

Randpark Ridge United Church

Annual Financial Statements

28 February 2017



United Church
Randpark Ridge
Congregational • Methodist • Presbyterian

Randpark Ridge United Church

Annual Financial Statements

28 February 2017

CONTENTS:	Page:
Report of the Independent Auditor:	1
Balance Sheet:	2
Income Statement:	3
Notes to the Annual Financial Statements:	4 - 6

The annual financial statements set out on pages 2 to 6 were approved by the Church Council on 26 April 2017 and are signed on it's behalf by:

REV C MORRISON – MINISTER

IP SMITH - TREASURER

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS

OF THE RANDPARK RIDGE UNITED CHURCH

I have audited the Annual Financial Statements of the Randpark Ridge United Church as set out on pages 2 to 6 for the year ended 28 February 2017. These financial statements are the responsibility of the Church Council. My responsibility is to express an opinion on the financial statements based on my audit.

SCOPE

I conducted the audit and obtained reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

QUALIFICATION

In common with similar organisations, it is not feasible for the church to institute accounting controls over cash collections prior to the initial entry of the collections in the accounting records. Accordingly, it was impracticable for me to extend my examination beyond the receipts actually recorded.

QUALIFIED AUDIT OPINION

In my opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraph, the financial statements fairly present, in all material respects, the financial position of the Church at 28 February 2017 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practice.

DM Olsen
B Com, CAIB(SA), CFP

Randburg
02 May 2017

**Randpark Ridge United Church
Balance Sheet as at 28 February 2017**

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
EMPLOYMENT OF CAPITAL			
Fixed Assets	1	1,417,165	1,432,262
Investments	2	8,575	8,575
Current Assets		277,414	174,227
Staff Loan		993	-
Sundry Debtors		37,373	45,168
Money Market Account	3	46,214	33,844
Bank		192,182	94,273
Petty Cash		653	942
Current Liabilities	5	246,713	121,972
Net Current Assets/(Liabilities)		30,700	52,255
		<u>1,456,440</u>	<u>1,493,092</u>
CAPITAL EMPLOYED			
Accumulated Surplus		1,232,835	1,162,726
Long Term Loans	4	223,605	330,366
		<u>1,456,440</u>	<u>1,493,092</u>

Note: No adjustment has been made throughout these Financials for Excel rounding differences

Randpark Ridge United Church
Income Statement for Year Ended 28 February 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Member Income	6	1,697,628	1,859,328
Other Income	7	657,195	343,688
TOTAL INCOME		2,354,823	2,203,017
Tithing	8	190,860	194,433
Administration and running costs	9	1,448,417	1,390,969
SURPLUS BEFORE PORTFOLIO GROWTH & DEVELOPMENT		715,546	617,615
Portfolio Growth & Development	10	645,437	695,827
SURPLUS/DEFICIT FOR THE YEAR		70,109	-78,211
OPENING BALANCE OF ACCUMULATED SURPLUS		1,162,726	1,240,937
ACCUMULATED SURPLUS		1,232,835	1,162,726
Cash flow Reconciliation:			
Surplus/Deficit for the year		70,109	-78,211
Depreciation		36,981	50,971
Cash effects of change in working capital		-68,456	31,010
Net fixed assets investment		-21,884	-3,610
Decrease in member loans		93,240	-
Increase/(Decrease) in bank and cash		109,989	161

Randpark Ridge United Church

Notes to Financial Statements for Year Ended 28 February 2017

2017

2016

1 Fixed Assets

Cost:

Land and Buildings
Computer Equipment
Furniture & Fittings
Office Equipment (Nashua Photocopier)
Sub-Total

Cost	Cost
1,388,246	1,373,246
65,905	60,051
283,387	282,357
79,800	79,800
1,817,338	1,795,454

Accumulated depreciation:

Computer Equipment
Furniture & Fittings
Office Equipment (Nashua Photocopier)
Sub-Total

Acc Depr	Acc Depr
58,860	50,459
279,752	260,293
61,560	52,440
400,173	363,192

Net book value:

Land and Buildings
Computer Equipment
Furniture & Fittings
Office Equipment (Nashua Photocopier)
Total

NBV	NBV
1,388,246	1,373,246
7,045	9,592
3,634	22,064
18,240	27,360
1,417,165	1,432,262

Depreciation is provided on the straight line method over the anticipated useful lives of the assets, but is not provided on land and buildings.

The R15k increase in land and buildings in 2017 is represented by replacement cupboards in the building leased by Little Miracles.

2 Investments

700 Shares in Old Mutual plc.

8,575

8,575

In terms of the demutualisation of Old Mutual, the above free shares were allocated to the Church. These shares are accounted for at the lower of their acquired value or market value at balance sheet date. As at the 28 February 2017 the market value of the shares was R24 556.

