

**COTLANDS  
(REGISTRATION NUMBER 000-849-NPO)  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH, 2020**

LSG Integrated  
Registered Auditors  
Issued 8 September, 2020

## Cotlands

(Registration number: 000-849-NPO)

Annual Financial Statements for the year ended 31 March, 2020

### General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Public benefit organisation
<b>Executive management committee</b>	DE Ncala (Chairperson) NI Postma (Vice-Chairperson) M Stach (Chief Executive Officer) - ex officio MMM Majake (Treasurer) TE Page (Member)
<b>Registered office</b>	9 Data Crescent Ormonde 2091
<b>Bankers</b>	Standard Bank of South Africa Limited
<b>Auditors</b>	LSG Integrated Registered Auditors
<b>Secretary</b>	KS Huggett
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Non-Profit Organisation Act, 1997 of South Africa, and the Constitution.
<b>Preparer</b>	The annual financial statements were independently compiled by: B Gordon Registered Auditor
<b>Issued</b>	8 September, 2020

# Cotlands

(Registration number: 000-849-NPO)

Annual Financial Statements for the year ended 31 March, 2020

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### Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Non-Profit Organisation's Act, 1997 of South Africa, and the Constitution.

### Preparer

B Gordon  
Registered Auditor

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### Executive Management Committees' Responsibilities and Approval

The executive management is required by the Non-Profit Organisation's Act, 1997 of South Africa, and the Constitution, 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 organisation 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 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 executive management acknowledge that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable the executive management to meet these responsibilities, the executive management 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 organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The executive management 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.

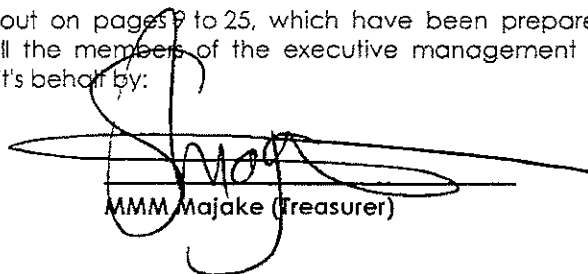
The executive management have reviewed the organisation's cash flow forecast for the year to 31 March, 2021 and, in the light of this review and the current financial position, they are satisfied that the organisation has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the organisation's annual financial statements. The annual financial statements have been examined by the organisation's external auditors and their report is presented on pages 6 to 8.

The annual financial statements set out on pages 9 to 25, which have been prepared on the going concern basis, were approved by all the members of the executive management committee on 8 September, 2020 and were signed on it's behalf by:



DE Ncala (Chairperson)



MMM Majake (Treasurer)

# Cotlands

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Annual Financial Statements for the year ended 31 March, 2020

## Executive Management's Report

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The organisation's executive management committee have pleasure in submitting their report on the annual financial statements of Cotlands for the year ended 31 March, 2020.

### 1. Incorporation

The organisation was founded in 1936 by Dorothy Reece and obtained its certificate to commence business on the same day.

### 2. Nature of business

The organisation is engaged in public benefit activities and operates principally in South Africa.

The organisation's main objective is to provide an integrated model of education for young children and their families, by empowering them to improve their quality of life through play.

There have been no material changes to the nature of the organisation's business from the prior year.

### 3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Non-Profit Organisation's Act, 1997 of South Africa, and the Constitution. The accounting policies have been applied consistently compared to the prior year.

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

### 4. Executive Management Committee

The executive management committee in office at the date of this report are as follows:

<b>Executive Management Committee</b>	<b>Changes</b>
DE Ncala (Chairperson)	
NI Postma (Vice-Chairperson)	
M Stach (Chief Executive Officer) - ex officio	
MMM Majake (Treasurer)	
JA du Preez (Member)	Stepped down 18 September, 2019
TE Page (Member)	Appointed 18 September, 2019

### 5. Property, plant and equipment

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

### 6. Events after the reporting period

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

## **Cotlands**

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Annual Financial Statements for the year ended 31 March, 2020

