

THE BIG ISSUE CAPE TOWN NPC
(Registration number 1997/005308/08)
Annual financial statements
for the year ended 31 March 2016

These annual financial statements were prepared by:
Vanessa Isaacs

The Big Issue Cape Town NPC

(Registration number 1997/005308/08)

Annual Financial Statements for the year ended 31 March 2016

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Selling of magazines
Directors	B Williams A Bredeveltdt D Carelse R Joseph M Levick C Myers G Nevill
Registered office	66 New Market Street Cnr Nelson Street Cape Town 8001
Business address	66 New Market Street Cnr Nelson Street Cape Town 8001
Postal address	P.O.Box 5094 Cape Town 8000
Bankers	Standard Bank
Auditor's	Nexia SAB&T Chartered Accountants (S.A.) Registered Auditors
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

The Big Issue Cape Town NPC

(Registration number 1997/005308/08)

Annual Financial Statements for the year ended 31 March 2016

Index

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

Index	Page
Directors' Responsibilities and Approval	3
	5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Funds	8
Statement of Cash Flows	9
Accounting Policies	10 - 12
Notes to the Annual Financial Statements	13 - 16

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

Detailed Income Statement	17
---------------------------	----

The Big Issue Cape Town NPC

(Registration number 1997/005308/08)

Annual Financial Statements for the year ended 31 March 2016

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor's is engaged to express an independent opinion on the annual financial statements.

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

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

The directors have reviewed the company's cash flow forecast for the year to 31 March 2017 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 auditor's is responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor's and their report is presented on page 4.

The annual financial statements set out on pages 5 to 17, which have been prepared on the going concern basis, were approved by the board of directors on...22/05/2017...and signed on their behalf by:

 22/05/2017
Director

 22/05/2017



Independent Auditors' Report

To the members of The Big Issue Cape Town NPC

We have audited the annual financial statements of The Big Issue Cape Town NPC, as set out on pages 6 to 16, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standards for Small to Medium-sized Entities, and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

In common with similar organisations, it is not feasible for the organisation to institute accounting controls over cash and collections from donations prior to initial entry of the collections in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the receipts actually recorded.

Opinion

In our opinion, except for the effects of the matters described in the above paragraph, the annual financial statements present fairly, in all material respects, the financial position of The Big Issue Cape Town NPC as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities, and the requirements of the Companies Act 71 of 2008.

Other reports required by the Companies Act

As part of our audit of the annual financial statements for the year ended 31 March 2016, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between the report and the audited annual financial statements. This report is the responsibility of the respective directors. Based on reading this report we have not identified material inconsistencies between this report and the audited annual financial statements. However, we have not audited this report and accordingly do not express an opinion thereon.



Nexia SAB&T
Chartered Accountants (SA)
Registered Auditors
Per: Hassen Kajie
Date: 30 May 2017

Incorporating:



Directors: B Adam (CEO), A Aboobaker, Z Abrams, C Chigora, A Darmalingam, T de Kock, J Engelbrecht, Y Hassen, N Hassim, S Ismail, B Jhetam, H Kajie, S Kleovoulou, S Makamure, P Mawire, T Mayet, N Medupe, K Rama, Y Soma, Z Sonpra, N Soopal, M F Sulaman, I Theron, H van der Merwe, M Wessels

Offices in: Bloemfontein, Cape Town, Centurion, Durban, Kimberley, Nelspruit, Polokwane, Port Elizabeth, Rustenburg
SAB&T Chartered Accountants Incorporated is an independent member firm of Nexia International
Company Registration Number: 1997/018869/21 | IRBA Registration Number: 921297



The Big Issue Cape Town NPC

(Registration number 1997/005308/08)

Annual Financial Statements for the year ended 31 March 2016

Directors' Report

The directors submit their report for the year ended 31 March 2016.

1. Review of activities

Main business and operations

The company is engaged in selling of magazines and operates principally in South Africa.

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

2. Going concern

We draw attention to the fact that at 31 March 2016, the company had accumulated losses of R127,820 and that the company's total liabilities exceed its assets by R (26,582).

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

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company.

3. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements.

4. Directors

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

Name	Nationality
B Williams	South African
A Bredeveldt	South African
D Carelse	South African
R Joseph	South African
M Levick	South African
C Myers	South African
G Nevill	South African

5. Auditor's

Nexia SAB&T will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

6. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008.

