# Business Against Crime South Africa (NPC)

(Reg. No. 1996/006714/08)

**Annual Financial Statements for the year ended 31 May 2016**

*The financial statements of Business Against Crime South Africa (NPC) have been audited in compliance with the requirements of the Companies Act*

*Miss Denise Kisten, Financial Executive, was responsible for the preparation of the financial statements*

# Business Against Crime South Africa
(NPC)
(Reg. No. 1996/006714/08)

## Annual Financial Statements
*for the year ended 31 May 2016*

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# Business Against Crime South Africa
(NPC)
(Reg. No. 1996/006714/08)

## Directors' responsibility statement
*for the year ended 31 May 2016*

The directors are responsible for the preparation and fair presentation of the annual financial statements of Business Against Crime South Africa NPC, comprising the statement of financial position at 31 May 2016, and the statements of comprehensive income and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the Directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company to continue as a going concern and have concluded that the preparation of these financial statements on a going concern basis is appropriate.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

**Approval of the annual financial statements**

The annual financial statements of Business Against Crime South Africa NPC, as identified in the first paragraph, were approved by the board of directors on 01 September 2016 and signed by:

**Chairperson**
Mr. Peter Moyo

**Acting Chief Executive Officer**
Mr. Billy Graham

# Business Against Crime South Africa
(NPC)
(Reg. No. 1996/006714/08)

## Directors' report
*for the year ended 31 May 2016*

The directors have pleasure in presenting their report for the year ended 31 May 2016.

**Business activities**

Business Against Crime South Africa's (BACSA) prime activity is to act as a strategic partner of Government in leveraging a rapid and substantial reduction in crime to enable a safe and secure South Africa.

**Funding**

The Company is dependent upon raising sufficient donations, sponsorships and grants to meet its ongoing expenditure and settle its liabilities in the normal course of its operations. The directors believe that with the continued support of the business community and with Government's renewed commitment to work with the organisation in the fight against crime and the improvement of the Criminal Justice System, BACSA will be able to mobilise sufficient funding to ensure maintenance of its status as a going concern in the year ahead. For this reason the directors continue to adopt the going concern basis in preparing the financial statements. Refer to note 4.

**Financial statements**

During the year ended 31 May 2016, donations totalling R12.1 million (2015: R13.5 million) were received, of which an amount of R2,3m (2015: R0.6m) has been deferred, in line with the Company's accounting policies. The deferred income of R4.4 million (2015: R2.7 million) forms part of the core funding base for the Company's operations.

As BACSA does not have retained earnings, nor any other form of equity, a statement of changes in equity is not presented as part of the financial statements.

Nothing came to the attention of the board that there was any material breakdown in financial controls during the year.

**Company secretary**

The current MOI does not require that an official company secretary be appointed. Therefore no official appointment of a company secretary has taken place; the company however has been assisted by Levitt Kirson Management Services cc in the submission of all the required documentation to CIPC.

### Business Address

The company's business and postal address is:

Summit Office Park
Motswedi House
495 Summit Road
Sandton
2146

### Directors

Directors in office during the year are –

| | |
|---|---|
| P Moyo | (Chairperson) |
| SG Pretorius | (Deputy Chairperson – Resigned: June 2015) |
| T Pillay van Graan* | (Chief Executive Officer – Resigned: August 2015) |
| V Pearson | (Appointed: June 2015) |
| M Brooks | (Appointed: December 2015) |
| FV Dlamini | |
| AKL Fihla | |
| PM Maduna | |
| SN Susman | |
| RS Napier | |
| J Sturgeon | |
| BP Vundla | |
| SM Seabi | (Chairperson – Business Against Crime Northwest – Resigned: April 2016) |
| MDJ Steenkamp | (Chairperson – Business Against Crime Northern Cape – Resigned: June 2015) |
| OB Smith | (Chairperson – Business Against Crime Mpumalanga – Resigned: November 2015) |
| DJ McGlew | (Chairperson – Business Against Crime Eastern Cape) |
| HJ Taljaard | (Chairperson – Business Against Crime Western Cape) |

* Executive Director

### Subsequent events

The directors are not aware of any circumstances or events occurring between the reporting date and the date of this report that affects the results of Business Against Crime South Africa NPC for the year ended 31 May 2016 or the financial position at that date.