### **Executive Management's Report**

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#### **7. Going concern**

On 7 January 2020, 'Severe Acute Respiratory Syndrome Coronavirus 2' (SARS-CoV-2) was confirmed as the causative agent of 'Coronavirus Disease 2019' or COVID-19. In March 2020, the World Health Organisation declared this Covid-19 outbreak a pandemic. The virus has rapidly spread throughout the world with South Africa being no exception. On 15 March 2020, President Cyril Ramaphosa declared a national state of disaster. A National Command Council was established to manage the impact of Covid-19 in South Africa with a national lockdown being implemented, effective midnight 27 March 2020. These actions have caused a rapid decline in business operations throughout South Africa. Schools and early childhood development programmes were no exception and closed on 18 March 2020. The impact of how the Covid-19 pandemic will affect donor funding on the organisation remains uncertain. Since the entity is not able to reliably estimate the impact on the annual financial statements no adjustments have been made.

The executive management believe that the organisation has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The executive management have satisfied themselves that the organisation is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The executive management are not aware of any new material changes that may adversely impact the organisation. The executive management are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the organisation.

#### **8. Auditors**

LSG Integrated continued in office as auditors for the organisation for 2020.

#### **9. Secretary**

The organisation's secretary is KS Huggett.

# LSG INTEGRATED

## REGISTERED AUDITORS

Entrepreneurial Specialists for SMME

Integrated value added financial services

### Divisions:

Accounting and Bookkeeping Services  
Auditing and Assurance Services  
Company Secretarial Services  
Trusts and Estate Planning  
Taxation Services

Address: East Wing  
6 Kikuyu Road  
Sunninghill 2157

Postal: PO Box 457  
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Telephone: (011)807-1974/(011) 253-7400  
Facsimile: (011)807-1973

Email: [lsg@lsgintegrated.co.za](mailto:lsg@lsgintegrated.co.za)  
Website: [www.lsgintegrated.co.za](http://www.lsgintegrated.co.za)

## Independent Auditor's Report

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### To the Executive Management Committee of Cotlands

#### Opinion

We have audited the annual financial statements of Cotlands set out on pages 9 to 25, which comprise the statement of financial position as at 31 March, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the basis for qualified opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of Cotlands as at 31 March, 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Non-Profit Organisation's Act, 1997 of South Africa, and the Constitution.

#### Basis for qualified opinion

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

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the organisation 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 annual 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The executive management are responsible for the other information. The other information comprises the Executive Management's Report as required by the Non-Profit Organisation's Act, 1997 of South Africa, and the Constitution, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

## Independent Auditor's Report

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Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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.

Furthermore, without qualifying our opinion, we draw attention to the fact that supplementary information set out on pages 26 to 27 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

### **Responsibilities of the executive management for the Annual Financial Statements**

The executive management are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Non-Profit Organisation's Act, 1997 of South Africa, and the Constitution, and for such internal control as the executive management determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive management are responsible for assessing the organisation'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 executive management either intend to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Annual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the annual 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 annual financial statements.

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

- Identify and assess the risks of material misstatement of the annual 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 organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive management.

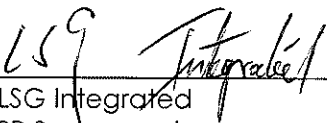


## Independent Auditor's Report

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- Conclude on the appropriateness of the executive managements' 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 organisation'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 annual 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 organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the executive management 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.

  
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LSG Integrated  
SP Swanepoel  
Partner  
Registered Auditor

8 September, 2020  
Sunninghill

## Cotlands

(Registration number: 000-849-NPO)

Annual Financial Statements for the year ended 31 March, 2020

### Statement of Financial Position as at 31 March, 2020

	Note(s)	2020 R	2019 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	3,293,386	4,205,188
Other financial assets	3	5,000	-
		<b>3,298,386</b>	<b>4,205,188</b>
<b>Current Assets</b>			
Trade and other receivables	4	937,856	1,517,712
Other financial assets	3	-	1,000,000
Cash and cash equivalents	5	8,343,806	1,940,873
		<b>9,281,662</b>	<b>4,458,585</b>
<b>Total Assets</b>		<b>12,580,048</b>	<b>8,663,773</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained surplus		5,259,624	5,376,900
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	6	1,160,310	1,100,221
Designated fund liability	7	5,433,736	1,301,333
Provisions	8	726,378	885,319
		<b>7,320,424</b>	<b>3,286,873</b>
<b>Total Equity and Liabilities</b>		<b>12,580,048</b>	<b>8,663,773</b>

