

**EMMANUEL PRESBYTERIAN CHURCH  
(PBO NUMBER 930007188)  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**A VERMAAK  
PROFESSIONAL ACCOUNTANT (SA)**

**INDEX**

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The reports and statements set out below comprise the financial statements presented to the board of management:

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**Board of management's responsibilities and approval**

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The board of management are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Church as at the end of the financial year and the results of its operations and cash flows for the period then ended.

The board of management acknowledge that they are ultimately responsible for the system of internal financial control established by the Church and place considerable importance on maintaining a strong control environment. To enable the board of management 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. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Church and all employees are required to maintain the highest ethical standards in ensuring the Church's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Church is on identifying, assessing, managing and monitoring all known forms of risk across the Church. While operating risk cannot be fully eliminated, the Church endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The board of management have reviewed the Church's cash flow forecast for the year to 31 December 2018 and, in the light of this review and the current financial position, they are satisfied that the Church has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 3 to 13, which have been prepared on the going concern basis, were approved by the board on 9 September 2018 and were signed on its behalf by:

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**Board of management**

**Board of management's report**

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The board of management submit their report for the year ended 31 December 2017.

**1. General review**

The Church is situated in Pretoria East and is part of the Uniting Presbyterian Church in Southern Africa.

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

**2. Events after the reporting period**

The board of management are not aware of any matter or circumstance arising since the end of the financial year that has an impact on the church's operations or financial state of affairs.

**EMMANUEL PRESBYTERIAN CHURCH**  
**Financial statements for the year ended 31 December 2017**

**Balance sheet**

	Notes	<u>2017</u>	<u>2016</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	2,883,466	2,888,189
<b>Current assets</b>			
		1,654,051	1,436,538
Receivables and prepayments	5	55,080	22,170
Cash and cash equivalents	6	1,598,971	1,414,368
		<u>4,537,517</u>	<u>4,324,727</u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
		3,426,642	3,431,740
Capital account	7	3,061,086	3,074,640
General reserves	7	365,556	357,100
<b>Current liabilities</b>			
		1,110,875	892,987
Trade and other payables	8	857,090	742,997
Provisions	9	253,785	149,990
		<u>4,537,517</u>	<u>4,324,727</u>

**EMMANUEL PRESBYTERIAN CHURCH**  
**Financial statements for the year ended 31 December 2017**

**Income statement**

	Notes	2017	2016
<b>Income</b>		2,368,167	2,232,345
Freewill offering		1,729,527	1,694,984
Open plate		226,762	260,104
Donations		128,000	142,674
Interest received		78,048	73,788
Fundraising	12	195,141	54,946
Other income		10,689	5,849
<b>Less expenses</b>		2,360,121	2,257,477
Assessments		412,272	390,323
- General assembly		351,576	332,763
- Presbytery		60,696	57,560
Teaching ministry		21,424	24,882
- Associations		850	1,280
- Banner Group		-	1,320
- Books and materials		3,668	2,093
- Conference fees		1,549	4,130
- Pulpit fees		-	500
- Other		-	957
- Youth		15,357	14,602
Proclamation ministry		89,640	65,461
- Students for the ministry		1,000	-
- Missions		16,640	14,640
- Tithing		72,000	50,000
- Other expenses		-	821
Healing ministry		7,632	10,080
- Discretionary fund		2,009	3,471
- Other expenses		507	609
- Social functions		1,116	-
- SMS data charges		4,000	6,000
Maintenance		1,829,153	1,766,731
- Bank charges		5,967	5,436
- Computer expenses		-	8,000
- Consumables - kitchen and cleaning		10,329	11,648
- Depreciation on property, plant and equipment	4	4,723	8,689
- Electricity and water		24,803	28,714
- Garden maintenance		1,506	1,047
- Insurance		33,889	33,476
- Interest	3	-	1
- Maintenance and repairs - building		69,595	26,125
- Maintenance and repairs - office furniture and equipment		403	3,674
- Maintenance and repairs - general		-	1,521
- Multimedia		8,870	9,430
- Music and sound team		7,838	7,480
- Travelling expenses		96,961	95,414
- Printing and stationery		12,899	16,630
- Professional fees		16,862	16,693
- Salaries and wages	2	1,460,970	1,422,231
- Security		9,895	9,094
- Telephone and internet		46,409	46,175
- Vehicle maintenance and licensing		4,270	3,344
- Workmans Compensation Commissioner		7,431	5,992
- Other expenses		5,533	5,917
<b>Net profit</b>		8,046	(25,132)
<b>Plus / (less) Transfers from / (to) reserves</b>		(21,600)	(21,600)
Provision capital projects		-	-
Provision for future motor vehicle		(21,600)	(21,600)
<b>Net surplus / (deficit) after transfers to reserves</b>		(13,554)	(46,732)