### Going Concern Assessment

BACSA is reliant on donation income and sponsorships to continue to meet its ongoing obligations and liabilities in the normal course of operations. BACSA will be able to mobilise sufficient funding to ensure maintenance of its status as a going concern in the year ahead. Furthermore, the only liabilities due within the next twelve months are the stated payables and VAT. Deferred income is not a liability due within the next twelve months, but rather represents funding received, which will be recognised in profit or loss as revenue on a systematic basis in the periods in which the expenses are recognised. The directors have made an assessment of the company's ability to continue as a going concern and believe that BACSA will be a going concern in the year ahead.

For this reason, the financial statements have been prepared on the going concern basis.

**KPMG Inc**
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Private Bag 9, Parkview, 2122, South Africa

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Fax +27 (0)11 647 8000
Docex 472 Johannesburg

# Independent Auditor's Report

*To the Members of Business Against Crime South Africa (NPC)*

We have audited the financial statements of Business Against Crime South Africa (NPC), which comprise the statement of financial position at 31 May 2016, and the statements of comprehensive income and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 26.

*Directors' Responsibility for the Financial Statements*
The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*
Our responsibility is to express an opinion on these 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

*Opinion*
In our opinion, these financial statements present fairly, in all material respects, the financial position of Business Against Crime South Africa (NPC) at 31 May 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

*Other Reports Required by the Companies Act*
As part of our audit of the financial statements for the year ended 31 May 2016, we have read the Directors' report for the purpose of identifying whether there are material inconsistencies between the Directors' report and the audited financial statements. The Directors' report is the responsibility of the directors. Based on reading the Directors' report, we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited the Directors' report and accordingly do not express an opinion thereon.

**KPMG Inc.**
VJuill
Per *VT Yuill*
Chartered Accountant (SA)
Registered Auditor
Director
1 September 2016

# Business Against Crime South Africa
(NPC)
(Reg. No. 1996/006714/08)

## Statement of financial position
*as at 31 May 2016*

| | Note | 2016 R | 2015 R |
|---|---|---|---|
| **Assets** | | | |
| **Non – current assets** | | | |
| Equipment | *10* | **795 428** | 28 106 |
| Intangible assets | *11* | **450 132** | 537 609 |
| | | **1 245 560** | 565 715 |
| **Current assets** | | | |
| Cash and cash equivalents | *12* | **3 521 253** | 2 144 059 |
| Trade and other receivables | *15* | **482 667** | 1 141 126 |
| VAT receivable | | **19 823** | – |
| | | **4 023 743** | 3 285 185 |
| **Total assets** | | **5 269 303** | 3 850 900 |
| **Equity** | | | |
| Share capital | | – | – |
| Retained earnings | | – | – |
| **Total equity** | | - | - |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Deferred income | *13* | **4 353 983** | 2 701 194 |
| Trade and other payables | *14* | **915 320** | 1 045 354 |
| VAT payable | | – | 104 352 |
| | | **5 269 303** | 3 850 900 |
| **Total equity and liabilities** | | **5 269 303** | 3 850 900 |

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**Business Against Crime South Africa**
(NPC)
(Reg. No. 1996/006714/08)

## Statement of comprehensive income
*for the year ended 31 May 2016*

| | Note | 2016<br>R | 2015<br>R |
|---|---|---|---|
| Revenue | 5 | **9 779 193** | 12 864 995 |
| Other income | 6 | **5 965** | 4 477 |
| Administrative expenses | 7 | **(9 870 303)** | (12 882 387) |
| **Loss from operating activities** | | **(85 145)** | (12 915) |
| Finance income | 8 | **86 114** | 25 360 |
| Finance costs | 8 | **(969)** | (12 445) |
| **Profit before taxation** | | **-** | - |
| Income tax expense | 9 | **-** | - |
| **Profit for the year** | | **-** | - |
| Other comprehensive income | | **-** | - |
| **Total comprehensive income for the year** | | **-** | - |

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# Business Against Crime South Africa
(NPC)
(Reg. No. 1996/006714/08)

## Statement of cash flows
*for the year ended 31 May 2016*

| | Note | 2016<br>R | 2015<br>R |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated by operating activities | *17* | **2 403 966** | 699 337 |
| Interest received | | **86 114** | 25 360 |
| Interest paid | | **(969)** | (12 445) |
| **Net cash inflow from operating activities** | | **2 489 111** | 712 252 |
| **Cash flows from investing activities** | | | |
| Proceeds on sale of equipment | | **5 965** | 4 101 |
| Acquisition of equipment | *10* | **(956 922)** | – |
| Acquisition of intangible assets | *11* | **(160 960)** | (624 320) |
| **Net cash (outflow)/inflow from investing activities** | | **( 1 111 917)** | **(620 219)** |
| **Net increase in cash and cash equivalents** | | **1 377 194** | 92 033 |
| Cash and cash equivalents at the beginning of the year | | **2 144 059** | 2 052 026 |
| **Cash and cash equivalents at the end of the year** | *12* | **3 521 253** | 2 144 059 |

