

**Falaah Foundation NPC**  
**(Registration number 2020/207581/08)**  
***Financial Statements***  
***for the 11 months period ended 28 February 2022***

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**Directors Responsibilities and Approval**

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The directors are required by the Company's 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 financial statements fairly present the state of affairs of the company as at the end of the financial 11 months period ended 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 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 acknowledges that they are ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set 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 12 months ended 28 February 2023 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 annual financial statements set out on pages 5 to 10, which have been prepared on the going concern basis, were approved by the directors on 5 April 2022 and were signed on their behalf by:

*W Solomons*

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**W Solomons**  
**Chairman**



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**W Mclachlan**  
**Financial director**



## Compilation Report

### To the directors of Falaah Foundation NPC

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We have compiled the financial statements of Falaah Foundation NPC set out on pages 5 to 10, based on the information you have provided. These financial statements comprise the statement of financial position of Falaah Foundation NPC as at 28 February 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (revised), Compilation Engagements.

We applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and in the manner required by the Companies Act of South Africa. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence, and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

*Metis Advisory Services Pty Ltd*

**Metis Advisory Services Proprietary Limited**

**Allie Pangarker**  
Director  
Chartered Accountant (SA)

Date: 05 April 2022

Cape Town

**Directors:** MA Dalvie, A Pangarker

**Registration Number:** 2014/259124/07

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**Directors Report**

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The directors submit their report on the annual financial statements of Falaah Foundation NPC for the 6 months period ended 28 February 2022.

**1. Incorporation**

The company was incorporated in accordance with Companies Act 71 of 2008 on 1 May 2020 and obtained its certificate to commence business on the same day. The company however only started trading on 1 April 2021.

**2. Nature of business**

Falaah Foundation is incorporated in South Africa and is engaged in poverty relief within South Africa, with the current focus on our communities in Cape Town and surrounding areas. The company is registered both as a Public Benefit Organisation with the South African Revenue Services and as a Non-Profit Organisation with registration numbers 930072727 and 261-989 respectively.

**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 Company's Act 71 of 2008.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements, and do not in our opinion require any further comment.

This is the first year of trading of the company.

**4. Share capital**

The company is registered as a non profit company in terms of the Companies Act and does not have any share capital.

**5. Dividends**

The company does not have any shareholders as referred to under note 4, therefore no dividends are able to be declared.

**6. Directors**

Director	Position	Changes
W Solomons	Chairman	Appointed on 1 May 2020
N Solomons	Marketing director	Appointed on 1 May 2020
W Mclachlan	Finance director	Appointed on 1 May 2020

There have been no changes to the directorate for the period.

**7. Events after the reporting period**

The government of South Africa invoked an economic and social lockdown in April 2020 due to the COVID-19 pandemic. Subsequent to this various restrictive economic and social measures are still in place and are negatively impacting the economy. The impact of the COVID-19 pandemic and the related economic restrictions on the company's prospects, performance and cashflows is difficult to ascertain. The directors are monitoring the situation closely and, where possible, they proactively adjust policies or operations as issues are identified or alternatively react to such occurrences. The director are not aware of any other material event which occurred after the reporting date and up to the date of this report.

**8. Compilation**

The annual financial statements are subject to a compilation and have been compiled by Metis Advisory Services Proprietary Limited.

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Statement of Financial Position

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	Notes	28 February 2022 R
<b><u>ASSETS</u></b>		
<b><u>Current assets</u></b>		
Cash and cash equivalents	2	64 314
<b>TOTAL ASSETS</b>		<u><u>64 314</u></u>
<b><u>EQUITY</u></b>		
Retained income		64 314
<b>TOTAL EQUITY</b>		<u><u>64 314</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>64 314</u></u>

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**Statement of Profit or Loss and Other Comprehensive Income**

		11 months ended 28 Feb 2022 R
<b>Income</b>	<b>Notes</b>	
Revenue	3	207 393
<b>Other operating expenses</b>		<b>-143 080</b>
Advertising		-750
Bank charges		-188
Depreciation		-17 699
Donations - Shelter drive		-15 000
Donations - Toy drive to orphanages		-6 763
Ingredients - Cash		-62 404
Ingredients - Non-Cash		-27 500
Other expenses		-2 059
Packaging		-3 242
Sanitary pad initiative		-7 475
<b>Profit before tax</b>		<b>64 314</b>
Taxation	4	-
<b>Profit after tax</b>		<b>64 314</b>
<b>Total comprehensive income</b>		<b>64 314</b>