## Cotlands

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Annual Financial Statements for the year ended 31 March, 2020

### Statement of Comprehensive Income

	Note(s)	2020 R	2019 R
Revenue	9	27,705,695	37,398,102
Cost of sales	10	(8,160,896)	(14,494,944)
<b>Gross surplus</b>		<b>19,544,799</b>	<b>22,903,158</b>
Other income	11	11,872,357	4,998,756
Operating expenses		(31,584,610)	(27,617,427)
<b>Operating (deficit)/surplus</b>	15	<b>(167,454)</b>	<b>284,487</b>
Investment revenue	12	74,506	31,074
Finance costs	16	(24,328)	-
<b>(Deficit)/Surplus for the year</b>		<b>(117,276)</b>	<b>315,561</b>

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### Statement of Changes in Equity

	Retained surplus R	Total equity R
<b>Balance at 1 April, 2018</b>	<b>5,061,339</b>	<b>5,061,339</b>
Surplus for the year	315,561	315,561
<b>Balance at 1 April, 2019</b>	<b>5,376,900</b>	<b>5,376,900</b>
Deficit for the year	(117,276)	(117,276)
<b>Balance at 31 March, 2020</b>	<b>5,259,624</b>	<b>5,259,624</b>

## Cotlands

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Annual Financial Statements for the year ended 31 March, 2020

### Statement of Cash Flows

	Note(s)	2020 R	2019 R
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	5,632,781	354,745
Interest income		74,506	31,074
Finance costs		(24,328)	-
<b>Net cash from operating activities</b>		<b>5,682,959</b>	<b>385,819</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(275,026)	(677,985)
Sale of property, plant and equipment	2	-	54,760
Movement in financial assets		995,000	(1,000,000)
<b>Net cash from investing activities</b>		<b>719,974</b>	<b>(1,623,225)</b>
<b>Total cash movement for the year</b>		<b>6,402,933</b>	<b>(1,237,406)</b>
Cash at the beginning of the year		1,940,873	3,178,279
<b>Total cash at end of the year</b>	5	<b>8,343,806</b>	<b>1,940,873</b>

## Cotlands

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Annual Financial Statements for the year ended 31 March, 2020

## Accounting Policies

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### 1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, the Non-Profit Organisation's Act, 1997 of South Africa, and the Constitution. 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

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

#### 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 annual financial statements.

#### Key sources of estimation uncertainty

##### Financial assets measured at cost and amortised cost

The organisation 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 organisation 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 8 - Provisions.

#### 1.2 Investment property

Investment property is land and buildings held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business.

Investment property is initially measured at cost and subsequently at fair value with changes in fair value recognised in profit or loss. If the fair value of investment property cannot be measured reliably without undue cost or effort, then it is measured at cost less accumulated depreciation and accumulated impairment.

# Cotlands

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Annual Financial Statements for the year ended 31 March, 2020

## Accounting Policies

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### 1.2 Investment property (continued)

The cost of investment property comprises its purchase price and any directly attributable costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

### 1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the organisation 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.

The useful lives of items of property, plant and equipment have been assessed as follows:

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Item	Depreciation method	Average useful life
Furniture and fittings	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	3 years
Equipment other	Straight line	5 years

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

### 1.4 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.

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Annual Financial Statements for the year ended 31 March, 2020

## Accounting Policies

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### 1.4 Financial instruments (continued)

#### Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, 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

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort 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.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

### 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. All other leases are operating leases.

#### Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term unless:

- 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
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.



## Cotlands

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Annual Financial Statements for the year ended 31 March, 2020

### Accounting Policies

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#### 1.5 Leases (continued)

##### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

#### 1.6 Impairment of assets

The organisation 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.

#### 1.7 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.

##### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

##### Termination benefits

The termination benefits are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date.