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## Notes to the financial statements
*for the year ended 31 May 2016*

1. **Reporting Entity**

Business Against Crime South Africa NPC (the "Company") is a company domiciled in South Africa. The address of the Company's registered office is 4th Floor Aloe Grove, 196 Louis Botha Avenue, Houghton Estate. The financial statements of the Company for the year ended 31 May 2016 comprise the Company only. The Company is primarily involved in supporting Government in an endeavour to rapidly and substantially reduce the levels of crime in South Africa.

2. **Basis of Preparation**

2.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), and the requirements of the Companies Act of South Africa.

The financial statements were authorised for issue by the Board of Directors on 01 September 2016.

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for items measured at fair value.

2.3 Functional and Presentation Currency

The financial statements of the Company are presented in South African Rand, which is the company's functional currency.

2.4 Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

No critical estimates or judgements were made in preparing these financial statements.

2.5 Statement of Changes in Equity

BACSA doesn't recognise any profits or loss as it recognises revenue on a systematic basis in the same periods in which the expenses are recognised. For this reason, the retained earnings balance is zero. As a result of this and due to the company having no other forms of equity, a statement of changes in equity has not been presented as part of the financial statements.

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## 3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Financial Instruments

*Classification*

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivable and available-for-sale financial assets.

The Company classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities categories.

The classification depends on the purpose for which the financial instrument was acquired/entered into.

*(i) Non-derivative financial assets – Recognition and derecognition*

Financial instruments are recognised on the date the company becomes a party to the contractual provisions of a financial instrument and applies trade date accounting for "regular way" purchases and sales.

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

A financial liability is derecognised when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

*(ii) Non-derivative financial assets – Measurement*

*Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets include receivables and cash and cash equivalents and are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these assets are measured at amortised cost using the effective interest method.

The impact of discounting for these assets is however not considered to be material and cost approximates amortised cost.



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**3. Significant Accounting Policies** *(continued)*

3.2 Equipment

*Recognition and measurement*

Items of equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item have different useful lives, then they are accounted for as separate components/items.

Any gain or loss on disposal of an item of equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of equipment, and is recognised within 'other income' in profit or loss.

*Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company, and its cost can be measured reliably The costs of the day-to-day servicing of equipment is recognised in profit or loss, as incurred.

*Depreciation*

Depreciation is calculated to write-off the cost of an item of equipment less its estimated residual value using the straight-line method over its estimated useful life. Depreciation is recognised in profit or loss

The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| Computer equipment | 3 Years |
| Office equipment | 3 Years |
| Furniture | 6 Years |

3.3 Intangible Assets

*Recognition and measurement*

3.3.1 Research and development

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and use or sell the asset. Otherwise, it is recognised in profit or loss, as incurred.

Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.



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**3. Significant Accounting Policies** *(continued)*

3.3 Intangible Assets *(continued)*

3.3.1 Other intangible assets

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

*Amortisation*

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives for current and comparative periods are as follows:

| | |
|---|---|
| Computer software | 3 Years |

3.4 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets for indications of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use or its fair value, less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of the asset is greater than its recoverable amount. Impairment losses are recognised in profit or loss.

3.5 Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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**3. Significant Accounting Policies** *(continued)*

3.6 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.7 Revenue

Revenue comprises sponsorships, donations and other income received from donors to be utilised by the Company.

Invoiced funding is recognised initially as deferred income at fair value when there is reasonable assurance that it will be received and the Company will comply with the conditions associated with the funding.

Funding received by the Company is initially recognised as deferred income and is then recognised in profit or loss as revenue on a systematic basis in the same periods in which the expenses are recognised.

Conditional income grants are recognised when the related expenditure has been incurred.

3.8 Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

This asset or liability is not discounted.

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

3.9 Finance Income and Finance Costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and is recognised as it accrues in profit or loss, using the effective interest method.

