

ALEXANDRA BROADCASTING CORPORATION NPC

(Registration number: 2015/404296/08)

**Annual Financial Statements
for the year ended 28 February 2017**

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Annual financial statements for the year ended 28 February 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business	Community Radio
Directors	P.Mallela G.Makatu B. Ka Mandita
Beneficiaries	The Station / Community
Registered office	Alexandra Broadcasting Corporation NPC Yarona Building 89 Watt Street Wynberg 2090
Business address	Alexandra Broadcasting Corporation NPC Yarona Building 89 Watt Street Wynberg 2090
Postal address	P O Box 39108 Bramley 2090
Bankers	ABSA Bank Limited
Compiler	Grant Thornton

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

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Directors' Responsibilities and Approval

The directors are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities. The external accounting officer are engaged to express an independently reviewing on the annual financial statements.

The annual financial statements are prepared in accordance with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

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

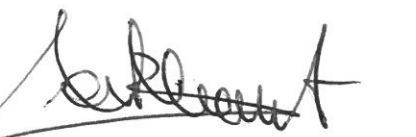
The directors have reviewed the entity's cash flow forecast for the year to 28 February 2016 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external Compiler is responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external compiler and their report is presented on page 3.

The annual financial statements set out on pages 5 to 13, which have been prepared on the going concern basis, were approved by the directors on and were signed on its behalf by:


P. Mallela


G. Makatu


B Mlambe

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Statement of Financial Position

Figures in Rand	Notes	2017	2016
Assets			
Non-Current Assets			
Property, Plant and Equipment	2	1 126 382	218 864
Current Assets			
Cash and cash equivalents	3	971 197	1 218 080
Trade and other Receivables		346 188	346 188
Total Assets		2 443 767	1 783 132
Equity and Liabilities			
Equity			
Trustee Contribution	4	100	100
Accumulated Surplus/Fund		2 443 667	1 783 032
Total Equity and Liabilities		2 443 767	1 783 132

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Statement of Comprehensive Income

Figures in Rand	Notes	2017	2016
Revenue	5	2 104 265	3 396 096
Other Income		242 472	38 312
Operating expenses		<u>(2 862 191)</u>	<u>(2 714 992)</u>
Operating (loss)/ income		(515 454)	719 416
Interest received	6	2 445	1 330
(Loss)/ Income before taxation		<u>(513 009)</u>	<u>720 746</u>
Taxation		-	-
(Loss)/ Income for the year		<u>(513 009)</u>	<u>720 746</u>
Other comprehensive income		-	-
Total comprehensive (loss)/ income for the year		<u>(513 009)</u>	<u>720 746</u>

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Statement of Changes in Equity

Figures in Rand	Trust capital	Accumulated Surplus	Total equity
Balance at 1 March 2015	100	1 062 286	1 062 386
Total comprehensive income for the year		720 746	720 746
Balance at 1 March 2016	100	1 783 032	1 783 132
Prior period error - Property, plant & equipment		1 173 644	1 173 644
Total comprehensive loss for the year		(513 009)	(513 009)
Balance at 28 February 2017	100	2 443 667	2 443 767

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Statement of Cash flow

Figures in Rand	Notes	2017	2016
Cash flow from operating activities			
Cash utilised in operations	7	(215 828)	1 015 649
Interest income		2 445	1 330
Net cash from operating activities		(213 383)	1 016 979
Cash flow from investing activities			
Purchase of property, plant and equipment	2	(33 500)	-
Cash flow from financing activities		(33 500)	-
Total cash movement for the year			
cash at the beginning of the year		1 218 080	201 101
Total cash at end of the year	3	971 197	1 218 080

Notes to Annual financial statements

1.0 Accounting Policies

1.1 Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.2 Property, plant and equipment

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

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Estimated useful life
Plant and machinery	6 years
Furniture and fixtures/Office Furniture	5 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment /Computers	3 years
Studio Equipments	5 years

The residual value, depreciation method and the useful life of each asset are reviewed at each annual reporting period if there are indicators present that there is a change from the previous estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economical benefits is depreciated separately over its useful life. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.3 Trade receivables

Trade receivables are carried at an anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

1.4 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call hand, deposits held at call with banks, and investments in money market instruments