The Big Issue Cape Town NPC

(Registration number 1997/005308/08)

Annual Financial Statements for the year ended 31 March 2016

Statement of Financial Position as at 31 March 2016

	Note(s)	2016 R	2015 R
Assets			
Non-Current Assets			
Investments	3	20	20
Current Assets			
Trade and other receivables	4	141,985	39,548
Cash and cash equivalents	5	230,274	240,984
		372,259	280,532
Total Assets		372,279	280,552
Funds and Liabilities			
Funds			
Accumulated deficit		(26,582)	(241,744)
Liabilities			
Current Liabilities			
Trade and other payables	8	131,476	136,050
Deferred income	6	199,319	323,562
Provisions	7	68,141	63,146
		398,936	522,758
Total Funds and Liabilities		372,354	281,014

The Big Issue Cape Town NPC

(Registration number 1997/005308/08)

Annual Financial Statements for the year ended 31 March 2016

Statement of Comprehensive Income

	Note(s)	2016 R	2015 R
Revenue	9	2,697,406	3,141,234
Other income		-	635,868
Operating expenses		(2,482,837)	(2,736,005)
Operating surplus (deficit)		214,569	1,041,097
Investment revenue	10	749	100,039
Finance costs	11	(156)	(329)
Surplus for the year		215,162	1,140,807

The Big Issue Cape Town NPC

(Registration number 1997/005308/08)

Annual Financial Statements for the year ended 31 March 2016

Statement of Changes in Funds

	Accumulated deficit R	Total funds R
Balance at 01 April 2014	(1,382,551)	(1,382,551)
Surplus for the year	1,140,807	1,140,807
Balance at 01 April 2015	(241,744)	(241,744)
Surplus for the year	215,162	215,162
Balance at 31 March 2016	(26,582)	(26,582)

The Big Issue Cape Town NPC

(Registration number 1997/005308/08)

Annual Financial Statements for the year ended 31 March 2016

Statement of Cash Flows

	Note(s)	2016 R	2015 R
Cash flows from operating activities			
Cash (used in) generated from operations	13	(11,302)	213,556
Interest income		749	39
Dividends received		-	100,000
Finance costs		(156)	(329)
Net cash from operating activities		(10,709)	313,266
Cash flows from investing activities			
Repayment of loans from related parties		-	(100,000)
Net cash from investing activities		-	(100,000)
Total cash movement for the year		(10,709)	213,266
Cash at the beginning of the year		240,984	27,719
Total cash at end of the year	5	230,275	240,985

The Big Issue Cape Town NPC

(Registration number 1997/005308/08)

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, 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

Key sources of estimation uncertainty

Financial assets measured at cost and amortised cost

The company assesses its financial assets measured at cost and amortised cost for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for financial assets measured at cost and amortised cost is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting period that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 7 - Provisions.

The provision for rehabilitation of land of R - million is expected to have a significant impact on the annual financial statements. The provision is based on discounted cash flow forecasts over - years. Management have assessed that if the discount rate (based on the current markets assessment of the time value of money and adjusted for specific risks) was -% higher (lower) than applied in the calculations, then the provision would have been R - higher (lower).

The company was in the process of arbitration regarding a previous senior employee who alleges to have been unfairly dismissed. Legal council has estimated that a claim of R - million is the most likely award. However, the range could lie between R - million and R - million.

1.2 Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

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

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, which is as follows:

Item	Average useful life
Furniture and fixtures	5 years
Motor vehicles	4 years
IT equipment	3 years

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

The Big Issue Cape Town NPC

(Registration number 1997/005308/08)

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.2 Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.3 Investments

Investments in associates are accounted for at cost less accumulated impairment.

1.4 Financial instruments

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term except in cases where another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or where the payments are structured to increase in line with expected general inflation.

1.6 Provisions and contingencies

Provisions are recognised when:

- the company has an obligation at the reporting date as a result of a past event;
- it is probable that the company will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

1.7 Grants

Grants are recognised when there is reasonable assurance that:

- The company will comply with the conditions attaching to them; and
- The grants will be received.

Grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate

A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

1.8 Revenue

Revenue from the sale of magazines is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the magazines;

The Big Issue Cape Town NPC

(Registration number 1997/005308/08)

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.8 Revenue (continued)

- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the magazines sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is 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 business, net of trade discounts and volume rebates, and value added tax.