**EMMANUEL PRESBYTERIAN CHURCH**  
**Financial statements for the year ended 31 December 2017**

**Statement of changes in equity**

	Notes	General reserves	Retained earnings	Total
		R	R	R
Balance at 1 January 2016		344,699	3,121,372	3,466,071
Net deficit for the year			(25,132)	(25,132)
Increase in general reserve		7,000	-	7,000
Reserve utilised		(16,199)	-	(16,199)
Transferred to / (from) general reserve		21,600	(21,600)	-
<b>Balance at 31 December 2016</b>	<b>7</b>	<b>357,100</b>	<b>3,074,640</b>	<b>3,431,740</b>
Net deficit for the year		-	8,046	8,046
Increase in general reserve		15,000	-	15,000
Reserve utilised		(28,144)	-	(28,144)
Transferred to / (from) general reserve		21,600	(21,600)	-
<b>Balance at 31 December 2017</b>		<b>365,556</b>	<b>3,061,086</b>	<b>3,426,642</b>

**EMMANUEL PRESBYTERIAN CHURCH**  
**Financial statements for the year ended 31 December 2017**

**Cash flow statement**

	Notes	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from members		2,368,167	2,232,345
Cash paid to suppliers and employees		<u>(2,183,564)</u>	<u>(2,283,259)</u>
Cash generated by operations	11	184,603	(50,914)
Interest paid	3	-	(1)
<b>Net cash flow from operating activities</b>		<u>184,603</u>	<u>(50,915)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		-	(3,968)
<b>Net cash flow from investing activities</b>		<u>-</u>	<u>(3,968)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in borrowings including accelerated payments		-	(187)
<b>Net cash flow from financing activities</b>		<u>-</u>	<u>(187)</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		184,603	(55,070)
Cash and cash equivalents at beginning of the year		<u>1,414,368</u>	<u>1,469,438</u>
Cash and cash equivalents at end of the year		<u><u>1,598,971</u></u>	<u><u>1,414,368</u></u>

Accounting policies

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**1. Presentation of Financial Statements**

Emmanuel Presbyterian Church is a non-profit entity and is registered as a public benefit organisation in terms of the Income Tax Act. The Church operates on a cash basis and any cash surplus is utilised by the Church to further its activities or reduce its liabilities. Surpluses in future will be used to further assist church growth in the denomination. These funds are invested in interest bearing assets until such time that they are needed for church expansion. The financial statements have been prepared on the accrual basis of accounting, except as noted below.

The financial statements have been prepared in accordance with accounting policies appropriate to the business of the Church. These accounting policies are consistent with the previous period.

The principle accounting policies of the Church are as follows :

**1.1 Property, plant and equipment**

Property, plant and equipment are held for use in the carrying out of church activities and for administrative purposes; and are expected to be used during more than one period.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of 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 is carried at cost less accumulated depreciation, where applicable.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over certain predetermined periods, which are as follows:

Land and buildings	Not depreciated
Furniture and fittings	3 - 10 years
Motor vehicles	8 years
Office equipment	3 - 5 years
Garden equipment	5 years

All property, plant and equipment with a cost below R7 500 is expensed upon purchase.  
All assets have a residual value of R1.

Any other decrease in the value of assets is recognised only when the asset is sold, scrapped or otherwise disposed of (for example by donation to third parties).

**1.2 Receivables and prepayments**

Receivables and prepayments include payments made before year end for goods or services received in the following year, and amounts owing to the Church from third parties. Receivables are recognised when the Church is entitled to receive the cash.

**1.3 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in the bank and investment accounts, all of which are available for use by the Church unless otherwise stated.

**1.4 Long-term and short-term liabilities**

Borrowings are initially measured at the amount advanced to the church. Transaction costs are recognised as an expense when paid. Borrowings are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash payments through the term of the financial liability, or, where appropriate, a shorter period.

**Accounting policies**

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1.5 Trade and other payables

Trade and other payables includes amounts accrued in respect of goods or services received before year end but that have not been paid for as well as provision for expenses relating to certain projects which were approved by the congregation but were not incurred in the current financial year (refer to note 1.6 below). Accruals are recognised when the Church receives the goods or services.

1.6 Provisions

The Church raises accruals for assessments and for long leave. Provisions are recognised when the Church has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be reliably estimated. Provisions are measured at the Board of Management's best estimate of the expenditure required to settle the obligation at balance sheet date.

Provision is made for expenses relating to certain projects which were approved by the congregation and/or the Board of Management, but were not incurred in the current financial year as well as for the replacement of certain fixed assets. These provisions are included within reserves.

When the expenditure is incurred and results in an asset that is capitalised, the provision is reversed to retained income via reserves. In all other cases, the reserve is reduced by the expenditure incurred.

1.7 Derecognition of liabilities

The Church derecognises liabilities when, and only when, the Church's obligations are discharged, cancelled or expire.

