

African Christian College

Annual Financial Statements

For the year ended 31 December 2020

AFRICAN CHRISTIAN COLLEGE

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2020

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AFRICAN CHRISTIAN COLLEGE

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2020

GENERAL INFORMATION

Country of incorporation and domicile	Eswatini
Nature of business and principal activities	The provision of undergraduate Christian education.
Board of Trustees	Carter Larry - <i>Chairperson</i> Carter Brad Mswane Luke Hufford Henry
Entity registration number	RT/11941
Business Address	Near Tubungu Estates, Matsapha Eswatini, Portion 14, (A portion of portion 2) of farm 300, Manzini district.
Postal address	P O Box 331, Manzini, M200
Bankers	Nedbank Swaziland Limited
Auditors	Corporate Business Solutions Chartered Accountants Eswatini

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF TRUSTEES RESPONSIBILITY

For the year ended 31 December 2020

The Trustees are responsible for the preparation and fair presentation of the annual financial statements of the Company, comprising the Trustees' report, the statement of financial position as at 31 December 2020, the statements of comprehensive income, changes in equity 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 Entities ("IFRS") and the requirements of the Companies Act of 2009. The Trustees are satisfied that the information contained in the annual financial statements fairly represents the financial position at year-end and the financial performance and cash flows of the Company.

The Trustees are also responsible for such internal control as the Trustees 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 as well as the preparation of the supplementary schedules included in these financial statements.

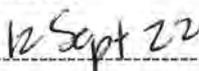
The Trustees believe that the Company has adequate resources to continue trading as a going concern in the foreseeable future. The Trustees also confirm that the Company is in compliance with the provisions of the Companies Act or relevant laws of establishment. The financial statements set out on pages 5 to 27 have been audited by the company's auditors, Corporate Business Solutions. The audit report is presented on pages 6 to 8.

Approval of the annual financial statements

The Company's annual financial statements were approved by the Trustees and signed on its behalf by:



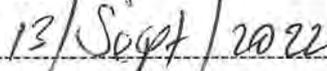
- President



- Date



- Trustee



- Date

AFRICAN CHRISTIAN COLLEGE

TRUSTEES REPORT

For the year ended 31 December 2020

The trustees have the pleasure in submitting their report for the year ended 31 December 2020.

Nature of business

African Christian College is a non-profit registered company in the Kingdom of Eswatini. The company is governed by an independent Board of Trustees. The college offers Christian Higher Education to students from different African countries and offers undergraduate and postgraduate Christian education programmes.

The college established a macadamia tree farming project in 1997 in order to generate surpluses to assist with the running costs of the college and during the 2020 financial year, a majority of their Macadamia nuts sales were made to Global Macadamias (now Marquis Macadamias).

The college commenced the operations of the Locavore market in the 2018 financial year where sales of a variety of farm produce are made. The college sells chickens, pork, honey, and vegetables through this market.

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

Going concern

The trustees believe that the college has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The trustees are not aware any new material changes that may adversely impact the college.

Events after the reporting period

The trustees are not aware of any matter or circumstance arising since the end of the financial year and up to the date of this report.

Independent Auditors' Report

To the members of the African Christian College

Qualified Opinion

We have audited the financial statements of the African Christian College (the Company) set out on pages 9 to 27, which comprise the statement of financial position as at 31 December 2020, statement of comprehensive income, statement of changes in equity and 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of 2009.

Basis for Qualified Opinion

The Company did not maintain a fixed assets register as required by section 245 (1) (b) of the Companies Act of 2009. The carrying amount of Property Plant and Equipment of E32 708 447 in the statement of financial position included the valuation of the Macadamia Orchard valued at E23 854 867 as at 31 December 2020. We were unable to obtain sufficient audit evidence over the completeness, existence and valuation of the remaining balance of property, plant and equipment amounting to E8 853 580.

Furthermore, we were unable to determine the split in the Macadamia Nuts Orchard carrying amount of E23 854 867 which related to bearer plants, buildings as well as land, and we could not determine the appropriate amounts of depreciation to be charged on the buildings value of the macadamia nut orchard.

Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Other Information

The Trustees are responsible for any other information accompanying the financial statements. The other information comprises the information included in the document titled "African Christian College financial statements for the year ended 31 December 2020", which includes the Trustees Report as required by the Companies Act of 2009 and the supplementary information as set out on pages 28 to 29. The other information does not include the financial statements and our auditor's report thereon.

The 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, we conclude that there is a material misstatement of this other information; we are required to report that fact.

Responsibilities of the Trustees for the Financial Statements

The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of 2009 and for such internal control as the trustees 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 trustees 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 Trustees 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement 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.
- ✓ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- ✓ Conclude on the appropriateness of the Trustees' 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 trustees 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.



Mfundo Msibi CA (SD)
Director
Corporate Business Solutions
Manzini

Date 28 September 2022

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 E	2019 E
ASSETS			
Non- Current Assets			
Property, plant and equipment	8	32 708 447	32 782 414
Current assets			
Biological assets	9	7 637 010	4 202 568
Inventory	10	34 321	129 663
Trade and other receivable	11	2 509 635	611 625
Cash and Cash equivalents	12	4 088 710	6 393 459
Total assets		46 978 123	44 119 729
EQUITY AND LIABILITIES			
Equity			
Accumulated funds		22 395 710	19 829 676
Revaluation reserve		24 177 238	24 177 238
Current liabilities			
Trade and other payables	13	405 175	112 815
Total Equity and Liabilities		46 978 123	44 119 729



AFRICAN CHRISTIAN COLLEGE

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 E	2019 E
INCOME			
Grants		852 823	-
Tuition and other fee income		221 588	222 500
Macadamia nut sales		7 679 340	10 164 246
Other farm sales		272 053	332 648
Small business and private contributions		32 607	20 291
Other income	4	65 376	270 128
Interest income	5	144 908	208 325
EXPENDITURE			
Employee benefit expenses	6	(3 454 963)	(3 082 886)
Other operating expenses	7	(5 599 387)	(7 187 988)
Awards and grants		(82 300)	(49 500)
Depreciation	8	(1 000 453)	(964 951)
Change in fair value of biological assets	9	3 434 442	1 972 421
Net exchange rate losses		-	(672 930)
Surplus for the year		2 566 034	1 232 304

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2020

	Accumulated surplus E	Revaluation reserve E	Total equity E
Balance at 01 January 2019	18 270 661	24 503 949	42 774 610
Surplus for the 2019 year	1 232 304	-	1 232 304
Transfers of revaluation reserves to retained earnings	326 711	(326 711)	-
Balance at 31 December 2019	<u>19 829 676</u>	<u>24 177 238</u>	<u>44 006 914</u>
Surplus for the 2020 year	2 566 034	-	2 566 034
Transfers of revaluation reserves to retained earnings	-	-	-
Balance at 31 December 2020	<u><u>22 395 710</u></u>	<u><u>24 177 238</u></u>	<u><u>46 572 948</u></u>

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 E	2019 E
Cash flows from operating activities			
Cash (utilised)/generated from operations	15	(1 534 871)	1 044 142
Interest received		<u>144 908</u>	<u>208 325</u>
Net cash (outflows)/inflows from operating activities		<u>(1 389 963)</u>	<u>1 252 467</u>
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment	4	11 700	207 260
Purchase of property, plant and equipment	8	<u>(926 486)</u>	<u>(2 357 458)</u>
Net cash outflows from investing activities		<u>(914 786)</u>	<u>(2 150 198)</u>
Net movement in cash during the year		<u>(2 304 749)</u>	<u>(897 731)</u>
Cash at the beginning of the year		<u>6 393 459</u>	<u>7 291 190</u>
Cash at the end of the year	12	<u>4 088 710</u>	<u>6 393 459</u>

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. General

The college is incorporated in Eswatini with its principal place of business and registered office near Tubungu Estates, Matsapha, Eswatini, Portion 14, of farm 300, Manzini district. The financial statements are expressed in Eswatini Lilangeni. The principal activity of the college is the provision of undergraduate programmes in Christian education.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the African Christian College have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of 2009. The financial statements have been prepared on the historical cost basis except for the Macadamia Nuts Orchard and biological assets which are stated at fair value.