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.

The Big Issue Cape Town NPC

(Registration number 1997/005308/08)

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

	2016 R	2015 R
--	-----------	-----------

2. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Furniture and fixtures	25,178	(25,170)	8	25,178	(25,157)	21
Motor vehicles	219,339	(219,335)	4	219,339	(219,335)	4
IT equipment	174,574	(174,511)	63	174,574	(174,137)	437
Total	419,091	(419,016)	75	419,091	(418,629)	462

Reconciliation of property, plant and equipment - 2016

	Opening balance	Depreciation	Total
Furniture and fixtures	21	(13)	8
Motor vehicles	4	-	4
IT equipment	437	(374)	63
	462	(387)	75

Reconciliation of property, plant and equipment - 2015

	Opening balance	Depreciation	Total
Furniture and fixtures	109	(88)	21
Motor vehicles	4	-	4
IT equipment	2,515	(2,078)	437
	2,628	(2,166)	462

3. Investments

	% holding 2016	% holding 2015	Carrying amount 2016	Carrying amount 2015
Sakhikamva	20.00 %	20.00 %	20	20

4. Trade and other receivables

Trade receivables	118,998	22,800
Deposits	-	13,199
VAT	17,208	99
Staff loans	5,779	3,450
	141,985	39,548

The Big Issue Cape Town NPC

(Registration number 1997/005308/08)

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

	2016 R	2015 R	
5. Cash and cash equivalents			
Cash and cash equivalents consist of:			
Cash on hand	783	970	
Bank balances	229,491	240,014	
	<u>230,274</u>	<u>240,984</u>	
6. Deferred income			
Refer to Annexure A for the deferred income details.			
7. Provisions			
Reconciliation of provisions - 2016			
	Opening balance	Additions	Total
Provisions for leave pay	63,146	4,995	68,141
Reconciliation of provisions - 2015			
	Opening balance	Utilised during the year	Total
Provisions for leave pay	110,944	(47,798)	63,146
8. Trade and other payables			
Trade payables	131,476		136,050
9. Revenue			
Magazine sales	1,357,119		1,306,489
Display advertisement	140,000		97,780
Donations and grants	1,200,287		1,736,965
	<u>2,697,406</u>		<u>3,141,234</u>
Donations and Grants			
Donation - Corporate	115,951		804,697
Donation - Individual	188,712		95,433
Donation - Big 200	290,900		-
Donation - Collectors Edition	160,000		-
Grants - Ola's Trust	15,000		15,000
Werkmans	15,000		122,000
Grant - Department of Social Development	295,541		399,750
Grants - National Lotteries Board	-		300,085
	<u>1,081,104</u>		<u>1,736,965</u>

The Big Issue Cape Town NPC

(Registration number 1997/005308/08)

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

	2016 R	2015 R
10. Investment revenue		
Dividend revenue		
Investments	-	100,000
Interest revenue		
Bank	22	39
Creditor	727	-
	749	39
	749	100,039
11. Finance costs		
Bank	34	118
Standard Bank Fleet	122	211
	156	329
12. Auditor's remuneration		
Fees	41,200	(175)
13. Cash (used in) generated from operations		
Surplus (deficti) before taxation	215,162	1,140,807
Adjustments for:		
Depreciation and amortisation	388	2,166
Dividends received	-	(100,000)
Interest received	(749)	(39)
Finance costs	156	329
Movements in provisions	4,995	(47,798)
Changes in working capital:		
Trade and other receivables	(102,437)	(11,594)
Trade and other payables	(4,574)	(938,950)
Deferred income	(124,243)	168,635
	(11,302)	213,556
14. Related parties		
Relationships		
Associates	Sakhikamva Investments (Pty) Ltd	
Related party balances and transactions with entities with control, joint control or significant influence over the company		
Related party balances		
Loan accounts - Owing to related parties		
Sakhikamva Investments (Pty) Ltd	-	(100,000)

The Big Issue Cape Town NPC

(Registration number 1997/005308/08)

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

	2016 R	2015 R
15. Directors' remuneration		
No emoluments were paid to the directors or any individuals holding a prescribed office during the year.		
Executive		
2015		
For services as directors	Emoluments 401,000	Total 401,000