

JOSEPH BOTTI & ASSOCIATES

(CHARTERED ACCOUNTANTS) (SD)

African Christian College

Financial Statements

for the year ended 31 December 2012

AFRICAN CHRISTIAN COLLEGE

FINANCIAL STATEMENTS

for the year ended 31 December 2012

BOARD OF DIRECTORS:

Larry Carter, Chairman
Brad Carter
Ira Hill
Henry Huffard
Jenene Marnach
Luke Mswane
Kurt Platt
Mark Prowell

NATURE OF ACTIVITIES: Information on the activities performed by the college are as outlined in page 5.

INDEPENDENT AUDITORS: Joseph Botti & Associates
Chartered Accountants (Swaziland)
Suite No. 1 Apex House
Sheffield Road, Industrial site
MBABANE

BANKERS: Nedbank Swaziland Limited

SECRETARY: Jenene Marnach

REGISTERED OFFICE: Near Tubungu Estates, Matsapha, Swaziland, Portion 14
(a portion of portion 2) of Farm 300, Manzini District.

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AFRICAN CHRISTIAN COLLEGE

**STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS
AND APPROVAL OF FINANCIAL STATEMENTS**

for the year ended 31 December 2012

The Board of Directors are responsible for the preparation, integrity and fair presentation of the financial statements of the African Christian College (ACC). The financial statements presented on pages 5 to 14 have been prepared in accordance with Swaziland and International Accounting Standards. The Board of Directors also prepared the other information included in the Board of Directors report and are responsible for both its accuracy and its consistency with the financial statements.

In order for the board to discharge its responsibility, management has developed and maintains a system of internal accounting and administration controls, designed to provide reasonable but not absolute assurance that transactions are executed in accordance with generally accepted business practices and the College's policies and procedures and that assets are adequately safeguarded against loss. Nothing has come to the attention of the Board of Directors to indicate that any material breakdown in the functioning of these controls, procedures and system has occurred during the period under review.

The Board of Directors believe that the College will be a going concern in the year ahead. For this reason they have adopted the going concern basis in preparing these financial statements.

The financial statements have been audited by the independent accounting firm, Joseph Botti & Associates, which was given unrestricted access to all financial records and related data, including the boards' meetings. The Board of Directors believes that all representations made to the independent auditors during their audit are valid and appropriate. Joseph Botti & Associates' audit report is presented on page 3.

The financial statements for the year ended 31 December 2012 set out on pages 5 to 16 were approved by the Board of Directors on30th June 2013.....and are signed on its behalf by:



DIRECTOR



DIRECTOR

Joseph Botti & Associates

QUALIFIED REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AFRICAN CHRISTIAN COLLEGE

Introduction

We have audited the financial statements of African Christian College as set out on pages 5 to 14, which comprise the directors' report, the statement of financial position as at 31 December 2012, and the statement of comprehensive income, the cash flow statement and the statement of accumulated funds for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The college's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Partner-in-charge: Joseph I. Botti

Basis of Qualification

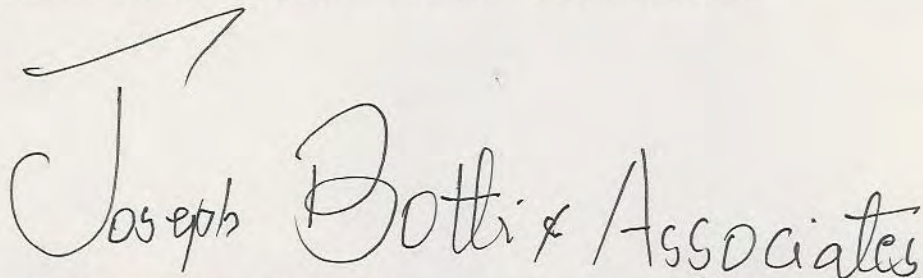
The organization did not comply with the International Financial Reporting Standard by expensing all the items of property, plant and equipment in the year of acquisition, as these items were supposed to be capitalized.

