

MES MOULD EMPOWER SERVE NPC
(Registration number 1989/004921/08)
Financial statements
for the year ended 29 February 2024

MES Mould Empower Serve NPC

(Registration number: 1989/004921/08)

Financial Statements for the year ended 29 February 2024

General Information

Country of incorporation and domicile	South Africa	
Nature of business and principal activities	Community development	
Directors	J.H. Windell C.E. Botha T.G. Ramasike L. Pienaar W.S. Eksteen M.A. MacLean C.D. Myburgh Y.F. Ndungane A. Visser	Chairperson Vice Chairperson Treasurer Executive Director Director Director Director Director Director
Prescribed Officer	V.H. Hlongwa	Chief Financial Officer
Chief Executive Officer	L. Pienaar	
Chief Financial Officer	V.H. Hlongwa	
Auditors	Nexia SAB&T Chartered Accountants (SA) Registered Auditors 53 Philip Engelbrecht Avenue Woodhill Office Park Building Number 7 Meyersdal, Alberton 1448	
Tax reference number	9959513145	
Preparer	The financial statements were independently compiled by: Spectrum Accounting Services (Centurion) CC	
Non profit registration number	023 603 NPO	
S18A registration number	RG/0012/09/04	
PBO Number	930003011	

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

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The following supplementary information does not form part of the financial statements and is unaudited:

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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.

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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 IFRS for SME's Accounting Standard as issued by the International Accounting Standards Board. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRS for SME's Accounting Standard as issued by the International Accounting Standards Board 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 28 February 2025 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 4 to 8 and 12 to 28, which have been prepared on the going concern basis, were approved by the board on 30 August 2024 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 29 February 2024.

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 the IFRS for SME's Accounting Standard as issued by the International Accounting Standards Board 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 6 114 249 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 58 666 848 (2023: R 52 156 890), 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 reflect how we engage with all stakeholders.

The five key values of MES being:

- Christ-centred
- Influence potential
- Servant leadership
- Innovation
- Collaboration

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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 growing challenges regarding homelessness and poverty. Child protection and creating safe spaces for children and youth is another growing concern in the metros. The challenges mentioned above inform the focus of MES concerning the provision of:

Social relief services (food relief, safe space and shelter solutions, access to hygiene and ablutions).

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

Training & development services (youth leadership and internships, work readiness, skills development and job placement).

Professional health and social work services (child protection and family preservation, psycho-social support, mental health- and trauma support and addiction support).

MES collaborates closely with organisations in the private sector, public sector, churches and a growing number of caring individuals. Strategic partnerships are imperative in driving essential social change to solve systemic poverty and homelessness.

MES similarly focuses on a broad spectrum of services to develop pathways out of homelessness and poverty. We direct various programmes to assist vulnerable people in leading meaningful lives and empowering them to live sustainably. The specific services are detailed in this annual report

6. Finances

The financial statements have been prepared in accordance with IFRS for SME's Accounting Standard as issued by the International Accounting Standards Board 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:

Directors	Appointed	Position	Resignation	Number of Meetings	Attendance of Meetings	Percentage
J.H. Windell	15 February 2000	Chairperson		6	6	100%
C.E. Botha	30 August 2022	Vice Chairperson		6	6	100%
T.G. Ramasike	21 February 2017	Treasurer		6	6	100%
L. Pienaar	19 November 2019	Executive Director		6	6	100%
W.S. Eksteen	26 July 2019	Director		6	5	83.3%
M.A. MacLean	08 February 2022	Director		6	6	100%
C.D. Myburgh	30 August 2022	Director		6	6	100%
Y.F. Ndungane	18 February 2016	Director		6	6	100%
E. Rossouw	30 August 2022	Director	31 October 2023	5	5	100%
A. Visser	13 November 2018	Director		6	6	100%
Prescribed officer	Date of Appointment	Position	Resignation	Number of Meetings	Attendance of Meetings	Percentage
V.H. Hlongwa	01 January 2024	CFO		1	1	100%

8. Committees of the board

The Executive Committee:

The Executive Committee met on the following occasions:

Directors	Appointed	Position	Resignation	Number of Meetings	Attendance of Meetings	Percentage
J.H. Windell	15 February 2000	Chairperson		5	5	100%
C.E. Botha	30 August 2022	Vice Chairperson		5	5	100%
W.S. Eksteen	26 July 2019	Director		5	5	100%
M.A. MacLean	30 August 2022	Director		1	1	100%
T.G. Ramasike	19 October 2021	Treasurer		5	5	100%
E. Rossouw	30 August 2022	Director	31 October 2023	1	1	100%
L. Pienaar	19 November 2019	CEO		5	5	100%
N. Chatikobo	13 February 2023	M&E Advisor		3	3	100%