1.8 Income

Income comprises the open plate, freewill offerings received, donations received, interest income and the proceeds from fundraising activities.

1.9 Ad-hoc donations received for specific projects

From time to time the Church receives funds from members which are designated for specific charitable works that are not projects which have been pre-approved by the members as projects for the year. In such cases, the Church simply acts and administers the funds as a conduit and has no claim to the funds received. Such receipts are not treated as assessable income for purposes of determining the assessments due to Presbytery and General Assembly and no corresponding deduction is claimed. Amounts unpaid are included in trade and other payables.

1.10 Interest received and paid

Interest received and paid are dealt with in the period in which they are incurred.

1.11 Leave pay

Where staff do not use their full leave entitlement they may be entitled to carry leave over and use it in the following year. The Church does not raise a provision for leave pay where staff do not use their full leave entitlement before the financial year end. Provision made for leave pay relates to long leave as per employment requirements for ministers per the UPCSA.

1.12 Nuclear Congregations

Nuclear Congregations which have been planted by Emmanuel Presbyterian Church are accounted for in accordance with the Manual of Faith and Order of the Uniting Presbyterian Church in Southern Africa. Nuclear Congregations are required to have their financial affairs administered under the Session of the parent congregation. Planted Nuclear Congregations' financial affairs are run using the financial system of Emmanuel Presbyterian Church. These transactions are recorded in a suspense account, of which the net results represents the surplus / deficit accrued to the Nuclear Congregations. Surpluses are included in trade and other payables, while deficits are included in trade and other receivables.

**EMMANUEL PRESBYTERIAN CHURCH**  
**Financial statements for the year ended 31 December 2017**

**Notes to the financial statements**

	<u>2017</u>	<u>2016</u>
	R	R
<b>2. Salaries and wages</b>		
Salaries and wages	1,692,564	1,611,640
Long leave	15,441	15,001
Pension costs	47,528	43,650
Unemployment insurance fund	8,837	9,165
Honorariums	9,000	9,000
Other	6,600	6,823
Honorarium sacrifice	(9,000)	(9,000)
Recovered from Grace Presbyterian Church	(310,000)	(264,048)
	<u>1,460,970</u>	<u>1,422,231</u>

The salaries and wages expenditure is split as follows:-

Minister	705,605	672,838
Secretary	227,850	214,936
Pastoral executive	430,211	408,029
Treasurer honorarium	9,000	9,000
Caretaker	71,200	69,996
Minister	329,504	313,657
Other	6,600	6,823
Honorarium sacrifice	(9,000)	(9,000)
Recovered from Grace Presbyterian Church	(310,000)	(264,048)
	<u>1,460,970</u>	<u>1,422,231</u>

In addition to the above salary, the minister is entitled to use of the church car for church-related use. Travel expenditure for all employees is included under "travelling expenses".

Salary sacrifices made by staff are included as tithing.

**3. Finance costs**

Interest paid - loans and mortgage bond	-	(1)
	<u>0</u>	<u>(1)</u>

**4. Property, plant and equipment**

	Land and buildings	Furniture and fittings	Garden equipment	Motor vehicles	Office equipment	Total
<b>2017</b>						
<b>Cost</b>						
Cost at 1 January 2017	2,859,489	274,308	14,090	128,875	64,961	3,341,723
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Cost at 31 December 2017	<u>2,859,489</u>	<u>274,308</u>	<u>14,090</u>	<u>128,875</u>	<u>64,961</u>	<u>3,341,723</u>
<b>Accumulated depreciation</b>						
Acc depreciation at 1 Jan 2017	-	245,658	14,080	128,874	64,922	453,534
Depreciation	-	4,723	-	-	-	4,723
Disposals	-	-	-	-	-	-
Acc depreciation at 31 Dec 2017	<u>-</u>	<u>250,381</u>	<u>14,080</u>	<u>128,874</u>	<u>64,922</u>	<u>458,257</u>
<b>Net book value 31 December 2017</b>	<u>2,859,489</u>	<u>23,927</u>	<u>10</u>	<u>1</u>	<u>39</u>	<u>2,883,466</u>
Net book value 1 January 2017	<u>2,859,489</u>	<u>28,650</u>	<u>10</u>	<u>1</u>	<u>39</u>	<u>2,888,189</u>
<b>2016</b>						
<b>Cost</b>						
Cost at 1 January 2016	2,859,489	270,340	14,090	128,875	64,961	3,337,755
Additions	-	3,968	-	-	-	3,968
Disposals	-	-	-	-	-	-
Cost at 31 December 2016	<u>2,859,489</u>	<u>274,308</u>	<u>14,090</u>	<u>128,875</u>	<u>64,961</u>	<u>3,341,723</u>
<b>Accumulated depreciation</b>						
Acc depreciation at 01 Jan 2016	-	236,969	14,080	128,874	64,922	444,845
Depreciation	-	8,689	-	-	-	8,689
Disposals	-	-	-	-	-	-
Acc depreciation at 31 Dec 2016	<u>-</u>	<u>245,658</u>	<u>14,080</u>	<u>128,874</u>	<u>64,922</u>	<u>453,534</u>
<b>Net book value 31 December 2016</b>	<u>2,859,489</u>	<u>28,650</u>	<u>10</u>	<u>1</u>	<u>39</u>	<u>2,888,189</u>