Qualified Audit opinion

In our opinion, except for the effects of the matters referred to in the preceding, the financial statements fairly present, in all material respects, the financial position of the college at 31 December 2012 and the results of its operations and cash flow information for the year then ended in accordance with the International Financial Reporting Standards and in the manner required by the Swaziland Companies Act 2009.

Supplementary Information

The supplementary information set out on page 15 and 16 does not form part of the annual financial statements and are presented as additional information. We have not audited these annexure and accordingly we do not express an opinion on them.

A handwritten signature in cursive script that reads "Joseph Botti & Associates". The signature is written in dark ink and is positioned above the printed name of the firm.

**JOSEPH BOTTI & ASSOCIATES
CHARTERED ACCOUNTANTS (SWAZILAND)**

DATE: 30th June, 2013

AFRICAN CHRISTIAN COLLEGE

FINANCIAL STATEMENTS

for the year ended 31 December 2012

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2012.

ADDRESS

The College is located near Tubungu estate, Matsapha, Portion 14 (a portion of portion 2) address of Farm 300, Manzini District . The postal is Box 331 Manzini, Swaziland.

ACTIVITIES

Background

African Christian College (formerly Manzini Bible School) was established in 1965 by Montgomery Boulevard Church of Christ from Albuquerque, New Mexico, USA. It was established to provide leadership training to church members from Southern African countries. Classes began in 1967 and continue currently. Students come from a number of different Southern African countries and most years will find six to eight countries represented in the student body. Hundreds of graduates have returned to their native countries and several thousand congregations have been established as a direct result.

The college is located near Tubungu Estates in Matsapha, Swaziland, on a plot of approximately 80 hectares. The campus occupies less than 15 hectares of the land, so in 1997, a project called the Tree of Life (TOL) was begun. The idea behind the project was to establish a macadamia farm on the remaining hectares that would in the future provide funds to operate the school. Approximately 14,000 (fourteen thousand) trees have been planted and the goal of an African project to help support an African school is a reality.

In 2007 it was decided by the Board of Trustees to upgrade, adding a third year to the program and granting a Bachelor of Arts degree to those completing the third year. With these changes it was also decided to change the name of Manzini Bible School to African Christian College and to incorporate it as a section 21 company in Swaziland while the mother organization was also changed to African Christian College Educational and Benevolent Association, a 501c3 registered in the State of New Mexico, USA. On the 5th of May 2008, African Christian College was incorporated under the Swaziland Companies Act No. 7 of 1912, in terms of Section 21 as an association not for gain.

African Christian College reports to its mother organization in the USA who keeps track of the project's income and expenditure via annual financial reports.

FINANCIAL RESULTS

Details of the financial results are set out on page 6 of the financial statements.

DIRECTORS

Particulars of the present directors are given on page 1.

EVENTS SUBSEQUENT TO YEAR END

No material fact or circumstance has occurred between the accounting date and the date of this report.

AUDITORS

Joseph Botti & Associates have expressed their willingness to continue in office and being eligible are recommended for re-appointment.

**BY ORDER OF THE BOARD
SECRETARY**

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

	Note	2012 E	2011 E
Income	11	1 756 612	2 441 495
Other Income	12	<u>346 232</u>	<u>146 925</u>
		2 102 844	2 588 420
Add: (Loss)/ net income from the farm operations		<u>(148 088)</u>	<u>880 121</u>
		1 954 756	3 468 540
Less: Administrative Expenses		(1 830 978)	(1 716 184)
Net surplus for the year		<u><u>123 778</u></u>	<u><u>1 752 356</u></u>

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF FINANCIAL POSITION

at 31 December 2012

	Notes	2012 E	2011 E
ASSETS			
Current assets		3 093 102	2 969 731
Receivables	4	1 441 482	1 430 946
Bank and cash	5	1 651 620	1 538 785
Total assets		3 093 102	2 969 731
EQUITY AND LIABILITIES			
Capital and reserves		3 091 633	2 965 745
Accumulated funds		3 091 633	2 965 745
Current liabilities		1 469	3 986
Trade and other payables	6	1 469	3 986
Total equity and liabilities		3 093 102	2 969 731