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Directors' Report

Audit and Risk Committee:

The Board's Audit and Risk Committee meets independently of the Executive Committee and has oversight of 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:

Directors	Appointed	Position	Resignation	Number of Meetings	Attendance of Meetings	Percentage
T.G. Ramasike	21 February 2017	Director & Chairperson		8	8	100%
S.E. Botha	25 August 2020	Ad hoc		8	8	100%
C.D. Myburgh	30 August 2022	Director		8	8	100%
E. Rossouw	11 November 2019	Director	31 October 2023	5	5	100%
L. Pienaar	19 November 2019	Executive Director		8	8	100%
V.H. Hlongwa	01 January 2024	CFO		2	2	100%
K. Philander	25 February 2019	Finance Manager	01 January 2024	6	6	100%

Fundraising and Marketing Committee:

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

Directors	Appointed	Position	Resignation	Number of Meetings	Attendance of Meetings	Percentage
W.S. Eksteen	29 July 2014	Director & Chairperson		4	4	100%
S.E. Botha	19 November 2015	Ad hoc	21 September 2023	2	2	100%
M.A. MacLean	30 August 2022	Director		4	4	100%
C.D. Myburgh	30 August 2022	Director		4	4	100%
L. Pienaar	19 November 2019	Executive Director		4	4	100%
V.H. Hlongwa	01 January 2024	CFO		1	1	100%
K. Hudson	01 October 2022	National F&M Manager		4	4	100%
K. Kuun	11 May 2021	Ad hoc		4	3	75%

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 six (6) occasions during the previous financial year and consisted of the following members:

Directors	Appointed	Position	Resignation	Number of Meetings	Attendance of Meetings	Percentage
F. Ndungane	18 February 2016	Director & Chairperson		6	4	66.6%
C.E. Botha	30 August 2022	Vice Chairperson		6	5	83.3%
L. Eksteen	17 July 2016	Ad hoc		6	6	100%
M.A. Maclean	30 August 2022	Director		6	4	66.6%
A. Visser	19 October 2021	Director		6	4	66.6%
L. Pienaar	19 November 2019	CEO		6	6	100%
V.H. Hlongwa	01 January 2024	CFO		1	1	100%
P. Nyoka	18 July 2016	HR Manager		6	3	50%

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Directors' Report

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 IFRS for SME's Accounting Standard as issued by the International Accounting Standards Board 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.

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 continued in office as auditors for the company for 2024.

INDEPENDENT AUDITOR'S REPORT

To the Directors of MES Mould Empower Serve NPC

Qualified Opinion

We have audited the financial statements of MES Mould Empower Serve set out on pages 12 to 28 which comprise the statement of financial position as at 29 February 2024, and the statement of comprehensive income, the statement of changes in equity; and the statement of cash flows for the year then ended, and 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 29 February 2024, and its financial performance and cash flows for the year then ended in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board 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.

Audit. Tax. Advisory.

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 29 February 2024", 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.

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. We have nothing to report in this regard.

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 IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board 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 ISAs 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

Nexia SAB&T

Sunette Prinsloo

Director

Registered Auditor

30 August 2024

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Financial Statements for the year ended 29 February 2024

Statement of Financial Position as at 29 February 2024

		2024	2023
	Notes	R	Restated * R
Assets			
Non-Current Assets			
Property, plant and equipment	2	20 387 606	16 369 407
Current Assets			
Trade and other receivables	3	2 509 608	1 188 031
Cash and cash equivalents	4	3 286 668	2 742 028
		5 796 276	3 930 059
Total Assets		26 183 882	20 299 466
Equity and Liabilities			
Equity			
Retained income		21 059 944	14 945 695
Liabilities			
Non-Current Liabilities			
Other financial liabilities	5	482 066	623 661
Current Liabilities			
Other financial liabilities	5	132 622	121 925
Deferred income	6	2 759 947	2 169 277
Trade and other payables	7	1 749 303	2 438 908
		4 641 872	4 730 110
Total Liabilities		5 123 938	5 353 771
Total Equity and Liabilities		26 183 882	20 299 466

* See Note 19

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Financial Statements for the year ended 29 February 2024

