

**Activists Networking against the Exploitation of Children
(Non-Profit Organisation number 025-946-NPO)
Annual financial statements
for the year ended 31 December 2012**

Activists Networking against the Exploitation of Children Annual Financial Statements for the year ended 31 December 2012

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

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Independent Auditor's Report

To the members of Activists Networking against the Exploitation of Children

We have audited the annual financial statements of Activists Networking against the Exploitation of Children, which comprise the, statement of financial position as at 31 December 2012, and 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 notes, and the management committee's report, as set out on 6 -14.

Management Committee's Responsibility for the Annual Financial Statements

The organisation's management committee is responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independent Auditor's Report

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Activists Networking against the Exploitation of Children as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Other matters

Supplementary Information

The supplementary information set out on page 15 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.

Other reports required by Companies Act

As part of our audit of the annual financial statements for the year ended 31 December 2012, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between the report and the annual financial statements. The report is the responsibility of the preparer.

Based on reading the report we have not identified material inconsistencies between the report and the annual financial statements. However, we have not audited the report and accordingly do not express an opinion on the report.

Nolands Inc
Registered Auditors
Practice Number: 900583e
Per: Ferdinand Cloete CA (SA), RA



Cape Town
07 June 2013

Activists Networking against the Exploitation of Children Annual Financial Statements for the year ended 31 December 2012

Management Committee's Responsibilities and Approval

The management committee is required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external 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 management committee acknowledge that it is ultimately responsible for the system of internal financial control established by the management committee and place considerable importance on maintaining a strong control environment. To enable the management committee to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. Those 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 the appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

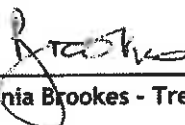
The management committee is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal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

The 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 2 and 3.

The annual financial statements set out on pages 5 to 16, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:



Carol Bower - Chairperson



Virginia Brookes - Treasurer

Cape Town
07 June 2013

Activists Networking against the Exploitation of Children Annual Financial Statements for the year ended 31 December 2012

Management Committee's Report

The management committee submit its report for the year ended 31 December 2012.

1. Review of activities

Main business and operations

The organisation is engaged in the protection of children from all forms of exploitation and operates in the Western Cape with offices in Cape Town, Beaufort West and Murraysburg.

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

2. Going concern

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

3. Events subsequent to the reporting period

The management committee is not aware of any matter or circumstance of a material nature arising since the end of the financial year.

4. Management Committee

The management committee members of the organisation during the year and to the date of this report are as follows:

Name

Caroline Davids - Vice Chairperson
Virginia Brookes - Treasurer
Zulpha Khan - Member
Daksha Kassan - Member
Chance Chagunda - Member
Carol Bower - Chairperson
Claudia Smit - Director
Fuad Adams - Member
Edmund Foley - Member

5. Country of incorporation

Activists Networking against the Exploitation of Children is a Non-Profit Organisation incorporated in South Africa.

6. Auditors

Nolands Inc will continue in office in accordance with the organisation's constitution.

7. Property, plant and equipment

There have been no major changes in the property, plant and equipment of the organisation during the year under review, other than those reflected in the attached annual financial statements.

8. Registered office

The organisation's registered office is as follows:

9 Saartjie Baartman Building
Klipfontein Road

**Activists Networking against the Exploitation of Children
Annual Financial Statements for the year ended 31 December 2012
Management Committee's Report**

Manenberg
7764



**Activists Networking against the Exploitation of Children
Annual Financial Statements for the year ended 31 December 2012**

Statement of Financial Position

Figures in Rand	Note(s)	2012	2011
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2	<u>114,139</u>	<u>171,337</u>
CURRENT ASSETS			
Trade and other receivables	3	11,538	2,601
Cash and cash equivalents	4	<u>607,982</u>	<u>652,182</u>
		<u>619,520</u>	<u>654,783</u>
TOTAL ASSETS		<u>733,659</u>	<u>826,120</u>
FUNDS AND LIABILITIES			
FUNDS			
Accumulated funds		<u>645,592</u>	<u>797,132</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	<u>88,067</u>	<u>28,988</u>
TOTAL FUNDS AND LIABILITIES		<u>733,659</u>	<u>826,120</u>

**Activists Networking against the Exploitation of Children
Annual Financial Statements for the year ended 31 December 2012**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2012	2011
Donations funding	6	1,360,485	1,512,754
Operating expenses		<u>(1,514,101)</u>	<u>(1,953,717)</u>
Operating deficit	7	(153,616)	(440,963)
Investment revenue	8	7,028	10,544
Finance costs		<u>(4,952)</u>	<u>-</u>
Deficit before taxation		(151,540)	(430,419)
Taxation	9	<u>-</u>	<u>-</u>
Deficit for the year		(151,540)	(430,419)
Other comprehensive income		-	-
Total comprehensive deficit for the year		<u>(151,540)</u>	<u>(430,419)</u>