AFRICAN CHRISTIAN COLLEGE

CASH FLOW STATEMENT

for the year ended 31 December 2012

	Note	2012 E
CASH APPLIED TO OPERATING ACTIVITIES		112 835
Cash (expended)/generated by operating activities	10.1	112 835
CASH FLOWS FROM INVESTING ACTIVITIES		-
CASH FLOWS FROM FINANCING ACTIVITIES		-
Net (decrease)/increase in cash and cash equivalents		112 835
Cash and cash equivalents at the beginning of the year		1 538 785
Cash and cash equivalents at the end of year	5	1 651 620

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF ACCUMULATED FUNDS

for the year ended 31 December 2012

	Accumu- lated surplus /(deficit) E	Total E
Balance at 01 January 2011	1 213 389	1 213 389
Profit for the year	1 752 356	1 752 356
Balance at 31 December 2011	<u>2 965 745</u>	<u>2 965 745</u>
Balance at 01 January 2012	2 965 745	2 965 745
Movement in reserves	2 110	2 110
Profit for the year	123 778	123 778
Balance at 31 December 2012	<u>3 091 633</u>	<u>3 091 633</u>

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

1. ACCOUNTING POLICIES

1.1 Basis of Preparation

The financial statements have been prepared on the historical cost basis and incorporate the following principal accounting policies which have been applied on a basis consistent with the prior year.

1.2 Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the requirements of the Swaziland Companies Act, 2009.

1.3 Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are not capitalized but are expensed fully in the year in which they are purchased.

1.4 Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalent and accounts receivable. All financial assets are carried at anticipated net realisable value.

Financial liabilities carried on the balance sheet comprise accounts payable, loans, and bank overdraft. All financial liabilities are carried at the anticipated settlement amount.

Unless otherwise stated, the carrying values of these financial instruments approximate their fair value.

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the year ended 31 December 2012

1.5 Provisions

Provisions are recognised where the College has a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

1.6 Revenue Recognition

Income from grants from the African Christian College Educational and Benevolent Association and from other sources is recognised upon receipt.

	2012	2011
	E	E
2. INCOME		
Income from grants	1 756 612	2 396 167
3. OPERATING PROFIT/(LOSS)	<u>123 778</u>	<u>1 752 356</u>
Profit from operations is stated after charging:		
Expenses		
Auditors' remuneration	<u>10 993</u>	<u>10 424</u>

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the year ended 31 December 2012

	2012 E	2011 E
4 Trade and Other Receivables		
Trade receivables - nut sales to the US	1 363 200	1 372 110
Staff Loans	74 526	52 836
Staff Advances	-	6 000
Student Loans	3 756	-
	<u>1 441 482</u>	<u>1 430 946</u>
5. Cash and cash equivalents		
Building Fund current account	-	1 510
Endowment policy savings account	664 902	639 900
Tree of Life current account	21 900	65 860
African Christian College Current Account	8 481	21 994
African Christian College Call Account	950 797	798 456
Project Seed Current Account	-	1 370
Petty Cash	5 539	9 695
	<u>1 651 620</u>	<u>1 538 785</u>
6. PAYABLES		
Life Insurance - African Christian College	791	-
Tree of Life	678	-
Being unrepresented cheques at year end:		
African Christian College Current Account		3 146
Tree of Life current account		840
	<u>1 469</u>	<u>3 986</u>

7. RETIREMENT BENEFIT INFORMATION

Aside from the Swaziland National Provident Fund (a statutory fund), the college does not contribute to any major pension or provident fund on behalf of its employees.

8. FINANCIAL INSTRUMENTS

Interest rate management

As part of the process of managing the College's interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the year ended 31 December 2012

9. FINANCIAL INSTRUMENTS Continued.....

Credit risk management

Financial assets that potentially subject the College to concentrations of credit risk consist principally of cash, short term deposits and receivables. The College does not have significant exposure to any individual customer or counterparty. The College's cash equivalents and short term deposits are placed with high credit quality financial institutions. Accordingly, the College has no concentration of credit risk.

Liquidity risk

The College has minimised its liquidity risk by ensuring that it has adequate banking facilities and reserve borrowings capacity.

Fair values

At 31 December 2012, the carrying amounts of cash, bank overdrafts, trade receivable accounts payable and borrowings approximated their fair values.