Statement of Comprehensive Income

		2024	2023
	Notes	R	Restated *
			R
Revenue generated	8	14 414 055	10 689 441
Government subsidies	9	15 260 847	11 685 740
Financial donations	10	27 253 849	24 488 343
Revenue excluding in kind donations		56 928 751	46 863 524
Goods and services received in kind	11	7 775 853	6 645 929
Total revenue		64 704 604	53 509 453
Other income	12	162 539	349 188
Operating expenses		(58 666 848)	(52 156 890)
Operating surplus	13	6 200 295	1 701 751
Investment revenue	14	21 768	15 019
Finance costs	15	(107 814)	(79 699)
Surplus for the year		6 114 249	1 637 071

* See Note 19

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Statement of Changes in Equity

	Retained income R	Total equity R
Restated* Balance at 01 March 2022	13 308 624	13 308 624
Surplus for the year	1 637 071	1 637 071
Restated* Balance at 01 March 2023	14 945 695	14 945 695
Surplus for the year	6 114 249	6 114 249
Balance at 29 February 2024	21 059 944	21 059 944

* See Note 19

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Financial Statements for the year ended 29 February 2024

Statement of Cash Flows

		2024	2023
	Notes	R	Restated * R
Cash flows from operating activities			
Cash generated from operations	16	5 993 423	3 179 921
Interest income		21 768	15 019
Finance costs		(107 814)	(79 699)
Net cash from operating activities		5 907 377	3 115 241
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(5 477 856)	(2 508 515)
Net proceeds on sale of property, plant and equipment	2	246 017	60 305
Net cash from investing activities		(5 231 839)	(2 448 210)
Cash flows from financing activities			
Repayment of other financial liabilities		(130 898)	(1 629 146)
Net cash from financing activities		(130 898)	(1 629 146)
Total cash movement for the year		544 640	(962 115)
Cash at the beginning of the year		2 742 028	3 704 143
Total cash at end of the year	4	3 286 668	2 742 028

* See Note 19

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Financial Statements for the year ended 29 February 2024

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 IFRS for SME's Accounting Standard as issued by the International Accounting Standards Board, 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 R nil.

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 29 February 2024

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 the 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 2024 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 or or 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.

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Notes to the Financial Statements

	2024 R	2023 R
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2. Property, plant and equipment

	2024			2023		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	12 687 514	-	12 687 514	11 587 514	-	11 587 514
Furniture and fixtures	89 649	(59 450)	30 199	59 084	(47 730)	11 354
IT equipment	652 818	(440 619)	212 199	543 154	(350 423)	192 731
Leasehold improvements	3 300 845	(990 253)	2 310 592	3 300 845	(660 169)	2 640 676
Motor vehicles	6 283 440	(2 420 245)	3 863 195	2 979 196	(1 926 091)	1 053 105
Office equipment	344 423	(303 134)	41 289	344 423	(274 785)	69 638
Plant and machinery	1 781 200	(538 582)	1 242 618	1 197 033	(382 644)	814 389
Total	25 139 889	(4 752 283)	20 387 606	20 011 249	(3 641 842)	16 369 407

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Buildings	11 587 514	1 100 000	-	-	12 687 514
Furniture and fixtures	11 354	30 565	-	(11 720)	30 199
IT equipment	192 731	109 664	-	(90 196)	212 199
Leasehold improvements	2 640 676	-	-	(330 084)	2 310 592
Motor vehicles	1 053 105	3 653 460	(83 478)	(759 892)	3 863 195
Office equipment	69 636	-	-	(28 347)	41 289
Plant and machinery	814 389	584 167	-	(155 938)	1 242 618
	16 369 405	5 477 856	(83 478)	(1 376 177)	20 387 606

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Buildings	11 436 066	151 448	-	-	11 587 514
Furniture and fixtures	19 902	-	-	(8 548)	11 354
IT equipment	258 362	15 952	-	(81 583)	192 731
Leasehold improvements	1 014 785	1 955 975	-	(330 084)	2 640 676
Motor vehicles	1 132 159	349 465	(125 677)	(302 842)	1 053 105
Office equipment	97 987	-	-	(28 349)	69 638
Plant and machinery	887 848	35 675	-	(109 134)	814 389
	14 847 109	2 508 515	(125 677)	(860 540)	16 369 407

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Financial Statements for the year ended 29 February 2024

Notes to the Financial Statements

	2024 R	2023 R
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 and 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 Stremford 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

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Notes to the Financial Statements