#### 1.8 Provisions and contingencies

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

## **Cotlands**

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Annual Financial Statements for the year ended 31 March, 2020

### **Accounting Policies**

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#### **1.9 Designated 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.

#### **1.10 Revenue**

Revenue is recognised to the extent that the organisation has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the organisation. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Revenue from donations is recognised at the date of receipt of donation or once future performance conditions have been met.

#### **1.11 Other income**

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

## Cotlands

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Annual Financial Statements for the year ended 31 March, 2020

### Notes to the Annual Financial Statements

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Equipment other	199,417	(199,411)	6	199,417	(199,411)	6
Furniture and fittings	798,511	(739,441)	59,070	798,511	(673,391)	125,120
Land and buildings	1,727,799	-	1,727,799	2,177,643	-	2,177,643
Leasehold improvements	982,357	(979,016)	3,341	982,357	(654,838)	327,519
Motor vehicles	3,076,541	(1,606,761)	1,469,780	2,823,252	(1,268,412)	1,554,840
Office equipment	368,335	(334,945)	33,390	346,598	(326,538)	20,060
<b>Total</b>	<b>7,152,960</b>	<b>(3,859,574)</b>	<b>3,293,386</b>	<b>7,327,778</b>	<b>(3,122,590)</b>	<b>4,205,188</b>

#### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Impairment loss	Closing balance
Equipment other	6	-	-	-	6
Furniture and fittings	125,120	-	(66,050)	-	59,070
Land and buildings	2,177,643	-	-	(449,844)	1,727,799
Leasehold improvements	327,519	-	(324,178)	-	3,341
Motor vehicles	1,554,840	253,289	(338,349)	-	1,469,780
Office equipment	20,060	21,737	(8,407)	-	33,390
	<b>4,205,188</b>	<b>275,026</b>	<b>(736,984)</b>	<b>(449,844)</b>	<b>3,293,386</b>

#### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Transfers	Depreciation	Closing balance
Equipment other	97,981	-	(45,174)	-	(52,801)	6
Furniture and fittings	181,856	-	(218)	-	(56,518)	125,120
Land and buildings	2,177,643	-	-	-	-	2,177,643
Leasehold improvements	654,938	-	-	-	(327,419)	327,519
Motor vehicles	1,200,601	652,966	(40,696)	(5,903)	(252,128)	1,554,840
Office equipment	7,066	25,019	(7,103)	-	(4,922)	20,060
	<b>4,320,085</b>	<b>677,985</b>	<b>(93,191)</b>	<b>(5,903)</b>	<b>(693,788)</b>	<b>4,205,188</b>

#### Property, plant and equipment encumbered as security

No item of property, plant and equipment is encumbered as security for the year.

The land and buildings are shown at cost due to the fact that the fair value cannot be measured reliably without undue cost of effort.

## Cotlands

(Registration number: 000-849-NPO)

Annual Financial Statements for the year ended 31 March, 2020

### Notes to the Annual Financial Statements

	2020 R	2019 R
<b>2. Property, plant and equipment (continued)</b>		
<b>Details of properties</b>		
<b>Turffontein Property</b>		
Lot numbers 1501, 1502, 1503, 1504, 1667 (all of which are consolidated under Lot number 1501, situated on Von Brandis and Stanton Streets in the Township of Turffontien, Johannesburg and measuring 511 500 square feet). The property is being let with an option for the lessee to purchase.		
- Purchase price: 1959	4,600	4,600
- Improvements: 1996	1,023,198	1,023,198
	<b>1,027,798</b>	<b>1,027,798</b>
<b>Massacar Property - Massacar Haven</b>		
Erf 853, Massacar, Cape Town, Western Cape		
- Purchase price: 2006	405,000	405,000
<b>Massacar Property</b>		
Erf 9000, Massacar, Cape Town, Western Cape		
- Purchase price: 2009	295,000	295,000
<b>Kwazulu Natal Property</b>		
Erf 449, 500 and 501, Hlabisa Municipality, Kwazulu Natal		
- Improvements: 2013	324,760	324,760
- Improvements: 2014	125,085	125,085
- Impairment: 2020	(449,844)	-
	<b>1</b>	<b>449,845</b>
<b>TOTAL</b>	<b>1,727,799</b>	<b>2,177,643</b>

Registers with details of property, plant and equipment are available for inspection from Executive Committee Members or their duly authorised representatives at the registered office of the organisation.

