Business Against Crime South Africa (NPC)

(Reg. No. 1996/006714/08)

Annual Financial Statements
for the year ended 31 May 2018

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 2018

Contents	*Page*

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

Directors' responsibility statement
for the year ended 31 May 2018

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 2018, 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 22 November 2018 and signed by:

Chairperson
Mr. Mthandazo Peter Moyo
Authorised Director

Chief Executive Officer
Mr. William George Graham
Acting Chief Executive Officer

Business Against Crime South Africa

(NPC)
(Reg. No. 1996/006714/08)

Directors' report

for the year ended 31 May 2018

The directors have pleasure in presenting their report for the year ended 31 May 2018.

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 to 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 to the financial statements.

Financial statements

During the year ended 31 May 2018, donations totalling R8.5 million (2017: R12.1 million) were received, of which an amount of R1.2 million (2017: R0.4 million) has been released/(transferred) from/(to) deferred income, in line with the Company's accounting policies. The deferred income balance of R2.5 million (2017: R3.7 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 company's current Memorandum of Incorporation 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:

3rd Floor, West Tower
Atrium on 5th
Cnr Rivonia Road & 5th Street
Sandton
2146

Directors

Directors in office during the year are –

Name	Date of appointment/resignation
MP Moyo (Chairperson)	
MM Banga	
M Brooks	Resigned: 30 October 2017
FV Dlamini	
FN Esterhuizen	Appointed: 31 August 2017
TL Makhetha	Appointed: 23 January 2018
PM Maduna	
RS Napier	
V Pearson	Resigned: 8 June 2017
J Sturgeon	Resigned: 31 October 2017
SN Susman	
HJ Taljaard	
HA Van Zyl	
BP Vundla	Resigned: 28 August 2017
NMW Vermeulen	Appointed: 31 August 2017

Subsequent events

In October 2018, the company entered into a contract with the South African Insurance Association and the Insurance Crime Bureau (ICB) and to transfer the Automatic Number Plate Recognition (ANPR) asset to ICB – Refer to note 12.

Subsequent to year end BACSA has entered into discussions with BLSA with regards to a potential merger of the two entities. The concept discussed is that BACSA will remain an independent organisation for a period of 18 months after moving into the offices of BLSA, after which a merger will be imminent. At the date of the approval of the financial statements, this subsequent event does not meet the criteria for restructuring and as a result no provision is deemed necessary in these financial statements.

Except for the above, 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 2018 or the financial position at that date.

Directors' report
for the year ended 31 May 2018 (continued)

Going Concern Assessment

The directors have made an assessment of the use of the going concern basis of accounting in the preparation of the financial statements – Refer to note 4 of the financial statements.

Accordingly, the financial statements are 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 projects and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

KPMG Inc.
KPMG Crescent
85 Empire Road, Parktown, 2193,
Private Bag 9, Parkview, 2122, South Africa

Telephone +27 (0)11 647 7111
Fax +27 (0)11 647 8000
Docex 472 Johannesburg
Internet kpmg.co.za

Independent auditor's report

To the Directors of Business Against Crime South Africa (NPC)

Opinion

We have audited the financial statements of Business Against Crime South Africa (NPC) (the company) set out on pages 9 to 29, which comprise the statement of financial position as at 31 May 2018, and the statement of comprehensive income and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Business Against Crime South Africa (NPC) as at 31 May 2018, 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company 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 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.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' report as required by the Companies Act of South Africa and the Directors' responsibility statement, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

VM

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, the directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 company's internal control.

VM

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company'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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

KPMG Inc.