2.2 Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements of African Christian College are presented in the Swazi Lilangeni (SZL), which is the company's functional and presentation currency.

3. Summary of Significant accounting policies

3.1 Property, Plant and Equipment

Property, plant and equipment except the Macadamia Nuts Orchard, is stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The Macadamia Nuts Orchard is recognised at fair value based on periodic valuations by external independent valuers. A revaluation surplus is credited to other reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

Depreciation is calculated using the reducing balance method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives as follows:

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

3. Summary of Significant accounting policies (continued)

3.1 Property, Plant and Equipment

Item	Useful life (Years)	Depreciation rate (%)
Agricultural equipment	10	10%
Computer Equipment	3	33.33%
Furniture and fixtures	10	10%
Land improvements	20	5%
Macadamia nuts orchard	75	1.333%
Motor Vehicles	5	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is company policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

3.2 Financial Instruments

3.2.1 Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

3.2.2 Financial instruments at amortised cost

These include loans, trade receivables and trade payables. They are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction. At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

3. Summary of Significant accounting policies (continued)

3.2 Financial Instruments (continued)

3.2.3 *Financial instruments at cost*

Commitments to receive a loan are measured at cost less impairment. Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

3.2.4 *Financial instruments at fair value*

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss. If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

3.3 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment on the cost model may be impaired. If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

3.4 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion or selling and distribution.

Redundant and slow-moving inventories are identified and written down to their net realisable values where necessary.

3.5 Biological assets

The company's biological assets comprise growing crops in the form of macadamias. Biological assets are measured on initial recognition and at the end of each reporting period at fair value, determined as at 31 December, based on current estimated market prices for the following season, less the estimated costs of harvesting, transport, packing and point-of-sale costs. This is performed in terms of IAS 41: Agriculture.

Changes in the fair value are included in surplus or deficit. The fair value of growing crops is determined based on current market prices less estimated selling costs.

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

3. Summary of Significant accounting policies (continued)

3.6 Provisions and Contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably. Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense. Provisions are not recognised for future operating losses. Contingent assets and contingent liabilities are not recognised.

3.7 Revenue

Tuition and other fee income

The college derives revenue from contracts with clients for the transfer of educational services over time. Revenue is measured at the fair value of the consideration received or receivable.

Macadamias

Revenue from the sale of macadamias is recognised at a point in time when the goods are delivered to the Company's various customers.

Grants

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received.

3.8 Investment income

Interest income disclosed in note 5 is earned from the company's bank fixed deposits and positive bank balances as well as from loans issued to staff members.

3.9 Judgements made by management and key sources of estimation uncertainty

Property, plant and equipment residual values and useful lives

Property, plant and equipment are depreciated over their useful lives taking into account residual values. The actual lives of the assets and residual values are assessed annually and are influenced by factors such as technological innovation, product life cycles and maintenance programmes.

Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

Fair value measurements and the valuation process over biological assets

The company's biological assets are held at fair value. This value is determined using the appropriate valuation techniques, inputs and market-observable data to the extent it is available.

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

3. Summary of Significant accounting policies (continued)

3.9 Judgements made by management and key sources of estimation uncertainty (continued)

Non-producing macadamia trees

The Company's macadamia orchards are accounted for under IAS 16. In addition to direct and agricultural costs capitalised, non-producing orchards also get a proportionate share of overhead costs allocated to it. Management considered a fair proportion of these admin costs to be directly attributable and necessarily incurred, to build up the bearer asset to get it from a state of non-producing, to a state that is producing.