3 Money Market

Stanlib Money Market & Enhanced Yield Fund

46,214

33,844

Randpark Ridge United Church
Notes to Financial Statements for Year Ended 28 February 2017

	<u>2017</u>	<u>2016</u>
4 Borrowings		
Long Term Loans	223,605	330,366
Unsecured	223,605	330,366
Long term loans advanced by members	208,605	315,366
Member loans advanced for Little Miracles	15,000	15,000
5 Current Liabilities		
Net sundry creditors	46,713	121,972
Sundry creditors other than Threshold project	39,676	71,972
Threshold project	7,038	50,000
Member loans due for repayment	200,000	-
Total Current Liabilities	246,713	121,972
6 Member Income	1,697,628	1,859,328
Pledge Income	1,672,852	1,838,298
Retiring Offering *	24,775	21,031
7 Other Income	657,195	343,688
Donations Received **	268,245	92,417
Threshold Project income	124,998	50,000
Sunday School	499	1,819
Rental Income	229,507	183,091
Interest Received	5,833	5,628
Fundraising	15,739	5,000
Other Income	8,651	3,696
Hiring	3,722	2,037
TOTAL INCOME	2,354,823	2,203,017
<p>* The intention is that all money received is paid out of the corresponding expense account called "Benevolent Fund - Retiring Offering" and approximates funds received.</p>		
<p>** Included in donations received are the following amounts for specified initiatives</p>		
	67,559	86,030

Randpark Ridge United Church
Notes to the Financial Statement for Year Ended 28 February 2017

	<u>2017</u>	<u>2016</u>
8 Tithing	190,860	194,433
Parent Churches	68,310	72,368
Missionary Support	68,310	72,368
External Support	35,600	34,200
Benevolent Fund - Retiring Offering *	18,640	15,496
9 Administration and running costs	1,448,417	1,390,969
Remuneration	905,877	912,826
Administration	31,687	25,434
Communication	56,587	62,080
Finance	34,538	39,644
Maintenance	22,653	28,051
Property expenses	235,096	221,963
Depreciation	36,981	50,971
Threshold Project***	124,998	50,000
SURPLUS BEFORE PORTFOLIO GROWTH & DEVELOPMENT	715,546	617,615
10 Portfolio Growth & Development	645,437	695,827
Ministry	177,754	191,144
Worship	15,243	11,661
Discipleship	2,367	3,722
Evangelism	2,548	1,060
Fellowship	2,182	
Family Ministries	255,792	317,089
Youth	189,550	171,150
(DEFICIT)/SURPLUS FOR THE YEAR	70,109	-78,211

*** In note 7 we reflect the income received for the Threshold project. The extent of these receipts is offset by an accrual for related Threshold expenses as reflected in note 9 above. The effect of this is to neutralise these transactions within these financials. The extent to which the raised accruals have not resulted in actual cash outflows, is reflected in sundry creditor. See note 5.

11 Contingent tax liability

In the SARS 2016 tax assessment, all donations received for which donation letters (for tax deduction purposes) were issued, was made subject to taxation. This was done on the basis that the Church does not have S18A approval (approval to issue donation letters for which the donor can claim a deduction). This assessment is being applied to all such donations received since 2007. Although our motivation for S18A approval was declined (apparently Churches do not qualify), we are busy arranging a meeting with appropriate SARS officials to discuss their assessment and will be motivating for a reversal of this assessment. Should we be unsuccessful, the potential tax liability will be around R500k.

Randpark Ridge United Church
Budget for Year Ended 28 February 2018

	<u>Budget</u> <u>YE2018</u>	<u>Actual</u> <u>YE2017</u>	<u>Actual</u> <u>YE2016</u>
Member Income	1,799,202	1,697,628	1,859,328
Pledge Income	1,774,202	1,672,852	1,838,298
Retiring Offering	25,000	24,775	21,031
Other Income	274,207	657,195	343,688
Donations Received	18,600	268,245	92,417
Threshold Project income	-	124,998	50,000
Sunday School	437	499	1,819
Rental Income	231,570	229,507	183,091
Interest Received	5,600	5,833	5,628
Fundraising	10,000	15,739	5,000
Other Income	5,000	8,651	3,696
Hiring	3,000	3,722	2,037
TOTAL INCOME	2,073,409	2,354,823	2,203,017
Tithing	204,255	190,860	194,433
Parent Churches	71,702	68,310	72,368
Missionary Support	71,702	68,310	72,368
External Support	35,851	35,600	34,200
Benevolent Fund - Retiring Offering	25,000	18,640	15,496
Administration and running costs	1,610,681	1,448,417	1,390,969
Remuneration	1,176,744	905,877	912,826
Administration	34,267	31,687	25,434
Communication	49,303	56,587	62,080
Finance	35,283	34,538	39,644
Maintenance	30,000	22,653	28,051
Property expenses	267,737	235,096	221,963
Depreciation	17,347	36,981	50,971
Threshold Project	-	124,998	50,000
SURPLUS BEFORE PORTFOLIO GROWTH & DEVELOPMENT	258,473	715,546	617,615
Portfolio Growth & Development	202,257	645,437	695,827
Ministry	101,334	177,754	191,144
Worship	28,100	15,243	11,661
Discipleship	4,000	2,367	3,722
Evangelism	10,000	2,548	1,060
Fellowship	3,000	2,182	-
Family Ministries	-	255,792	317,089
Youth	55,823	189,550	171,150
(DEFICIT)/SURPLUS FOR THE YEAR	56,216	70,109	-78,211

CASH FLOW REQUIREMENTS

	<u>YE2016</u>
Total Expenditure	2,017,193
Less Depreciation	-17,347
Add Capital expenditure -	-
Total Cash Required	1,999,846
Funded by Income	2,073,409
Surplus for the year	73,563