**3. Significant Accounting Policies** *(continued)*

3.10 Standards and interpretations in issue, not yet effective

There are new and revised Accounting Standards and Interpretations in issue that are not yet effective. These include the following Standards and Interpretations that are applicable to the Company and may have an impact on future financial statements.

| Standard | Details of Amendment | Effective for annual periods beginning on or after |
|---|---|---|
| IFRS 15: Revenue from Contracts with Customers | IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.<br><br>The directors have not as yet performed an assessment of the impact of IFRS 15. | 1 January 2018 |
| IFRS 9: Financial Instruments | IFRS 9 introduces new requirements for the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment on financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 also introduces new hedge accounting requirements. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and macro hedge accounting.<br><br>The Company will adopt the standard in the first annual period beginning on or after the mandatory effective date. The impact of the adoption of IFRS 9 has not yet been estimated. | 1 January 2018 |

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## 4. Going Concern Assessment

The Company is reliant on donation income and sponsorships to continue to meet its ongoing obligations and liabilities in the normal course of operations. BACSA will be able to mobilise sufficient funding to ensure maintenance of its status as a going concern in the year ahead. Furthermore, the only liabilities due within the next twelve months are the stated payables and VAT. Deferred income is not a liability due within the next twelve months, but rather represents funding received, which will be recognised in profit or loss as revenue on a systematic basis in the periods in which the expenses are recognised The directors have made an assessment of the company's ability to continue as a going concern and believe the Company will be a going concern in the year ahead.

On the basis of these representations, the financial statements have been prepared on the going concern basis.

## 5. Revenue

| | **2016 R** | 2015 R |
|---|---|---|
| Donations from companies | **8 328 476** | 11 445 020 |
| Deferred income | **(2 342 394)** | (641 458) |
| Industry bodies | **3 793 111** | 2 061 433 |
| | **9 779 193** | 12 864 995 |

At 31 May 2016, the Company has deferred income of R 4.4 million (2015: R 2.7 million) which represents the fair value of that portion of the consideration received or receivable in respect of donations made for which expenditure has as yet, not been incurred.

## 6. Other income

| | **2016 R** | 2015 R |
|---|---|---|
| Net gain on sale of equipment | **5 965** | 4 101 |
| Sundry income | – | 376 |
| | **5 965** | 4 477 |

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| | 2016<br>R | 2015<br>R |
|---|---|---|
| **7. Administrative expenses** | | |
| Expenditure is arrived at after taking into account – | | |
| Amortisation of intangible assets | **248 437** | 86 711 |
| Consulting fees | **24 700** | 15 000 |
| Depreciation | **189 600** | 54 619 |
| Management fees – paid to BAC Provincial companies | **–** | 1 121 485 |
| Operating lease charges | **694 944** | 758 509 |
| Staff costs – remuneration (average of 11 employees) | **4 707 889** | 6 497 324 |
| Increase in liability for annual leave | **(93 067)** | (136 673) |
| Key management personnel | | |
| – Salaries | **1 531 103** | 2 730 793 |
| **8. Finance income and finance costs** | | |
| Finance income – interest income on bank and call deposits | **86 114** | 25 360 |
| Finance costs – interest expense on financial liabilities | **(969)** | (12 445) |
| Net finance income recognised in profit or loss | **85 145** | 12 915 |

**9. Income tax expense**

The company has been granted exemption from income taxation in terms of Section 10 (i) (cN) of the Income Tax Act, 1962 (as amended).

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## Notes to the financial statements
*for the year ended 31 May 2016*

### 10. Equipment

| | Computer equipment | Furniture | Office Equipment | Total |
|---|---|---|---|---|
| | R | R | R | R |
| **Cost** | | | | |
| Balance at 1 June 2014 | 1 660 815 | 303 416 | 213 866 | 2 178 097 |
| Disposals | - | (14 060) | - | (14 060) |
| Balance at 31 May 2015 | 1 660 815 | 289 356 | 213 866 | 2 164 037 |
| Balance at 1 June 2015 | **1 660 815** | **289 356** | **213 866** | **2 164 037** |
| Additions | **956 922** | **-** | **-** | **956 922** |
| Disposals | **-** | **(19 286)** | **-** | **(19 286)** |
| **Balance at 31 May 2016** | **2 617 737** | **270 070** | **213 866** | **3 101 673** |
| **Accumulated depreciation and impairment losses** | | | | |
| Balance at 1 June 2014 | 1 622 224 | 274 122 | 199 026 | 2 095 372 |
| Depreciation for the year | 34 949 | 7 608 | 12 062 | 54 619 |
| Disposals | - | (14 060) | - | (14 060) |
| Balance at 31 May 2015 | 1 657 173 | 267 670 | 211 088 | 2 135 931 |
| Balance at 1 June 2015 | **1 657 173** | **267 670** | **211 088** | **2 135 931** |
| Depreciation for the year | **179 215** | **7 608** | **2 777** | **189 600** |
| Disposals | **-** | **(19 286)** | **-** | **(19 286)** |
| **Balance at 31 May 2016** | **1 836 388** | **255 992** | **213 865** | **2 306 245** |
| **Carrying amounts** | | | | |
| At 1 June 2014 | 38 591 | 29 294 | 14 840 | 82 725 |
| At 31 May 2015 | 3 642 | 21 686 | 2 778 | 28 106 |
| **At 31 May 2016** | **781 349** | **14 078** | **1** | **795 428** |