	2024 R	2023 R
2. Property, plant and equipment (continued)		
MES Kempton Park Shelter and office		
Erf 2804 Kempton Park Ext		
- Cost: 2021	1 200 000	1 200 000
- Additions since cost 2023	151 448	151 448
	1 351 448	1 351 448
Bellville Safe Space		
1 AJ West Street, Belville		
- Cost: 2017	666 066	666 066
Thuto Tiro House		
Portion 1 of Erf 1493, Bezuidenhout Valley Township		
- Cost: 2024	1 100 000	-
3. Trade and other receivables		
Deposits	15 087	25 557
Employee costs in advance	47 809	11 256
Provision for bad debts	(61 440)	(61 440)
Trade receivables	2 263 747	778 892
VAT	244 405	433 766
	2 509 608	1 188 031
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	3 261 711	2 696 029
Cash on hand	129	23 237
Short-term deposits	24 828	22 762
	3 286 668	2 742 028
5. Other financial liabilities		
At amortised cost		
MES Kempton Park Shelter Bond	614 688	745 586
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.		
Non-current liabilities		
At amortised cost	482 066	623 661
Current liabilities		
At amortised cost	132 622	121 925
	614 688	745 586

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Financial Statements for the year ended 29 February 2024

Notes to the Financial Statements

	2024 R	2023 R
6. Deferred income		
Foundations and Trusts	1 998 632	1 365 769
Government funding	761 315	803 508
	<u>2 759 947</u>	<u>2 169 277</u>
<p>Donations of substantial nature are deferred and recognised in accordance with donor stipulating funding.</p>		
7. Trade and other payables		
Accrued leave pay	984 409	860 022
Payable disbursements	96 049	69 286
Payroll accruals	421 115	134 989
Trade payables	247 730	1 374 611
	<u>1 749 303</u>	<u>2 438 908</u>
8. Revenue generated		
Revenue - Commercial rental	1 126 652	1 064 432
Revenue - Fees	5 138 426	4 531 385
Revenue - Residential rental	1 130 841	1 223 525
Revenue - Enterprise	7 018 136	3 870 099
	<u>14 414 055</u>	<u>10 689 441</u>
9. Government subsidies		
City of Cape Town (GIA)	1 693 121	788 037
Western Cape Department of Social Development	266 202	399 307
City of Johannesburg (Housing)	776 469	897 056
Gauteng Department of Basic Education	565 488	1 132 846
Gauteng Department of Social Development	11 878 082	8 389 809
Eastern Cape Department of Social Development	81 485	78 685
	<u>15 260 847</u>	<u>11 685 740</u>
10. Financial donations		
Local:		
Churches	1 179 202	1 060 726
Corporates	5 005 127	7 172 738
Foundations and trusts	13 584 367	9 536 585
Individuals	6 116 034	4 115 249
	<u>25 884 730</u>	<u>21 885 298</u>
International:		
International sponsors	1 369 119	2 603 045
	<u>27 253 849</u>	<u>24 488 343</u>

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Notes to the Financial Statements

	2024 R	2023 R
11. Goods and services received in kind		
Services received in kind:		
Marketing service: Stone	948 900	932 559
Marketing service: Ornico	123 828	117 986
Myculture Design and Digital	127 200	48 225
Discount for auditors: Nexia SAB&T	110 000	106 000
	1 309 928	1 204 770
Goods received in kind		
Goods received in kind recognised as operating expenses	5 920 125	5 441 159
Ford Foundation (Vehicle Donation)	545 800	-
	7 775 853	6 645 929
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.		
12. Other income		
Other income - Employee tax incentive	-	288 883
Surplus on sale of assets	162 539	60 305
	162 539	349 188
13. Operating surplus		
Operating expenses include the following expenses:		
Operating lease charges		
Premises		
• Contractual amounts	885 553	611 189
Depreciation	1 376 177	860 540
Employee costs	21 563 270	20 475 069
14. Investment revenue		
Interest revenue		
Bank	21 768	15 019
15. Finance costs		
Bank	43 212	17 383
Interest expense and bond repayments	64 602	62 316
	107 814	79 699

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Financial Statements for the year ended 29 February 2024

Notes to the Financial Statements

	2024 R	2023 R
16. Cash generated from operations		
Surplus before taxation	6 114 249	1 637 071
Adjustments for:		
Depreciation and amortisation	1 376 177	860 540
Surplus on sale of assets	(162 539)	(60 305)
Interest received	(21 768)	(15 019)
Finance costs	107 814	79 699
Changes in working capital:		
Trade and other receivables	(1 321 575)	(551 793)
Trade and other payables	(689 605)	802 537
Deferred income	590 670	427 191
	5 993 423	3 179 921

17. Related parties

Relationships

Affiliated entity

Entity under common control

MES Khula Sustainability Trust
Stone (W.S. Eksteen - 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

400 000	1 400 000
948 900	932 559

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Notes to the Financial Statements

