect the company.

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Financial Statements for the year ended 28 February 2023

Notes to the Financial Statements

Figures in Rand

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20. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

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Financial Statements for the year ended 28 February 2023

Statement of Comprehensive Income - Supplementary Information

Figures in Rand	Notes	2023	2022
Revenue			
Revenue generated	8	10 689 441	8 969 572
Government subsidies	9	14 029 113	11 975 661
Financial Donations	10	22 144 970	17 124 804
Revenue excluding in kind donations		46 863 524	38 070 037
Goods and services received in kind		6 645 929	4 510 402
Other income - Employee tax incentive		288 883	101 535
Surplus on disposal of assets		60 305	-
		6 995 117	4 611 937
Expenses (Refer to page 27)		(50 844 070)	(42 345 441)
Operating surplus		3 014 571	336 533
Finance costs	15	(79 699)	(78 594)
Investment income	14	15 019	14 591
		(64 680)	(64 003)
Surplus for the year		2 949 891	272 530

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Financial Statements for the year ended 28 February 2023

Statement of Comprehensive Income - Supplementary Information

Figures in Rand	Notes	2023	2022
Operating expenses			
Advertising		164 665	31 782
Auditors remuneration		263 996	277 339
Bad debts		579 867	766 005
Bank charges		275 061	253 232
Basic care		391 523	364 503
Cleaning		370 292	320 191
Depreciation		654 145	304 020
Employee costs		20 475 069	19 770 687
Enterprise expense		7 614	12 523
Entertainment		8 547	-
Equipment expenses		335 993	602 307
Food purchases		6 046 973	5 027 795
Functions,camps and outings		42 215	49 152
Health care		98 946	43 012
In kind-goods distributed		5 441 159	3 623 622
In kind-services utilised		1 204 770	886 780
Insurance		514 222	401 543
Lease rentals on operating lease		611 189	830 263
Legal expenses		591 093	269 325
Motor vehicle expenses		1 321 667	792 983
Municipal expenses		3 579 528	3 022 365
Penalties		-	6 500
Printing and stationery		709 446	377 979
Repairs and maintenance		556 632	575 153
Security		1 001 211	768 658
Telephone and fax		444 398	410 034
Training		1 223 535	638 430
Training - GROW stipends		3 930 314	1 919 258
		50 844 070	42 345 441