## Cotlands

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Annual Financial Statements for the year ended 31 March, 2020

### Notes to the Annual Financial Statements

	2020 R	2019 R
<b>3. Other financial assets</b>		
<b>At amortised cost</b>		
Listed shares	5,000	-
<p>Barloworld Khula Sizwe listed shares acquired whereby the scheme is in a lock-in-period for five years. After five years, the shares will be listed on the BEE segment of a stock exchange and be tradeable. Due to the scheme being in a lock-in-period there is no share value and only after the lock-in-period will there be a share price quoted in an active market.</p>		
Cotlands Children Trust	-	1,000,000
<p>The loan was unsecured, bore no interest and had no fixed terms of repayment. This loan was settled in full during the current year.</p>		
	<b>5,000</b>	<b>1,000,000</b>
<b>Non-current assets</b>		
At amortised cost	5,000	-
<b>Current assets</b>		
At amortised cost	-	1,000,000
	<b>5,000</b>	<b>1,000,000</b>
<b>4. Trade and other receivables</b>		
Trade receivables	631,884	1,265,192
Deposits	96,314	81,314
VAT	76,274	97,267
Other receivables	133,384	73,939
	<b>937,856</b>	<b>1,517,712</b>
<p>The executive management consider that the carrying amount of trade and other receivables approximates their fair value.</p>		
<b>5. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	8,343,806	1,940,873

## Cotlands

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Annual Financial Statements for the year ended 31 March, 2020

### Notes to the Annual Financial Statements

	2020 R	2019 R
<b>6. Trade and other payables</b>		
Trade payables	400,028	561,468
Audit fee accrual	68,590	68,590
Deposits received	136,000	136,000
Other payables	555,692	334,163
	<b>1,160,310</b>	<b>1,100,221</b>

The executive management consider that the carrying amount of trade and other payables approximates their fair value.

### 7. Designated fund liability

Current financial liabilities - at fair value	5,433,736	1,301,333
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These liabilities arise from donations received from donors that are earmarked for designated projects. When the actual expenditure is incurred for the designated project, an amount equal to the related expense is reversed from the designated fund liability to the statement of comprehensive income. The remainder of the unutilised funds are shown as a designated fund liability on the statement of financial position.

### 8. Provisions

#### Reconciliation of provisions - 2020

	Opening balance	Additions	Utilised during the year	Total
Provision for leave pay	885,319	805,831	(964,772)	726,378

#### Reconciliation of provisions - 2019

	Opening balance	Additions	Utilised during the year	Total
Provision for leave pay	1,009,321	841,994	(965,996)	885,319

## Coflands

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Annual Financial Statements for the year ended 31 March, 2020

### Notes to the Annual Financial Statements

	2020 R	2019 R
<b>9. Revenue</b>		
Sale of goods	17,280	74,730
Donations and other receipts	27,688,415	37,323,372
	<b>27,705,695</b>	<b>37,398,102</b>
<b>The amounts included in donations and other receipts are as follows:</b>		
Donations - Local	10,118,083	14,066,102
Donations - Local government (Seta subsidy)	2,533	20,000
Donations - Local government DSD	4,795,867	5,374,737
Donations - Foreign	1,984,030	1,591,460
Projects and functions	14,920,305	15,314,208
Transfer (to)/from designated fund liability	(4,132,403)	956,865
	<b>27,688,415</b>	<b>37,323,372</b>
<b>10. Cost of sales</b>		
<b>Sale of goods</b>		
Cost of goods sold	32,023	68,741
	<b>32,023</b>	<b>68,741</b>
<b>Other</b>		
Projects and functions	8,128,873	14,426,203
	<b>8,128,873</b>	<b>14,426,203</b>
	<b>8,160,896</b>	<b>14,494,944</b>
<b>11. Other income</b>		
Distribution from trust	10,203,000	4,500,000
Other income	573,052	120,140
Rental income - Turffontein property	1,096,305	378,616
	<b>11,872,357</b>	<b>4,998,756</b>
<b>12. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	74,506	31,074
<b>13. Auditor's remuneration</b>		
Fees - 2018	-	76,600
Fees - 2019	-	68,590
Fees - 2020	68,590	-
	<b>68,590</b>	<b>145,190</b>