VMans

Per VT Mans
Chartered Accountant (SA)
Registered Auditor
Director
21 January 2019

VM

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

Statement of financial position
as at 31 May 2018

	Note	2018 R	2017 R
Assets			
Property and equipment	*10*	**311 296**	199 811
Intangible assets	*11*	**15 927**	498 110
Non – current assets		**327 223**	697 921
Trade and other receivables	*16*	**284 758**	266 839
VAT receivable		**6 833**	145 453
Cash and cash equivalents	*13*	**2 416 878**	3 264 231
		2 708 469	3 676 523
Asset held for sale	*12*	**–**	–
Current assets		**2 708 469**	3 676 523
Total assets		**3 035 692**	4 374 444
Equity			
Share capital		**–**	–
Retained earnings		**–**	–
Total equity		**–**	–
Liabilities			
Current liabilities			
Deferred income	*14*	**2 536 732**	3 738 197
Trade and other payables	*15*	**498 960**	636 247
		3 035 692	4 374 444
Total equity and liabilities		**3 035 692**	4 374 444

vm

Business Against Crime South Africa

(NPC)
(Reg. No. 1996/006714/08)

Statement of comprehensive income

for the year ended 31 May 2018

	Note	**2018** **R**	2017 R
Revenue	*5*	**9 695 697**	12 570 082
Other income	*6*	**20 400**	17 600
Administrative expenses	*7*	**(9 648 947)**	(12 780 269)
Impairment loss – ANPR asset	*12*	**(182 487)**	–
Loss from operating activities		**(115 337)**	(192 587)
Finance income	*8*	**115 337**	192 587
Finance costs	*8*	–	–
Profit before taxation		–	–
Income tax expense	*9*	–	–
Profit for the year		–	–
Other comprehensive income		–	–
Total comprehensive income for the year		–	–

VM

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

Statement of cash flows
for the year ended 31 May 2018

	Note	2018 R	2017 R
Cash flows from operating activities			
Cash generated by operating activities	17	**624 344**	199 577
Interest received		**115 337**	192 587
Net cash inflow from operating activities		**739 681**	392 165
Cash flows from investing activities			
Proceeds on sale of equipment		**20 400**	17 600
Acquisition of equipment and intangible assets	10	**(405 969)**	(51 000)
Net cash outflow from investing activities		**(385 569)**	(33 400)
Cash flows from financing activities			
Deferred funding (released)/received		**(1 201 465)**	(615 786)
Net cash (outflow)/inflow from financing activities		**(1 201 465)**	(615 786)
Net (decrease)/increase in cash and cash equivalents		**(847 353)**	(257 022)
Cash and cash equivalents at the beginning of the year		**3 264 231**	3 521 253
Cash and cash equivalents at the end of the year	13	**2 416 878**	3 264 231

VM

Business Against Crime South Africa

(NPC)

(Reg. No. 1996/006714/08)

Notes to the financial statements

for the year ended 31 May 2018

1. **Reporting Entity**

Business Against Crime South Africa NPC (the "company") is a company domiciled in South Africa. The financial statements of the Company for the year ended 31 May 2018 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 22 November 2018.

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 significant estimates or judgements were made in preparing these financial statements.

2.5 Statement of Changes in Equity

The company doesn't recognise any profit 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 nil. 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.

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.

3. Significant Accounting Policies *(continued)*

3.1 Financial instruments *(continued)*

Loans and receivables comprise trade and other receivables and cash and cash equivalents. Such assets are subsequently 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.

Cash and cash equivalents

Cash and cash equivalents is comprised of cash balances on hand and call deposits held with banks.

Cash and cash equivalents are measured at amortised cost.

Other financial liabilities

Other financial liabilities include other payables and are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

In the case of short-term payables, the impact of discounting is not material and cost approximates amortised cost.

Impairment of financial assets

Financial assets, other than those designated as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) and that loss event(s) had an impact on the estimated future cashflows of that asset(s) that can be estimated reliably. If any such indication exists, the recoverable amount is estimated and the carrying value is reduced to the estimated recoverable amount and the impairment loss is recognised in profit or loss.

The company considers evidence of impairment for receivables at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet been identified.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss.

If an event after the impairment was recognised, causes the amount of the impairment loss to decrease, then the decrease in the impairment loss is reversed through profit or loss. Subsequent recoveries of amounts previously written off are recognised in the profit or loss as bad debts are recovered.

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 as an expense 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 as an expense 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 as an expense in profit or loss, as incurred.

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

VM

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 includes computer software 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 an intangible asset less its estimated residual value using the straight-line method over its estimated useful life, 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.

VM

3. Significant Accounting Policies *(continued)*

3.5 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

3.6 Employee benefits

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

3.7 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.

3.8 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 is incurred.