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## 11. Intangible assets

| | Computer Software R | Total R |
|---|---|---|
| **Cost** | | |
| Balance at 1 June 2014 | - | - |
| Additions – Capitalisation of development expenditure | 624 320 | 624 320 |
| Balance at 31 May 2015 | 624 320 | 624 320 |
| Balance at 1 June 2015 | **624 320** | **624 320** |
| Additions – Capitalisation of development expenditure | **160 960** | **160 960** |
| **Balance at 31 May 2016** | **785 280** | **785 280** |
| **Accumulated amortisation and impairment losses** | | |
| Balance at 1 June 2014 | - | - |
| Amortisation for the year | 86 711 | 86 711 |
| Balance at 31 May 2015 | 86 711 | 86 711 |
| Balance at 1 June 2015 | **86 711** | **86 711** |
| Amortisation for the year | **248 437** | **248 437** |
| **Balance at 31 May 2016** | **335 148** | **335 148** |
| **Carrying amounts** | | |
| At 1 June 2014 | - | - |
| At 31 May 2015 | 537 609 | 537 609 |
| **At 31 May 2016** | **450 132** | **450 132** |

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| | 2016 R | 2015 R |
|---|---|---|
| **12. Cash and cash equivalents** | | |
| Bank balances | **108 761** | **1 326 021** |
| Call deposits | **3 412 492** | **818 038** |
| Cash and cash equivalents in the statement of cash flows | **3 521 253** | **2 144 059** |

**13. Deferred income**

| | | |
|---|---|---|
| Opening Balance | **2 701 194** | **2 048 018** |
| Net transfer to/(from) the deferred income account: | **1 652 789** | **653 176** |
| Closing Balance | **4 353 983** | **2 701 194** |

Deferred income represents ring-fenced income received for the core project initiatives. At year-end, the expenses relative to the funding have not yet been incurred. As and when this takes place, the funding will be allocated accordingly and recognised in profit or loss.

The deferred income amount is made up as follows:

| | | |
|---|---|---|
| Business Against Crime Core Projects | **3 444 013** | 1 101 621 |
| Mpumalanga provincial project funding | **552 683** | 663 094 |
| Outstanding donor receipts | **357 287** | 936 479 |
| | **4 353 983** | 2 701 194 |

**14. Trade and other payables**

| | | |
|---|---|---|
| Supplier control account | **398 343** | 395 015 |
| Accrued expenses | **388 898** | 463 005 |
| Liability for service leave | **109 778** | 172 434 |
| Other payables | **18 301** | 14 900 |
| | **915 320** | 1 045 354 |

**15. Trade and other receivables**

| | | |
|---|---|---|
| Trade receivables | **383 765** | 1 056 204 |
| Prepayments | **98 902** | 84 922 |
| | **482 667** | 1 141 126 |

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## 16. Financial risk management

The company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Interest-rate risk.

*Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and bank balances. The demographics of the Company's counterparties indicate that there is no significant concentration of credit risk.

*Exposure to credit risk*

The carrying amount of financial assets represents the Company's maximum credit exposure.

All cash and cash equivalents are held with a reputable financial institution.