## Cotlands

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Annual Financial Statements for the year ended 31 March, 2020

### Notes to the Annual Financial Statements

	2020 R	2019 R
<b>14. Depreciation, amortisation and impairments</b>		
The following items are included within depreciation, amortisation and impairments:		
<b>Depreciation included in operating expenses</b>		
Property, plant and equipment	718,856	690,837
<b>Impairments included in operating expenses</b>		
Property, plant and equipment	449,844	-
Trade and other receivables	52,908	-
	<b>502,752</b>	<b>-</b>
<b>Total depreciation, amortisation and impairments included in operating expenses</b>		
Depreciation	718,856	690,837
Impairments	502,752	-
	<b>1,221,608</b>	<b>690,837</b>
<b>Depreciation included in cost of sales</b>		
Property, plant and equipment	18,128	2,951
<b>Total depreciation, amortisation and impairments</b>	<b>1,239,736</b>	<b>693,788</b>
<b>15. Operating (deficit)/surplus</b>		
Operating (deficit)/surplus for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	736,080	706,440
Surplus/(deficit) on disposal of property, plant and equipment	-	(38,212)
Impairment on property, plant and equipment	449,844	-
Impairment of trade and other receivables	52,908	-
Depreciation on property, plant and equipment	736,984	693,788
Employee costs	21,702,995	18,919,004
Included in employee costs for the current year is retrenchment costs amounting to R1,597,854.		
<b>16. Finance costs</b>		
SARS Interest and penalties	24,328	-



## Cotlands

(Registration number: 000-849-NPO)

Annual Financial Statements for the year ended 31 March, 2020

### Notes to the Annual Financial Statements

	2020 R	2019 R
<b>17. Taxation</b>		
<b>Major components of the tax expense</b>		
No provision has been made for 2020 tax as the organisation is exempt in terms of section 10(1)(cN) of the Income Tax Act, No. 58 of 1962, as amended. The organisation is registered with the South African Revenue Services (SARS) as an approved Public Benefit Organisation (PBO) with a registered number 130002029.		
<b>18. Cash generated from operations</b>		
(Deficit)/Surplus before taxation	(117,276)	315,561
<b>Adjustments for:</b>		
Depreciation and amortisation	736,984	693,788
Surplus (deficit) on sale of assets	-	38,212
Loss on foreign exchange	3,219	-
Interest received	(74,506)	(31,074)
Finance costs	24,328	-
Impairment loss	502,752	-
Movements in provisions	(158,941)	(124,002)
Other non-cash	(3,219)	6,119
<b>Changes in working capital:</b>		
Trade and other receivables	526,948	102,824
Trade and other payables	60,089	310,468
Designated fund liability	4,132,403	(957,151)
	<b>5,632,781</b>	<b>354,745</b>
<b>19. Related parties</b>		
<b>Relationships</b>		
Common trustees / Executive Management		Cotlands Children Trust
<b>Related party balances and transactions with entities with control, joint control or significant influence over the organisation</b>		
<b>Related party balances</b>		
<b>Loan accounts - Owing (to) by related parties</b>		
Cotlands Children Trust	-	1,000,000
<b>Related party transactions</b>		
<b>Distribution received from related parties</b>		
Cotlands Children Trust	10,203,000	4,500,000

## Cotlands

(Registration number: 000-849-NPO)