3.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

3.11 Adoption of new and revised Standards

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

IFRS 17 (including the June 2020 amendments)	Insurance Contracts
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current.
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts—Cost of fulfilling a contract

Annual Improvements to IFRS

Standards 2019-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
Amendments to IAS 1 and IFRS	Disclosure of Accounting Policies Practice Statement 2
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

3. Summary of Significant accounting policies (continued)

3.11 Adoption of new and revised Standards (continued)

New and revised IFRS Standards in issue but not yet effective (continued)

The Trustees do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods, except as noted below:

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current.

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

3. Summary of Significant accounting policies (continued)

3.11 Adoption of new and revised Standards (continued)

New and revised IFRS Standards in issue but not yet effective (continued)

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2019-2020—Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture; amendment to IAS 1 and IFRS, amendment to IAS 8, amendments to IAS 12.

The Annual Improvements include amendments to four Standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent’s consolidated financial statements, based on the parent’s date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a). The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

3. Summary of Significant accounting policies (continued)

3.11 Adoption of new and revised Standards (continued)

Annual Improvements to IFRS Standards 2019-2020—Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture; amendment to IAS 1 and IFRS, amendment to IAS 8, amendments to IAS 12 (continued)

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

3. Summary of Significant accounting policies (continued)

3.11 Adoption of new and revised Standards (continued)

**Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—
Definition of Accounting Estimates**

The amendments replace the definition of changes in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications: A change in accounting estimate that results from new information or new developments is not the correction of an error. The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments. The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

**Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a
Single Transaction**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: – Right-of-use assets and lease liabilities – Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset. The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

	2020 E	2019 E
4. Other income		
Workshop and other fees	22 088	18 568
Transport fees	4 555	17 472
Gains on disposals of assets	11 700	207 260
Bookstore and internet bundles sales	26 604	16 845
Rental income	429	9 983
	<u>65 376</u>	<u>270 128</u>
5. Interest income		
Interest from savings and call accounts	63 135	138 412
Interest - short-term investments	50 485	48 832
Interest from staff loans	31 288	21 081
	<u>144 908</u>	<u>208 325</u>
6. Employee benefit expenses		
Salaries and wages	2 516 041	2 308 442
Pension and provident fund contributions	183 033	90 595
Contractual labour	113 936	306 964
Student labour	611 643	351 435
Other staff costs	30 310	25 450
	<u>3 454 963</u>	<u>3 082 886</u>
7. Surplus for the year		
Surplus for the year has been arrived at after charging:		
Auditor's remuneration	-	50 860
Depreciation of property, plant and equipment	1 000 453	964 951
Employee benefit expense (note 6)	3 454 963	3 082 886

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

8. Property, Plant and Equipment

	2020			2019		
	Cost/ Valuation	Accumulated Depreciation	Carrying Amount	Cost/Valuation	Accumulated Depreciation	Carrying Amount
	E	E	E	E	E	E
Buildings	2 037 471	-	2 037 471	2 034 471	-	2 034 471
Computer Equipment	757 202	(479 428)	277 774	704 872	(369 671)	335 201
Campus equipment	820 768	(178 977)	641 791	811 768	(108 185)	703 583
Furniture, fittings & equipment	1 026 804	(390 397)	636 407	992 520	(321 451)	671 069
Macadamia nut orchard	24 835 000	(980 133)	23 854 867	24 835 000	(657 770)	24 177 230
Agricultural equipment	2 156 156	(460 281)	1 695 875	1 328 284	(334 291)	993 993
Motor vehicle	2 428 613	(1 304 736)	1 123 877	2 428 613	(1 095 767)	1 332 846
Land improvements	2 700 498	(260 113)	2 440 385	2 700 498	(166 477)	2 534 021
Total	36 762 513	(4 054 066)	32 708 447	35 836 026	(3 053 612)	32 782 414