VM

3. Significant Accounting Policies *(continued)*

3.9 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.

3.10 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.

VM

3. Significant Accounting Policies *(continued)*

3.11 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. The directors have performed an assessment of the impact of IFRS 15 and as the company currently recognises its revenue, by analogy, in accordance with the requirements of IAS 20, *Accounting for government grants*, IFRS 15 is not expected to have an impact on future financial statements.	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 address macro hedge accounting. The Company will adopt the standard in the first annual period beginning on or after the mandatory effective date. Based on an analysis performed, the new classification and measurement requirements under IFRS 9 will not have a significant impact on the company. Furthermore, due to the nature of the receivables, insignificant credit losses are expected. For this reason, the impact of the adoption of IFRS 9 is not expected to have a significant impact.	1 January 2018
IFRS 16: Leases	IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 *Leases*, and related Interpretations. IFRS 16 includes a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors. IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors. 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 16 has not yet been estimated.	1 January 2019

4. Going Concern Assessment

As at 31 May 2018, the Company's current liabilities exceeded its current assets by R327 223 (2017: R697 921). It is however noted that 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 Company has furthermore settled its trade payables due at 31 May 2018 as the amounts fell due subsequent to the financial year end.

A cash flow forecast for the next 12 months prepared by management indicates that the company will have sufficient cash to be able to meet its debts as and when they are due.

The Company is reliant on donation income and sponsorships, of which R1 677 807 has been received or confirmed subsequent to year end, to continue to meet its ongoing obligations and liabilities in the normal course of its operations.

During 2017, the company embarked on a stringent drive towards the reduction of operational costs, which is incorporated in the cash flow forecast. This reduction in operational costs has been maintained by the company and has assisted the company with the maintenance of its going concern status.
The ANPR Project has always, in the past, been a driver towards the high costs absorbed by the company. The South African Insurance Association (SAIA), a valued donor and stakeholder to BACSA, has been absorbing the direct expenses of this project since January 2018. This has had a significant, positive influence on the cash flow of the company.

Accordingly, the financial statements are 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 projects and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

5. Revenue

	2018 **R**	2017 R
Donations from companies	**8 226 405**	9 024 700
Donations – ANPR Project	**300 000**	3 102 201
Transfer from/(to) deferred income	**1 169 293**	443 181
	9 695 697	12 570 082

At 31 May 2018, the company has deferred income of R 2.5 million (2017: R 3.7 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.

VM

Notes to the financial statements
for the year ended 31 May 2018

	2018	2017
	R	R
6. Other income		
Net gain on sale of equipment	**20 400**	17 600
	20 400	17 600
7. Administrative expenses		
Expenditure is arrived at after taking into account –		
Amortisation of intangible assets	**509 791**	323 592
Depreciation	**84 389**	275 047
Operating lease charges	**650 230**	773 986
Staff costs – remuneration	**3 194 525**	3 457 067
Key management personnel		
– Salaries	**2 711 748**	2 502 013
8. Finance income and finance costs		
Interest income – cash and cash equivalents	**115 337**	192 587
Finance costs – interest expense on financial liabilities	**–**	–
Net finance income recognised in profit or loss	**115 337**	192 587

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).