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**Statement of Cash Flows**

	Notes	11 months ended 28 February 2018 R
<b>Cash flows from operating activities</b>		
Cash generated from operations	5	82 013
Interest revenue		-
Finance cost		-
Tax paid		-
<b>Net cash from operating activities</b>		<b>82 013</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed asset	1	- 17 699
<b>Net cash from investing activities</b>		<b>- 17 699</b>
<b>Total cash movement for the year</b>		<b>64 314</b>
Cash at the beginning of the year		-
<b>Total cash at the end of the year</b>	2	<b>64 314</b>



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**Statement of Changes in Equity**

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	Total attributable to equity holders of the company	Total equity
Profit for the 11 months ended 28 February 2022	64 314	64 314
Other comprehensive income	-	-
<b>Total comprehensive income for the 11 months ended 28 February 2022</b>	<b>64 314</b>	<b>64 314</b>
Dividends	-	-
<b>Balance as 28 February 2022</b>	<b>64 314</b>	<b>64 314</b>

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**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, and the Company's 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 applied for the first time during the year as the company started trading.

**1.1 Property, plant and equipment**

The company estimates the expected useful lives of assets and the expected residual value at the end of its useful life in the determination of the depreciation charge. The expected useful lives and residual values are determined by management.

Property, plant and equipment are depreciated on a straight line basis over their expected useful lives to their estimated residual value. Depreciation commences when the asset is available for use and ceases when the asset is derecognised. The depreciation charge for each period is recognised in the statement of profit or loss. The estimated remaining useful lives, residual values and depreciation methods are reviewed at each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

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

Item	Depreciation method	Average useful life
Kitchen equipment	Straight-line basis	6 years

Individual assets under R7,500 are considered small assets and written off in the first year of being acquired.

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected through its continued use. Gains or losses which arise on derecognition are included in the statement of profit or loss in the period of derecognition. The gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the asset at the date of the disposal.

**1.2 Financial instruments**

**Initial measurement**

Financial instruments are initially measured at the transaction price (including transaction costs).

**Financial instruments at cost**

An entity shall recognise a financial asset or a financial liability only when the entity becomes a party to the contractual provisions of the instrument. When a financial asset or financial liability is recognised initially, the entity shall measure it at the transaction price. Financial assets and liabilities recognised at cost include receivables, payables and loans, both payable and receivable. Subsequent to recognition financial instruments that are classified as assets or liabilities shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received net of impairment.

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.

**1.3 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.

Contingent assets and contingent liabilities are not recognised.

**1.4 Revenue**

Revenue comprises of donation income received in the form of cash and non-cash. Items considered non-cash are donations received for gas, ingredients and other items received from donors.

**1.5 Finance income**

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

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28 February 2022  
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**1. Property, plant and equipment**

	28-Feb-22	
	Cost	Accumulated depreciated
	17 699	- 17 699
Kitchen equipment		Carrying value -

**Reconciliation of property, plant and equipment - 2022**

	Opening balance	Additions	Disposals	Depreciation	Impairment	Closing balance
Kitchen equipment	-	17 699	-	-	17 699	-

**2. Cash and cash equivalent**

Cash and cash equivalents consists of:

Bank balances	64 214
	<b>64 214</b>

**3. Revenue**

Donations received- Sanitary Pads	12 677
Donations received - Shelter Drive	27 414
Donations received - Cycle for Change 2021	35 585
Donations received - Cash (Food)	96 218
Donations received - Non-Cash (Food)	35 499
	<b>207 393</b>

**4. Taxation**

No tax payable during the year under review as the company is exempt from tax.

**5. Cash generated from operations**

Profit before tax	64 314
<b>Adjustments for:</b>	
Depreciation	17 699
Interest revenue	-
<b>Changes in working capital:</b>	
Trade and other payables	-
	<b>82 013</b>

**6. Comparative figures**

No comparative figures have been presented as the company commenced trade on 1 April 2021.