**Activists Networking against the Exploitation of Children
Annual Financial Statements for the year ended 31 December 2012**

Statement of Changes in Funds

Figures in Rand	Accumulated funds	Total funds
Balance at 01 January 2011	1,227,551	1,227,551
Changes in equity		
Total comprehensive deficit for the year	(430,419)	(430,419)
Total changes	(430,419)	(430,419)
Balance at 01 January 2012	797,132	797,132
Total comprehensive deficit for the year	(151,540)	(151,540)
Balance at 31 December 2012	645,592	645,592

**Activists Networking against the Exploitation of Children
Annual Financial Statements for the year ended 31 December 2012**

Statement of Cash Flows

Figures in Rand	Note(s)	2012	2011
Cash flows from operating activities			
Cash generated used in operations	10	(37,155)	(299,975)
Interest income		7,028	10,544
Finance costs		(4,952)	-
Net cash from operating activities		(35,079)	(289,431)
Cash flows from investing activities			
Additions to property, plant and equipment	2	(9,121)	(16,699)
Proceeds on disposal of property, plant and equipment	2	-	9,167
Net cash from investing activities		(9,121)	(7,532)
Net cash movement for the year		(44,200)	(296,963)
Cash and cash equivalents at the beginning of the year		652,182	949,145
Total cash and cash equivalents at end of the year	4	607,982	652,182

Activists Networking against the Exploitation of Children Annual Financial Statements for the year ended 31 December 2012

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. 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 Underlying concepts

Changes in accounting policies are accounted for in accordance with the transitional provisions in the applicable standard. Where no such provision exists, these changes are applied retrospectively, unless it is impractical to do so, in which case they are applied prospectively.

Changes in accounting estimates are recognised in profit or loss.

Prior period errors are retrospectively restated unless it is impractical to do so, in which case they are applied prospectively.

Accounting policies are not applied when the effect of applying them is immaterial.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

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

Item	Average useful life
Furniture and fittings	6 years
Motor vehicles	5 years
Office equipment	5 years
Computer equipment	3 years
Computer software	2 years

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Activists Networking against the Exploitation of Children Annual Financial Statements for the year ended 31 December 2012

Accounting Policies

1.3 Financial instruments (Basic Instruments)

Initial recognition and measurement

Financial instruments are recognised initially when the organisation becomes a party to the contractual provisions of the instruments.

The organisation classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Trade and other payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4 Taxation

Tax expenses

The organisation is not liable for tax. The organisation is exempt from tax in terms of Section 30 of the Income Tax Act and receipts and accruals are exempt in terms of Section 10(1)(cN) of the Act.

1.5 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 paid vacation leave and sick leave and bonuses), are recognised in the period in which the service is rendered and are not discounted.

1.6 Income

Donations are recorded as income when they are received, or when it becomes due in terms of the contractual agreement.

Donations in kind are recorded at fair market value when they are received.

Interest is recognised using the effective interest rate method.

Grants and general funding is recognised when the organisation's right to the receipt thereof is established.

**Activists Networking against the Exploitation of Children
Annual Financial Statements for the year ended 31 December 2012**

Notes to the Annual Financial Statements

Figures in Rand 2012 2011

2. Property, plant and equipment

	2012			2011		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fittings	43,289	(28,351)	14,938	43,289	(21,139)	22,150
Motor vehicles	100,262	(49,971)	50,291	100,262	(29,918)	70,344
Office equipment	111,071	(70,463)	40,608	111,071	(48,635)	62,436
Computer equipment	100,580	(93,814)	6,766	93,212	(76,806)	16,406
Computer software	16,038	(16,037)	1	16,038	(16,037)	1
Sports equipment	1,754	(219)	1,535	-	-	-
Total	372,994	(258,855)	114,139	363,872	(192,535)	171,337

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Depreciation	Total
Furniture and fittings	22,150	-	(7,212)	14,938
Motor vehicles	70,344	-	(20,053)	50,291
Office equipment	62,436	-	(21,828)	40,608
Computer equipment	16,406	7,367	(17,007)	6,766
Computer software	1	-	-	1
Sports equipment	-	1,754	(219)	1,535
	171,337	9,121	(66,319)	114,139