	2024	2023
	R	R

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

2024

Directors' emoluments	Basic salary	Bonuses	Other benefits	Total
Services as director				
L. Pienaar	631 062	1 500	53 640	686 202
Services as prescribed officer				
V. Hlongwa	153 620	-	13 058	166 678
	784 682	1 500	66 698	852 880

2023

Directors' emoluments	Basic salary	Other Benefits	Total
Services as director			
L. Pienaar	631 062	53 640	684 702
	631 062	53 640	684 702

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Notes to the Financial Statements

	2024	2023	
	R	R	
19. Prior period errors			
Property, plant and equipment			
In the prior period 2022 and 2023 the cost and carrying values of property, plant and equipment was adjusted due to a building received in 2022 not being included in the assets and due to adjustment of the useful lives and removal of the residual values of assets taken in to affect from 2022.			
Trade and other payables			
In the prior period 2023 trade and other payables were adjusted for invalid trade payables			
Trade receivables			
In prior period 2023 the VAT in trade and other receivables was adjusted due the incorrect VAT balance being reflected in trade and other receivables.			
Operating expenses			
In prior periods 2022 and 2023 operating expenses were adjusted due to the adjustment to property, plant and equipment, trade and other payables and trade receivables			
Effect of restatement: 2023			
Statement of Financial Position	Previously reported	Adjustment	Restated amount
Accumulated funds - opening 1 March 2022	(13 229 071)	(79 553)	(13 308 624)
Trade and other payables	(2 939 044)	500 132	(2 438 912)
Property, plant and equipment	17 290 667	(921 257)	16 369 410
Trade and other receivables	2 000 173	(812 142)	1 188 031
Statement of profit or loss	Previously reported	Adjustment	Restated amount
Operating expenses	50 844 070	1 312 820	52 156 890
Effect of restatement: 2022			
Statement of financial position	Previously reported	Adjustment	Restated amount
Property, plant and equipment	14 767 559	79 550	14 847 109
Statement of profit or loss	Previously reported	Adjustment	Restated amount
Revenue	(42 759 253)	(666 066)	(43 425 319)
Operating expenses	(42 524 254)	586 516	(41 937 738)
20. Comparative figures			
In the comparative period 2023, funds received from Khulisa were reclassified from government funding to financial donations. This impacted the statement of comprehensive income.			
Effect of restatement: 2023			
Statement of comprehensive income	Previously reported	Adjustment	Restated amount
Government subsidies	14 029 113	(2 343 373)	11 685 740
Financial donations	22 144 970	2 343 373	24 488 343

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Financial Statements for the year ended 29 February 2024

Notes to the Financial Statements

2024
R

2023
R

21. 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.

22. 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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Statement of Comprehensive Income - Supplementary Information

		2024	2023
	Notes	R	Restated *
			R
Revenue			
Revenue generated	8	14 414 055	10 689 441
Government subsidies	9	15 260 847	11 685 740
Financial donations	10	27 253 849	24 488 343
		56 928 751	46 863 524
Revenue excluding in kind donations			
Other income			
Goods and services received in kind		7 775 853	6 645 929
Other income - Employee tax incentive		-	288 883
Surplus on disposal of assets		162 539	60 305
		7 938 392	6 995 117
Operating expenses			
Advertising		171 748	164 665
Auditors remuneration		262 376	263 996
Bad debts		-	579 867
Bank charges		268 054	275 061
Basic care		447 724	391 523
Cleaning		810 787	370 292
Depreciation		1 376 177	860 540
Donations		763 128	-
Employee costs		21 563 270	20 475 069
Enterprise expense		20 881	7 614
Entertainment		-	8 547
Equipment expenses		488 302	335 993
Food purchases		7 473 792	6 046 973
Functions, camps and outings		31 639	42 215
Health care		62 922	98 946
In kind-goods distributed		5 920 125	5 441 159
In kind-services utilised		1 309 928	1 204 770
Insurance		589 848	514 222
Lease rentals on operating lease		885 553	611 189
Legal expenses		961 668	591 093
Motor vehicle expenses		1 640 317	1 355 882
Municipal expenses		3 861 734	3 079 399
Printing and stationery		714 875	709 446
Repairs and maintenance		763 834	1 317 216
Security		1 107 366	1 001 211
Software expenses		86 856	(387)
Telephone and fax		479 840	444 398
Training		1 508 904	1 223 535
Training - GROW stipends		4 910 984	3 930 315
Vat adjustment		184 216	812 142
		58 666 848	52 156 890
Operating surplus	13	6 200 295	1 701 751
Investment revenue	14	21 768	15 019
Finance costs	15	(107 814)	(79 699)
Surplus for the year		6 114 249	1 637 071

* See Note 19