

MARYVALE COLLEGE

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Harris Dowden & Fontaine
Chartered Accountants (SA)
Registered Auditors
Issued 21 February 2019

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MARYVALE COLLEGE
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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**REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF
MARYVALE COLLEGE**

Opinion

We have audited the annual financial statements of Maryvale College set out on pages 5-13, which comprise the statement of financial position as at 31 December 2018, 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, the annual financial statements present fairly, in all material respects, the financial position of Maryvale College as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with basis of accounting as described in note 1 to the annual financial statements and the requirements of the South African Schools Act 84 of 1996.

Basis for opinion

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 school 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.

Emphasis of matter

As is common with similar organisations, it is not feasible for the school to institute accounting controls over cash collection from donations, fund raising activities or similar cash receipts prior to the initial entry of such collections in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the documentation supporting the initial entry recording such income.

Responsibilities of the board of governors for the Annual Financial Statements

The school's board of governors are responsible for the preparation and fair presentation of the annual financial statements in accordance with basis of accounting as described in note 1 to the annual financial statements and the requirements of the South African Schools Act 84 of 1996, and for such internal control as the board of governors 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 school's board of governors are responsible for assessing the school'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 board of governors either intend to liquidate the school or to cease operations, or have no realistic alternative but to do so.




Auditors' 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 school's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of governors.
- Conclude on the appropriateness of the board of governors 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 school'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 school 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 board of governors 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.



HARRIS DOWDEN & FONTAINE
Chartered Accountants (SA)
Registered Auditors
Per: BJ Dowden

SANDTON
21 February 2019



**MARYVALE COLLEGE
REPORT OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 DECEMBER 2018**


The board of governors are required by the South African Schools Act 84 of 1996, 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 school 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 basis of accounting as described in note 1 to the annual financial statements. 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 basis of accounting as described in note 1 to the annual financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The board of governors 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 board of governors have reviewed the school's cash flow forecast for the year to 31 December 2019 and, in the light of this review and the current financial position, they are satisfied that the school has or has access to adequate resources to continue in operational existence for the foreseeable future.


.....
CHAIRMAN


.....
BOARD MEMBER



MARYVALE COLLEGE
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018

	Notes	2018 R	2017 R
ASSETS			
Non Current Assets			
Property, plant and equipment	2	<u>8</u>	<u>11</u>
		8	11
Current Assets			
Accounts receivable	3	1,614,138	1,439,077
Rent deposits		12,800	12,800
Bank and cash		<u>1,264,562</u>	<u>1,003,041</u>
		2,891,500	2,454,918
TOTAL ASSETS		<u><u>2,891,508</u></u>	<u><u>2,454,929</u></u>
 EQUITY AND LIABILITIES			
General reserves		346,800	-
Accumulated surplus		<u>389,574</u>	<u>6,897</u>
		736,374	6,897
Current Liabilities			
Accounts payable	4	<u>2,155,134</u>	<u>2,448,031</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,891,508</u></u>	<u><u>2,454,929</u></u>

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MARYVALE COLLEGE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 R	2017 R
INCOME		
Tuition fees	21,212,862	20,655,196
Interest received	219,278	205,569
Aftercare income	235,893	248,240
Bad debts recovered	43,025	53,640
Bursary - Genesis Solon	190,000	230,000
Government subsidy	1,435,512	1,488,414
Sundry income	42,623	80,722
Profit on disposal of investment	-	4,800
	<u>23,379,193</u>	<u>22,966,581</u>
EXPENDITURE		
Administrative overheads	1,875,808	1,211,281
Equipment and vehicle expenses	694,560	609,915
Establishment charges	2,440,100	3,025,020
Scholar overheads	1,184,919	1,224,500
Staff costs	16,611,129	16,971,173
Bursaries awarded	190,000	230,000
	<u>22,996,516</u>	<u>23,271,889</u>
EXCESS (EXPENDITURE OVER INCOME) / INCOME OVER EXPENDITURE FOR THE YEAR	382,677	(305,308)
OTHER COMPREHENSIVE INCOME		
Non-refundable deposits	346,800	-
TRANSFER TO GENERAL RESERVE	(346,800)	-
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	6,897	312,205
ACCUMULATED SURPLUS AT END OF YEAR	<u>389,574</u>	<u>6,897</u>

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MARYVALE COLLEGE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>General reserves</u> R	<u>Accumulated surplus</u> R	<u>Total Equity</u> R
Balance at 1 January 2017	-	312,205	312,205
Loss for the year	-	(305,308)	(305,308)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(305,308)	(305,308)
Balance at 1 January 2018	-	6,897	6,897
Surplus for the year	-	382,677	382,677
Other comprehensive income	-	346,800	346,800
Total comprehensive income for the year	-	729,477	729,477
Transfer to General Reserve	-	(346,800)	(346,800)
General reserves	346,800	-	-
Balance at 31 December 2018	346,800	389,574	389,574

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MARYVALE COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 R	2017 R
CASH FLOW FROM OPERATING ACTIVITIES:			
Cash received from fees, subsidies and other income		23,159,914	22,966,581
Cash paid to suppliers and employees		(23,117,671)	(23,477,456)
Cash generated/(utilised) by operations	5	42,243	(510,875)
Interest received		219,278	205,569
Net cash inflow/(outflow) from operating activities		261,521	(305,306)
CASH FLOW FROM INVESTING ACTIVITIES:			
Movement in investment		-	20,000
		-	20,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		261,521	(285,306)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,003,041	1,479,212
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	1,264,562	1,193,906

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MARYVALE COLLEGE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

The Annual Financial Statements are prepared on a going concern basis in accordance with the policies as set out below. The annual financial statements have been prepared on the historical cost basis. They are presented in South African Rands.