The maximum exposure to credit risk at the reporting date was:

| | **2016** | 2015 |
|---|---|---|
| | **R** | R |
| Other receivables (excluding pre-payments) | **383 765** | 1 056 204 |
| Cash and cash equivalents | **3 521 253** | 2 144 059 |
| | **3 905 018** | 3 200 263 |

| | | |
|---|---|---|
| The aging of receivables at the reporting date was as follows: | | |
| Not past due | **164 822** | 1 049 133 |
| Past due 0 – 30 days | **71 749** | 5 160 |
| Past due 31 – 120 days | **8 146** | 1 911 |
| More than 121 days | **139 048** | - |
| | **383 765** | 1 056 204 |

Based on historical default rates, the company believes that no impairment allowance is necessary in respect of trade receivables not past due or trade receivables which are past due, as this relates to donations received subsequent to the reporting date. For this reason no allowance for impairment has been recognised.

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## 16. Financial risk management *(continued)*

*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

A Board Fundraising sub-committee has been appointed whose sole task is to raise sufficient funds for the company to meet its obligations and mitigate this risk.

Budgets are monitored on a quarterly basis by both management and the board to ensure that there is sufficient funds available to meet all fixed costs. Refer to note 4.

There are no amounts payable that have been outstanding for longer than a year.

*Interest rate risk*

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was as follows:

| | **2016** | 2015 |
|---|---|---|
| | **R** | R |
| *Variable rate instruments* | | |
| Cash and cash equivalents | **3 521 253** | 2 144 059 |

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## 16. Financial risk management *(continued)*

| | **2016** **R** | 2015 R |
|---|---|---|
| *Interest rate risk (continued)* | | |

There were no financial liabilities exposed to interest rate risk at year end.

*Cash flow sensitivity analysis for variable rate instruments*
A change of 50 basis points in the interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

| | **2016 R** | 2015 R |
|---|---|---|
| *Effect on the statement of comprehensive income (profit/loss)* | | |
| 50 bps increase | **17 606** | 10 720 |
| 50 bps decrease | **(17 606)** | (10 720) |

## 17. Note to the statement of cash flows

| | **2016 R** | 2015 R |
|---|---|---|
| Profit for the year | - | - |
| *Adjusted for separately disclosed and non-cash items:* | | |
| Depreciation and amortisation | **438 037** | 141 330 |
| Net finance income | **(85 145)** | (12 915) |
| Gain on sale of equipment | **(5 965)** | (4 101) |
| *Changes in working capital:* | | |
| Change in other receivables | **658 459** | (84 948) |
| Change in other payables | **(130 034)** | (94 646) |
| Change in VAT liability/asset | **(124 175)** | 101 441 |
| Change in deferred income | **1 652 789** | 653 176 |
| **Net cash generated by operating activities** | **2 403 966** | 699 337 |

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## 18. Operating leases

| | 2016<br>R | 2015<br>R |
|---|---|---|
| Non-cancellable operating lease rentals are payable as follows: | | |
| *In respect of property rental* | | |
| Less than one year | **566 218** | 708 205 |
| One to five years | - | 566 218 |

The company has an operating lease that is used as business premises and the details are as follows:

*Summit Office Park, Sandton*
The lease is for 5 year period and expires on 28 February 2017. The annual escalation of the lease payments is 10%.

During the year ended 31 May 2016, R 694 944 (2015: R 758 509) was recognised as an expense in profit or loss in respect of operating leases.

## 19. Related Parties

*Transactions with key management personnel*
There have been no transactions with directors or key management personnel during the reporting period other than remuneration paid to key management personnel as reflected in note 7.

*Other related parties*
Business Against Crime South Africa NPC has co-operation and service level agreements in place with the following provincial structures:

- Business Against Crime Western Cape
- Business Against Crime North West
- Business Against Crime Eastern Cape
- Business Against Crime Northern Cape

Payments to the respective provincial structures for services rendered on national projects on behalf of Business Against Crime South Africa NPC were as follows:

| | 2016<br>R | 2015<br>R |
|---|---|---|
| Business Against Crime Western Cape | - | 445 200 |
| Business Against Crime North West | - | 424 285 |
| Business Against Crime Eastern Cape | - | 36 000 |
| Business Against Crime Northern Cape | - | 144 000 |

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## 20. Subsequent events

The directors are not aware of any circumstances or events occurring between the reporting date and the date of this report that affects the results of Business Against Crime South Africa NPC for the year ended 31 May 2016 or the financial position at that date.

## 21. Contingencies

In terms of the property operating lease contract, bank guarantees have been issued in favour of the landlord in relation to the performance of such operating lease. The guarantee is substantiated by current cash holdings. In the event of default, the maximum exposure would be R 134 370 (2015: 134 370). The termination of the guarantee coincides with the termination of the operating lease.

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