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Adjustments relating to prior period	Depreciation	Total
Furniture and fittings	26,654	2,500	-	(7,004)	22,150
Motor vehicles	89,368	964	-	(19,988)	70,344
Office equipment	74,429	11,236	-	(23,229)	62,436
Computer equipment	55,751	1,999	(9,167)	(32,177)	16,406
Computer software	8,019	-	-	(8,018)	1
	254,221	16,699	(9,167)	(90,416)	171,337

3. Trade and other receivables

Trade receivables	2,343	
Value-added taxation	9,195	2,601
	11,538	2,601

Activists Networking against the Exploitation of Children Annual Financial Statements for the year ended 31 December 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	4,036	1,390
Bank balances	569,698	269,660
Short-term deposits	34,248	381,132
	<u>607,982</u>	<u>652,182</u>
5. Trade and other payables		
Trade payables	6,158	2,865
Current portion of interest-bearing borrowings		
Accrued leave pay	-	26,125
Deferred income	81,910	-
	<u>88,067</u>	<u>28,988</u>
6. Donation funding		
International Organisation for Migration	-	182,400
Terre des hommes schweiz (tdh-ch)	-	374,938
Department of Social Development	359,188	503,170
Community Chest	18,000	19,500
United Nations Office on Drugs and Crime	-	44,300
National Lottery Development Trust Fund	785,000	274,351
Other local donations	198,297	107,552
Donations in kind	-	6,542
	<u>1,360,485</u>	<u>1,512,753</u>
7. Operating deficit		
Operating deficit for the year is stated after accounting for the following:		
Operating lease charges		
• Premises	71,950	54,726
Depreciation on property, plant and equipment	66,319	90,415
Employee costs	960,866	1,125,974
	<u>1,099,135</u>	<u>1,271,115</u>
8. Investment revenue		
Interest received - bank	7,028	10,544
	<u>7,028</u>	<u>10,544</u>
9. Taxation		
No provision for taxation has been made as the organisation is exempt from income tax in terms of Section 30 of the Income Tax Act.		

**Activists Networking against the Exploitation of Children
Annual Financial Statements for the year ended 31 December 2012**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
10. Cash used in operations		
Deficit for the year	(151,540)	(430,419)
Adjustments for:		
Depreciation	66,319	90,415
Interest received	(7,028)	(10,544)
Finance costs	4,952	-
Changes in working capital:		
Trade and other receivables	(8,937)	52,554
Trade and other payables	59,079	(1,981)
	<u>(37,155)</u>	<u>(299,975)</u>
11. Auditors' remuneration		
Fees	<u>19,000</u>	<u>32,000</u>
12. Directors' emoluments		
Executive		
For services as directors	<u>268,402</u>	<u>275,656</u>

Activists Networking against the Exploitation of Children Annual Financial Statements for the year ended 31 December 2012

Detailed Income Statement

Figures in Rand	Note(s)	2012	2011
Income			
Donation funding	6	377,188	1,130,851
Other local donations	6	198,297	107,552
The National Lottery Distribution Trust Fund		785,000	274,351
Interest received	8	7,028	10,544
		<u>1,367,513</u>	<u>1,523,298</u>
Operating expenses			
Accounting fees		10,100	4,570
Advertising		-	268
AGM expenses		4,985	-
Auditors' remuneration	11	19,000	32,000
Bank charges		7,687	8,840
Cleaning		10,164	10,235
Computer expenses		15,224	24,651
Consulting and professional fees		-	28,401
Depreciation		66,319	90,415
Employee costs		960,866	1,125,974
Entertainment		2,405	4,658
Fines and penalties		-	5,075
General expenses		49	-
Insurance		26,709	24,878
Lease rentals on operating lease		71,950	54,726
Legal expenses		610	21,732
Loss through theft		1,237	-
Motor vehicle expenses		24,121	23,963
Postage		710	3,429
Printing and stationery		23,347	42,765
Project costs		66,573	153,498
Repairs and maintenance		1,363	572
Sports equipment		1,533	5,889
Staff welfare		3,348	11,809
Students and youth expenses		5,992	-
Subscriptions		5,546	10,502
Telephone and fax		66,300	83,787
Training		33,347	37,728
Travel - local		73,245	143,352
Youth scholarship registration		9,810	-
Victim assistance		1,561	-
		<u>1,514,101</u>	<u>1,953,717</u>
Operating (loss) profit	7	<u>(146,588)</u>	<u>(430,419)</u>
Finance costs		(4,952)	-
(Deficit) / surplus for the year		<u>(151,540)</u>	<u>(430,419)</u>