Notes to the financial statements

	2017	2016
	R	R
<b>5. Receivables and prepayments</b>		
Sundry receivables	55,080	22,170
<b>6. Cash and cash equivalents</b>		
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:-		
Bank balances	1,598,169	1,413,566
Cash on hand	802	802
	<u>1,598,971</u>	<u>1,414,368</u>
<b>7. Reserves</b>		
An analysis of the movements in each category within reserves is presented below:-		
<b>Retained earnings:-</b>		
At beginning of year	3,074,640	3,121,372
Net deficit for the year	8,046	(25,132)
Reserves utilised / transferred to reserves	(21,600)	(21,600)
At end of year	<u>3,061,086</u>	<u>3,074,640</u>
<b>General reserves:-</b>	365,556	357,100
<b>Provision for future vehicle replacement</b>		
At beginning of year	241,978	220,378
Transferred to the provision	21,600	21,600
Profit on sale of Corsa	-	-
At end of year	<u>263,578</u>	<u>241,978</u>
<b>Provision for small asset replacement / special projects:-</b>		
At beginning of year	100,066	109,265
Transferred to reserve - Computer and water tank	-	7,000
Transferred to reserve - Multimedia and capital project	15,000	-
Utilised during the year - Board and water tank project	-	(16,199)
(Utilised during the year) - Multimedia and capital project	(28,144)	-
At end of year	<u>86,922</u>	<u>100,066</u>
<b>Provision for medical expenses:-</b>		
Balance at beginning and end of year	9,000	9,000
Transferred / (Utilised) during the year	-	-
At end of year	<u>9,000</u>	<u>9,000</u>
<b>Needy causes fund:-</b>		
Balance at beginning and end of year	6,056	6,056
Transferred / (Utilised) during the year	-	-
At end of year	<u>6,056</u>	<u>6,056</u>

**Notes to the financial statements**

	2017	2016
	R	R
<b>8. Trade and other payables</b>		
Sundry payables	186,946	160,135
Grace current account	670,144	582,862
	<u>857,090</u>	<u>742,997</u>
<p>Included in sundry payables is a payable for Grace Presbyterian Church of R12,000 (2016 - R10,942) for tithing. The Grace current account comprises the profits of Grace Presbyterian Church for the years ending 31 December 2017, which have been retained in Emmanuel's bank account on behalf of Grace Presbyterian Church.</p> <p><i>The profits for Grace are made up as follows:</i></p>		
Income	495,674	341,366
Expenditure	408,392	334,474
Advertising	0	4,492
General assembly assessments	71,461	43,686
Tshwane assessments	14,010	9,381
Staffing and travel expenditure	310,000	264,048
Tithing	12,000	12,000
Consumables and stationery	0	0
Music and license	921	867
Net profit for the period	<u>87,282</u>	<u>6,892</u>
<p>Included in income are the following :</p>		
- Donation for land	100,900	-
- Day of Giving	19,230	-
<p>The board has determined, on a fair and reasonable rate of overhead allocation, Grace should be charged in the region of R430,600 for 2017 (R410,600 for 2016). The board has chosen to only charge R310,000 for 2017 (R264,048 for 2016).</p> <p>The Session of Grace Presbyterian have elected to pay assessments even though not required as a nuclear congregation.</p>		
<b>9. Provisions</b>		
Provision for assessments	238,344	134,990
Provision for long leave	15,441	15,000
	<u>253,785</u>	<u>149,990</u>
<p>The assessments are calculated in accordance with the prescribed rules and guidelines as described by the UPCS Finance Committee.</p>		
<b>10. Cash flows from operating activities</b>		
Net profit before transfers to reserves	8,046	(25,132)
Adjustments for:		
Net finance cost	-	1
General reserve utilised	(28,144)	(16,199)
Increase in general reserve	15,000	7,000
Depreciation	4,723	8,689
Operating profit before changes in working capital	(375)	(25,641)
Changes in working capital	184,978	(25,273)
(Increase)/Decrease in receivables and prepayments	(32,910)	1,928
Increase/ (Decrease) in trade and other payables and provisions	217,888	(27,201)
	<u>184,603</u>	<u>(50,914)</u>
<b>11. Fundraising</b>		
Fete	-	54,946
Day of Giving	195,141	-
	<u>195,141</u>	<u>54,946</u>