Reconciliation of net carrying amount

	Buildings	Computer Equipment	Campus Equipment	Furniture, fittings and equipment	Macadamia nut orchard	Agricultural equipment	Motor vehicles	Land improve- ments	Total
	E	E	E	E	E	E	E	E	E
01 January 2019	1 573 435	251 034	805 907	522 421	24 503 949	579 019	672 076	2 482 066	31 389 907
Additions	461 036	167 557	1 786	204 146	-	500 043	894 839	128 051	2 357 458
Disposals - net	-	-	-	-	-	-	-	-	-
Depreciation	-	(83 390)	(104 110)	(55 498)	(326 719)	(85 069)	(234 069)	(76 096)	(964 951)
Carrying amount at 31 December									
2019	2 034 471	335 201	703 583	671 069	24 177 230	993 993	1 332 846	2 534 021	32 782 414
Additions	3 000	52 330	9 000	34 284	-	827 872	-	-	926 486
Disposals - net	-	-	-	-	-	-	-	-	-
Depreciation	-	(109 757)	(70 792)	(68 946)	(322 363)	(125 990)	(208 969)	(93 636)	(1 000 453)
Carrying amount at 31 December									
2020	2 037 471	277 774	641 792	636 407	23 854 867	1 695 875	1 123 877	2 440 385	32 708 447

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

	2020 E	2019 E
9. Biological assets		
Growing crops		
<i>4.1 Fair value</i>		
Macadamias	<u>7 637 010</u>	<u>4 202 568</u>
Fair value at year end	<u>7 637 010</u>	<u>4 202 568</u>
Analysis of fair value of growing crops		
Fair value at the beginning of the year	4 202 568	2 230 147
<i>Gains arising from changes attributable to volume and price</i>		
Gains arising from physical growth/yield	<u>3 434 442</u>	<u>1 972 421</u>
Fair value at year end	<u>7 637 010</u>	<u>4 202 568</u>

In terms of IAS 41: Agriculture, growing crops, macadamias are accounted for as biological assets and are measured and recognised at fair value. Changes in fair value are included in surplus and deficit. The fair value of growing crops is determined based on current market prices less estimated selling costs.

4.2 Biological asset valuations

Macadamias

The following inputs have been used in the valuation of Macadamia nuts growing on the trees as at 31 December 2020.

Expected area to harvest after 31 December 2020 (ha)	49.8	49.8
Average maturity of crop at 31 December 2020	53%	53%

10. Inventory

Macadamia nuts for sale	-	104 982
Chickens	<u>34 321</u>	<u>24 681</u>
	<u>34 321</u>	<u>129 663</u>

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

	2020 E	2019 E
11. Trade and other receivables		
Trade receivables	1 397 602	-
Staff and student loans	450 340	361 962
VAT receivable	70 422	27 800
Other receivables	591 271	221 863
	<u>2 509 635</u>	<u>611 625</u>

Trade receivables consist of tuition fees receivable and amounts due from the sale of Macadamia nuts, whilst staff and student loans are loans receivable for loans advanced to students and staff. VAT receivable is input VAT receivable from Eswatini Revenue Services and other receivables consist mainly of a receivable from Netherwood for refundable expenses paid on their behalf as well as an amount of E250 000 which was prepaid to Esibayeni lodge.

The average credit period on tuition services rendered is 365 days, whilst it is 30 days for macadamia, farm and book store sales. No interest is charged on outstanding tuition fees whilst an interest of 10% per annum is charged on staff loans.

12. Cash and Cash equivalents

Fixed deposit account	980 534	930 049
Call account	3 065 576	5 400 694
Current accounts	42 600	62 716
	<u>4 088 710</u>	<u>6 393 459</u>

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

	2020 E	2019 E
13. Trade and other payables		
Trade payables	<u>405 175</u>	<u>112 815</u>
	<u>405 175</u>	<u>112 815</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going costs.

14. Related party transactions

During the year, the college entered into the following transactions with African Christian College Educational and Benevolent Association.