Notes to the Annual Financial Statements

2 Property, plant and equipment	2017			2016		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Computer equipment	76 944	(36 256)	40 688	140 008	(139 753)	255
Motor vehicle	25 000	(14 583)	10 417	25 000	(16 664)	8 336
Office equipment	1 701 513	(685 716)	1 015 797	1 944 385	(1 774 397)	169 988
Studio equipment	244 377	(244 377)	-	10 000	(6 888)	3 112
Other assets	111 525	(52 045)	59 480	130 565	(93 392)	37 173
Total	2 159 359	(1 032 977)	1 126 382	2 249 958	(2 031 094)	218 864

Reconciliation of property, plant and equipment - 2017

	Opening Balance	Additions	Disposal	Adjustments	Non cash additions	Depreciation	Total
Computer equipment	255	31 020	-	30 021	-	(20 608)	40 688
Motor vehicle	8 336	-	-	12 498	-	(10 417)	10 417
Office equipment	169 988	-	-	1 099 540	-	(253 731)	1 015 797
Studio equipment	3 112	2 480	-	(5 592)	-	-	-
Other assets	37 173	-	-	37 177	-	(14 870)	59 480
	218 864	33 500	-	1 173 644	-	(299 626)	1 126 382

Reconciliation of property, plant and equipment - 2016

	Opening Balance	Additions	Disposal	Transfer	Non cash additions	Depreciation	Total
Computer equipment	11 736	-	-	-	-	(11 481)	255
Motor vehicle	12 502	-	-	-	-	(4 166)	8 336
Office equipment	425 098	-	-	-	-	(255 110)	169 988
Studio equipment	10 000	0	-	-	-	(6 888)	3 112
Other assets	55 761	-	-	-	-	(18 588)	37 173
	515 097	-	-	-	-	(296 233)	218 864

3 Cash and cash equivalents 2017 2016

Cash and cash equivalents consist of:

Bank balances	971 197	1 218 080
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Cash & cash equivalents represent the bank balance and cash held.

4 Trust capital

Capital account / Trust capital

Balance at beginning of year	100	100
	100	100

5 Revenue

Rendering of services	2 104 265	3 396 096
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Notes to Annual financial statements

Figure in Rands	2017	2016
6 Investment revenue		
Interest from the bank	2 445	1 330
7 Cash utilised in operations		
(Loss)/ Income before taxation	(513 009)	720 746
Adjustments for:		
Depreciation and amortisation	299 626	296 233
Interest received	(2 445)	(1 330)
	<u>(215 828)</u>	<u>1 015 649</u>

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Detailed Statement of Comprehensive Income

Figure in Rands	2017	2016
Revenue		
Total Fees Income/ Advertising Sales	2 104 265	3 396 096
Other income		
Donations	231 896	-
Sundry Income	10 576	38 312
Interest received	2 445	1 330
	<u>244 917</u>	<u>39 642</u>
Expenses (Refer to page 13)	<u>(2 862 191)</u>	<u>(2 714 992)</u>
(Deficit)/Surplus before taxation	(513 009)	720 746
Taxation	-	-
(Deficit)/Surplus for the year	<u>(513 009)</u>	<u>720 746</u>

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Detailed Statement of Comprehensive Income

Figure in Rands	2017	2016
Operating expenses		
Accounting & professional fees	(17 368)	(17 120)
Advertising	(34 125)	(30 418)
Audio Streaming	(53 912)	(5 389)
Bank charges	(40 205)	(25 520)
Board Honorarium expenses	-	(8 110)
Consulting Fees	(22 500)	(26 175)
Depreciation expenses	(299 626)	(296 233)
Entertainment	(17 383)	-
General expenses	-	(215 851)
Legal fees	(5 000)	-
Production costs	(5 500)	-
Meeting & Conferences	(41 227)	(14 190)
Union Fees	(9 840)	(10 920)
Rent expenses	(174 185)	(286 538)
Repairs and maintenance	(100 644)	(28 212)
Salaries & wages	(1 474 427)	(1 439 161)
Sales commission expenses	-	(64 018)
Secretarial services	-	(2 000)
Security / Water & Electricity	(97 000)	(61 763)
Staff welfare	(2 900)	(26 215)
Stationery & Printing	(32 281)	(3 017)
Subscriptions / courier & postage	(10 292)	(5 119)
Telephone, fax & internet	(112 275)	(124 506)
Training	(14 193)	-
Travel & accomodation expenses	(64 536)	(24 517)
Other	(232 772)	-
	<u>(2 862 191)</u>	<u>(2 714 992)</u>