Annual Financial Statements for the year ended 31 March, 2020

### Notes to the Annual Financial Statements

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2020	2019
R	R

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#### 20. Going concern

On 7 January 2020, 'Severe Acute Respiratory Syndrome Coronavirus 2' (SARS-CoV-2) was confirmed as the causative agent of 'Coronavirus Disease 2019' or COVID-19. In March 2020, the World Health Organisation declared this Covid-19 outbreak a pandemic. The virus has rapidly spread throughout the world with South Africa being no exception. On 15 March 2020, President Cyril Ramaphosa declared a national state of disaster. A National Command Council was established to manage the impact of Covid-19 in South Africa with a national lockdown being implemented, effective midnight 27 March 2020. These actions have caused a rapid decline in business operations throughout South Africa. Schools and early childhood development programmes were no exception and closed on 18 March 2020. The impact of how the Covid-19 pandemic will affect donor funding on the organisation remains uncertain. Since the entity is not able to reliably estimate the impact on the annual financial statements no adjustments have been made.

The executive management believe that the organisation has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The executive management have satisfied themselves that the organisation is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The executive management are not aware of any new material changes that may adversely impact the organisation. The executive management are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the organisation.

#### 21. Events after the reporting period

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

#### 22. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

<b>Profit or Loss</b>		
Employee costs	-	(53,482)
Training	-	53,482
Fundraising costs	-	(557,811)
Consulting fees	-	285,009
Advertising	-	272,802

## Cotlands

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Annual Financial Statements for the year ended 31 March, 2020

### Statement of Financial Performance

	Note(s)	2020 R	2019 R
<b>Revenue</b>			
Sale of goods		17,280	74,730
Donations and other receipts		27,688,415	37,323,372
	9	<b>27,705,695</b>	<b>37,398,102</b>
<b>Cost of sales</b>			
Direct project and training costs		(8,142,768)	(14,491,993)
Other direct costs		(18,128)	(2,951)
	10	<b>(8,160,896)</b>	<b>(14,494,944)</b>
<b>Gross surplus</b>		<b>19,544,799</b>	<b>22,903,158</b>
<b>Other income</b>			
Distribution from Cotlands Children trust		10,203,000	4,500,000
Interest received	12	74,506	31,074
Other income		573,052	120,140
Rental income - Turffontein property		1,096,305	378,616
		<b>11,946,863</b>	<b>5,029,830</b>
<b>Expenses (Refer to page 27)</b>		<b>(31,584,610)</b>	<b>(27,617,427)</b>
<b>Operating (deficit)/surplus</b>	15	<b>(92,948)</b>	<b>315,561</b>
Finance costs	16	(24,328)	-
<b>(Deficit)/Surplus for the year</b>		<b>(117,276)</b>	<b>315,561</b>

## Cotlands

(Registration number: 000-849-NPO)

Annual Financial Statements for the year ended 31 March, 2020

### Statement of Financial Performance

	Note(s)	2020 R	2019 R
<b>Operating expenses</b>			
Advertising		450,185	361,904
Auditors remuneration	13	68,590	145,190
Bad debts		269,504	-
Bank charges		187,109	155,283
Children's meals and food parcels		664,922	696,837
Cleaning		71,633	93,936
Clothing and disposables		-	202
Toy Library Conference		441,983	-
Consulting and professional fees		235,019	411,036
Depreciation, amortisation and impairments	14	1,221,608	693,788
Donations		150	-
Educational consumables and materials		415,364	1,084,902
Employee costs		21,702,995	18,919,004
Fines and penalties		3,235	-
Fundraising costs		-	669,676
IT expenses		179,367	148,126
Insurance		83,635	105,866
Lease rentals on operating lease		736,080	706,440
Membership fees		18,955	14,200
Motor vehicle expenses		998,788	1,088,582
Placement support		1,506	1,430
Printing, stationery and training materials		361,363	262,706
Profit and loss on exchange differences		3,219	-
Profit and loss on sale of assets and liabilities		-	38,212
Programme development		1,264,304	-
Recruitment fees		77,754	342
Repairs and maintenance		570,547	270,045
Security		117,729	329,753
Specialist and medical care		3,855	7,436
Staff welfare		56,791	29,557
Telephone and data		373,632	320,843
Training		119,239	53,482
Travel - local		648,624	640,311
Utilities		236,925	368,338
		<b>31,584,610</b>	<b>27,617,427</b>