VM

10. Property and equipment

	Computer equipment R	Furniture and fittings R	Office equipment R	Leasehold improvements R	Total R
Cost					
Balance at 1 June 2016	1 188 438	270 070	213 866	–	1 672 374
Disposals	(63 347)	(84 091)	–	–	(147 438)
Balance at 31 May 2017	1 125 091	185 979	213 866	–	1 524 936
Balance at 1 June 2017	**1 125 091**	**185 979**	**213 866**	**–**	**1 524 936**
Reclassification to ANPR asset	**(785 280)**	**–**	**–**	**–**	**(785 280)**
Additions	**140 573**	**5 600**	**–**	**242 634**	**388 807**
Disposals	**(278 480)**	**(79 489)**	**(150 382)**	**–**	**(508 351)**
Balance at 31 May 2018	**201 904**	**112 090**	**63 484**	**242 634**	**620 112**
Accumulated depreciation and impairment losses					
Balance at 1 June 2016	727 659	255 992	213 865	–	1 197 516
Depreciation	264 556	10 491	–	–	275 047
Disposals	(63 347)	(84 091)	–	–	(147 438)
Balance at 31 May 2017	928 868	182 392	213 865	–	1 325 125
Balance at 1 June 2017	**928 868**	**182 392**	**213 865**	**–**	**1 325 125**
Reclassification to ANPR asset	**(592 347)**	**–**	**–**	**–**	**(592 347)**
Depreciation	**15 706**	**3 822**	**1**	**64 860**	**84 389**
Disposals	**(278 480)**	**(79 489)**	**(150 382)**	**–**	**(508 351)**
Balance at 31 May 2018	**73 747**	**106 725**	**63 484**	**64 860**	**308 816**
Carrying amounts					
At 31 May 2016	460 779	14 078	1	–	474 858
At 31 May 2017	196 223	3 587	1	–	199 811
At 31 May 2018	**128 157**	**5 365**	**–**	**177 774**	**311 296**

VM

11. Intangible assets

	ANPR Asset	Other computer software	Total
	R	R	R
Cost			
Balance at 1 June 2016	2 214 579	–	2 214 579
Additions – Capitalisation of development expenditure	51 000	–	51 000
Balance at 31 May 2017	2 265 579	–	2 265 579
Balance at 1 June 2016	**2 265 579**	**–**	**2 265 579**
Reclassification from computer equipment	**785 280**	**–**	**785 280**
Additions	**–**	**17 162**	**17 162**
Disposals	**(58 202)**	**–**	**(58 202)**
Reclassification to asset held for sale – see note 12	**(2 992 657)**	**–**	**(2 992 657)**
Balance at 31 May 2018	**–**	**17 162**	**17 162**
Accumulated amortisation and impairment losses			
Balance at 1 June 2016	1 443 877	–	1 443 877
Amortisation for the year	323 592	–	323 592
Balance at 31 May 2017	1 767 469	–	1 767 469
Balance at 1 June 2017	**1 767 469**	**–**	**1 767 469**
Reclassification from computer equipment	**592 347**	**–**	**592 347**
Amortisation for the year	**508 556**	**1 235**	**509 791**
Disposals	**(58 202)**	**–**	**(58 202)**
Reclassification to asset held for sale – see note 12	**(2 810 170)**	**–**	**(2 810 170)**
Balance at 31 May 2018	**–**	**1 235**	**1 235**
Carrying amounts			
At 31 May 2016	770 702	–	770 702
At 31 May 2017	498 110	–	498 110
At 31 May 2018	**–**	**15 927**	**15 927**

VM

12. Asset held for sale

On 11 December 2017, management committed to a plan to dispose of the software related to the Automated Number Plate Recognition (ANPR) asset to the Insurance Crime Bureau for no consideration. Accordingly, the ANPR asset has been identified as an asset held for sale. Efforts to dispose of the ANPR intangible assets have started and this is expected to be completed during the 2019 financial year.

Impairment losses relating to the asset held for sale

An impairment loss of R182 487 in respect of the ANPR asset has been recognised for the write-down of the asset held for sale to the lower of its carrying amount and its fair value less costs to sell. It is the company's intention to transfer the ANPR asset to the Insurance Crime Bureau for no consideration and accordingly the software has been impaired to Rnil, being the estimated fair value less costs to sell.

	2018 R
APNR Software	
Cost	**2 992 657**
Accumulated amortisation	**(2 810 170)**
Carrying value	**182 487**
Impairment to fair value less cost to sell	**(182 487)**
Carrying value	**-**

VM

	2018 R	2017 R
13. Cash and cash equivalents		
Bank balances	**736 976**	183 703
Call deposits	**1 679 902**	3 080 528
Cash and cash equivalents in the statement of cash flows	**2 416 878**	3 264 231

14. Deferred income

	2018 R	2017 R
Opening balance	**3 738 197**	4 353 983
Net transfer to/(from) the deferred income account	**(1 201 465)**	(615 786)
Closing balance	**2 536 732**	3 738 197