1.1 **Property, Plant and Equipment**

Property, Plant and Equipment are tangible assets which the school 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 written off in the year in which it is acquired.

1.2 **Financial Instruments**

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. 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.

1.3 **Revenue**

School fees, levies and other fees are recognised on the accrual basis, meaning when they are earned, not necessarily when payment is received.

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

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MARYVALE COLLEGE
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2018

2. PROPERTY, PLANT AND EQUIPMENT

	R			R		
	2018			2017		
	Cost or Revaluation	Accumulated depreciation	Carrying Value	Cost or Revaluation	Accumulated depreciation	Carrying Value
Furniture and fixtures	22,648	(22,645)	3	22,648	(22,642)	6
Motor Vehicles	816,152	(816,149)	3	816,152	(816,149)	3
Office and equipment	62,908	(62,907)	1	62,908	(62,907)	1
IT equipment	176,751	(176,750)	1	176,751	(176,750)	1
School equipment	12,000	(12,000)	-	12,000	(12,000)	-
	1,090,459	(1,090,451)	8	1,090,459	(1,090,448)	11

3. ACCOUNTS RECEIVABLE

	R	R
Debtors for fees	2,489,377	1,694,433
<u>Less: Provision for doubtful debts</u>	<u>(1,001,713)</u>	<u>(420,856)</u>
	1,487,664	1,273,577
Deposits	22,111	22,111
Prepaid expenses	67,011	120,095
Staff loans	37,352	18,000
Interest accrued	-	5,294
	<u>1,614,138</u>	<u>1,439,077</u>

4. ACCOUNTS PAYABLE

Accounts payable	178,897	405,469
Fees received in advance	1,173,770	1,232,497
Special funds	802,467	810,064
	<u>2,155,134</u>	<u>2,448,031</u>

5. RECONCILIATION OF NET SURPLUS/(DEFICIT) TO
 CASH GENERATED/(UTILISED) BY OPERATIONS

Net surplus/(loss) for the year	382,677	(305,308)
Adjustments for:		
Interest received	(219,278)	(205,569)
Other non-cash items	346,803	-
Net changes in working capital:		
- Decrease/(increase) in accounts receivable	(175,061)	(621,625)
- Decrease/(increase) in rent deposits	-	2,500
- Increase/(decrease) in accounts payable	(292,897)	428,262
Cash generated/(utilised) by operations	<u>42,243</u>	<u>(701,740)</u>

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6. **CASH AND CASH EQUIVALENTS
AT END OF YEAR**

Bank and cash	<u>1,264,562</u>	<u>1,003,041</u>
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7. **TAXATION**

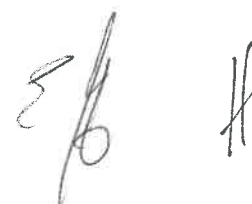
The school is exempt from tax in terms s 10(1)(cN).

8. **INTEREST RATE RISK**

The school earns interest on bank and cash at bank balances with interest on the amounts varying in accordance with market rates.

9. **CREDIT RISK**

The school only has balances with banks of high credit standing. There are no significant concentrations of credit risk in accounts receivable.

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**MARYVALE COLLEGE
 DETAILS OF EXPENDITURE
 FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	R	R
ADMINISTRATIVE OVERHEADS		
Accounting fees	234,125	214,064
Advertising	27,827	10,290
Affiliation fees	37,134	61,325
Audit fees		
- Current year	42,396	29,304
Bad debts	910,287	426,589
Bank charges	224,109	226,908
Legal fees	207,981	67,298
Postage and telephones	38,152	31,658
Printing and stationery	140,466	135,857
Sundry expenses	13,331	7,990
	<u>1,875,808</u>	<u>1,211,281</u>
EQUIPMENT AND VEHICLE EXPENSES		
Equipment maintenance and hire	468,877	414,869
Vehicle running costs	225,683	195,046
Depreciation	-	-
	<u>694,560</u>	<u>609,915</u>
ESTABLISHMENT CHARGES		
Fuel, lights and water	668,953	904,786
Insurance	164,313	172,815
Provincial levies	1,020,689	1,108,370
Repairs and maintenance		
- Buildings	165,564	437,744
- Improvements	180,483	186,188
- Gardens and fields	5,201	17,118
- Security	234,897	197,999
	<u>2,440,100</u>	<u>3,025,020</u>

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MARYVALE COLLEGE
DETAILS OF EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2018
(Continued)

	2018	2017
	R	R
SCHOLAR OVERHEADS		
Bereavement	2,215	396
Donations	592	269
Furniture and fittings	-	-
High school expenses	296,940	286,536
Primary expenses	643,394	743,300
Prizes and presentations	18,019	15,080
School functions and curricular activities	68,700	34,260
Sports costs	150,590	133,624
Subscriptions	4,469	11,036
	<u>1,184,919</u>	<u>1,224,500</u>
STAFF COSTS		
Rations	45,659	42,871
Salaries, wages and medical aid contributions	15,369,989	15,766,348
Skills levy	126,792	124,073
Staff pensions and insurances	1,068,690	1,037,881
	<u>16,611,129</u>	<u>16,971,173</u>
BURSARIES		
Genesis Solon	<u>190,000</u>	<u>230,000</u>
IMPROVEMENTS TO BUILDINGS		
Repairs and maintenance		
- Improvements	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u><u>22,996,516</u></u>	<u><u>23,271,889</u></u>