Grant received	<u>852 823</u>	<u>-</u>
Sale of Macadamia nuts	<u>-</u>	<u>10 164 246</u>

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

15. Cash generated from operations

	2020 E	2019 E
Surplus for the year	2 566 034	1 232 304
Adjustments:	(2 590 597)	(1 423 055)
Depreciation	1 000 453	964 951
Changes in the fair value of biological assets	(3 434 442)	(1 972 421)
Gains on disposals of fixed assets	(11 700)	(207 260)
Interest income	(144 908)	(208 325)
Working capital changes	(1 510 308)	1 234 893
Decrease / (Increase) in accounts receivable	(1 898 010)	1 513 387
Increase /(Decrease) in accounts payable	292 360	(157 383)
(Decrease)/Increase in Inventory	95 342	(121 111)
	<u>(1 534 871)</u>	<u>1 044 142</u>

AFRICAN CHRISTIAN COLLEGE

DETAILED INCOME STATEMENT

For the year ended 31 December 2020

	2020 E	2019 E
ACC USA Grants	852 823	-
Tuition Fees	221 588	222 500
Macadamia nut sales	7 679 340	10 164 246
Other farm sales	272 053	332 648
Small business and private contributions	32 607	20 291
Church/congregation contributions	-	335
Individuals and small businesses	32 607	19 956
Other income	65 376	270 128
Workshops other program fees	4 400	11 420
Transport Fees	4 555	17 473
Refund	16 316	6 945
Other program-related sales & fees	82	202
Laptop sales	12 990	207 260
Bookstore sales	14 222	12 345
Internet bundle sales	12 382	4 490
Rental income	429	9 983
Interest income	144 908	208 325
Interest - savings	63 135	138 412
Interest - short-term investments	50 485	48 832
Interest from staff loans	31 288	21 081
Employee benefit expenses	(3 454 963)	(3 082 886)
Salary support & wages	(2 156 595)	(1 990 955)
Medical insurance	(351 312)	(309 352)
Life insurance	(8 135)	(8 135)
Provident fund	(52 728)	(50 303)
Pension plan contributions	(130 305)	(40 292)
Staff Visas	(26 400)	(21 680)
Temporary help - contract	(113 936)	(306 964)
Student labour	(611 642)	(334 535)
Student labour - salary	(735)	(16 900)
Labour expenses - miscellaneous	(3 175)	(3 770)

AFRICAN CHRISTIAN COLLEGE

DETAILED INCOME STATEMENT (continued)

For the year ended 31 December 2020

	2020 E	2019 E
Other operating expenses	(5 599 387)	(7 187 988)
Accounting fees	-	(50 860)
Advertising and promotions	(37 114)	(39 220)
Bad debt provisions	(5 304)	(12 360)
Bank charges	(65 953)	(69 421)
Cafeteria costs	(1 608 126)	(1 601 540)
Communication and IT related costs	(226 681)	(364 314)
Conferences and equipment rentals	(16 564)	(114 088)
Electricity and water costs	(617 993)	(813 077)
Fertilizer and chemicals	(913 002)	(545 313)
Fuel and travel related costs	(226 824)	(296 079)
Garden and Livestock supplies	(177 155)	(247 184)
General office supplies	(287 680)	(308 154)
Insurance	(265 171)	(251 854)
Printing books and subscriptions	(52 177)	(387 988)
Processing of Macadamia nuts	(110 001)	(1 155 274)
Professional fees - lecturers	(94 776)	(259 188)
Professional fees - Other	(272 048)	(50 139)
Protective clothing	(51 466)	(49 183)
Purchasing costs - Chickens	(62 131)	(64 148)
Rates	(39 692)	(38 447)
Repairs and maintenance	(428 199)	(411 167)
Student visas	(41 330)	(58 990)
Awards and grants	(82 300)	(49 500)
Awards & grants - individuals	(54 500)	(49 500)
Specific assistance	(27 800)	-
Depreciation	(1 000 453)	(964 951)
Change in fair value of biological assets	3 434 442	1 972 421
Net exchange rate losses	-	(672 930)
Total comprehensive income for the year	2 566 034	1 232 304