Deferred income represents ring-fenced donation funding for the company's 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:	2018 R	2017 R
Business Against Crime Core Projects	**2 383 582**	3 000 832
Mpumalanga provincial project funding	**–**	551 115
Outstanding donor receipts	**153 150**	186 250
	2 536 732	3 738 197

15. Trade and other payables

	2018 R	2017 R
Accounts payable	**374 626**	474 441
Leave pay accrual	**124 334**	161 806
	498 960	636 247

16. Trade and other receivables

	2018 R	2017 R
Trade receivables	**242 068**	205 935
Prepayments	**42 690**	60 904
	284 758	266 839

VH

	2018 R	2017 R
17. Note to the statement of cash flows		
Profit for the year	–	–
Adjusted for separately disclosed and non-cash items:		
Depreciation and amortisation	**594 180**	598 639
Net finance income	**(115 337)**	(192 587)
Gain on sale of equipment	**(20 400)**	(17 600)
Impairment loss on assets held for sale	**182 487**	–
Changes in working capital:		
Change in trade and other receivables	**(17 919)**	215 828
Change in trade and other payables	**(137 287)**	(279 073)
Change in VAT receivable	**138 620**	(125 630)
Net cash generated by operating activities	**624 344**	199 577

18. 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 donors 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:

	2018 R	2017 R
Other receivables (excluding pre-payments)	**242 068**	205 935
Cash and cash equivalents	**2 416 878**	3 264 231
	2 658 946	3 470 166

VM

18. Financial risk management *(continued)*

Credit risk (continued)

	2018 R	2017 R
The aging of receivables at the reporting date was as follows:		
Not past due	**225 225**	96 573
Past due but not impaired		
Past due 0 – 30 days	–	96 574
Past due 31 – 60 days	–	12 500
Past due 61 – 120 days	**16 843**	–
More than 121 days	–	288
	242 068	205 935

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. Subsequent to year end, an amount of R7 069 has been received by the company in lieu of those amounts past due. For these reasons, no allowance for impairment has been recognised with respect to amounts past due.

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.

VM

18 Financial risk management *(continued)*

Interest rate risk

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

	2018	2017
	R	R
Variable rate instruments		
Cash and cash equivalents	**2 416 878**	3 264 231

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) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Effect on the statement of comprehensive income (profit/loss)		
50 bps increase	**12 084**	16 321
50 bps decrease	**(12 084)**	(16 321)

19. Operating leases

	2018	2017*
	R	R
Non-cancellable operating lease rentals are payable as follows:		
In respect of property rental		
Less than one year	**239 398**	–
One to three years	**258 550**	–

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

The Atrium on 5th, Sandton
The lease is for 3 year period and expires on 30 June 2020. The annual escalation of the lease payments is 8%.

During the year ended 31 May 2018, R600 475 (2017: R 715 767) was recognised as an expense in profit or loss in respect of operating leases.

* As at 31 May 2017, the company terminated its lease agreement for the business premises at the Summit Office Park Sandton and thereafter paid month to month rental payments of R 62 913 until the end of July 2017. As at 31 May 2017, since there was not a lease agreement in place to determine future payments, straight lined lease instalments could not be calculated until such time as the new lease agreement was entered into by the company commencing August 2017.

VM

20. Related Parties

Directors' remuneration and 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.

Non-executive directors serve in an honoury capacity and are not remunerated for their services.

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 Northern Cape

No payments were made in the current or prior year to the respective provincial structures for services rendered on national projects on behalf of Business Against Crime South Africa NPC.

21. Subsequent events

In October 2018, the company entered into a contract with the South African Insurance Association and the Insurance Crime Bureau (ICB) and to transfer the ANPR asset to ICB – Refer to note 12.

Subsequent to year end BACSA has entered into discussions with BLSA with regards to a potential merger of the two entities. The concept discussed is that BACSA will remain an independent organisation for a period of 18 months after moving into the offices of BLSA, after which a merger will be imminent. At the date of the approval of the financial statements, this subsequent event does not meet the criteria for restructuring and as a result no provision is deemed necessary in these financial statements.

Other than the above, 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 2018 or the financial position at that date.

22. Contingencies

In terms of the respective property operating lease contracts, 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 R64 700 (2017: R 134 370).

VM