	2012
10. NOTES TO CASH FLOW STATEMENT	E
10.1 Reconciliation of net profit/(loss) before taxation to cash (provided)/generated by operations	
Net profit/(loss) before taxation	123 778
Adjustments: Items not involving the movement of cash	
Movement in retained earnings	<u>2 110</u>
	125 888
Movement in working capital	(13 053)
(Increase)/Decrease in accounts receivables	(10 536)
(Decrease)/Increase in accounts payables	(2 517)
Cash generated by operations	<u><u>112 835</u></u>

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the year ended 31 December 2012

		2012 E	2011 E
11. INCOME			
African Christian College & Benevolent - Grants		1 756 612	2 396 167
Hatfield Church of Christ		-	45 328
		<u>1 756 612</u>	<u>2 441 495</u>
12. Other Income			
Investment Income -	12.1	54 248	22 039
Interest on loans		5 984	3 837
Book store cash sales		7 357	6 158
Cafeteria meals sales		1 914	1 580
Chicken sales		4 599	3 864
Donations		23 387	10 470
Library Construction		5 598	-
Lectureship retreats		9 830	4 820
Other Income		4 821	8 408
Sale of t-shirts		-	2 631
Staff entertainment		160	160
Income from students		72 893	48 980
Storm Damage		23 196	-
Telephone calls		1 759	4 699
Refunds		15 998	22 459
Reimbursements		30 770	-
TOL Student labor reimbursement		72 120	-
Tent use		-	100
Vehicle use		11 599	6 720
		<u>346 232</u>	<u>146 925</u>

12.1 Investment income represents interest on call and fixed deposit account with Nedbank

13. TAXATION

The college is exempt from normal tax in terms of Section 12 (1) (a) (viii) of the Income Tax (Consolidation) Order 1975, as amended.

AFRICAN CHRISTIAN COLLEGE

**SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
DETAILED STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2012

	Note	2012 E	2011 E
INCOME	11	1 756 612	2 441 495
Other Income	12	<u>346 232</u>	<u>146 925</u>
		2 102 844	2 588 420
Add: Profit/(Loss) from farm operations		(148 088)	880 121
Total Income		<u>1 954 756</u>	<u>3 468 540</u>
LESS: EXPENSES		1 830 978	1 716 184
Agriculture		32 676	20 148
Audit fees		10 993	10 424
Bank charges		10 185	10 861
Books		11 252	21 487
Casual Labour			960
Computer expenses		1 391	770
Couples Ministry			1 000
Construction Costs		258 596	451 958
Equipment		54 900	3 549
Graduation & guests costs		15 222	13 861
Insurance costs		64 613	63 898
Lectureships retreat		30 799	13 980
Licenses & Permits		11 524	31 703
Motor vehicle expenses		70 944	58 857
National Provident Fund		6 225	6 930
Non MBS budget		34 816	23 159
Office supplies		14 797	9 446
Preachers & church support		2 500	42 818
Property, road upkeep		67 893	60 720
Promotional materials		9 694	10 100
Reimbursable expenses		32 436	-
Shipping container		-	20 544
Staff Salaries		126 000	120 000
Staff costs		10 304	6 437
Storm damage		85 032	-
Students support costs		413 063	338 353
Tractor running costs		-	7 935
Travelling and accommodation		8 078	6 028
Utilities		157 337	153 637
VAT Expense		55 566	-
Workers salaries		148 908	158 959
Workers support		85 234	47 662
NET SURPLUS /(DEFICIT) FOR THE YEAR		<u><u>123 778</u></u>	<u><u>1 752 356</u></u>

AFRICAN CHRISTIAN COLLEGE

**SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
 DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE FARM
 for the year ended 31 December 2012**

	2012 E	2011 E
INCOME	1 461 349	1 768 005
Sales of macadamia nuts	-	395 895
Credit Sales - Nuts	1 363 200	1 372 110
Grant Income from CIMMYT Foundation	98 149	-
LESS: COST OF SALES	1 277 827	665 271
Casual Labour	53 384	50 982
Equipment purchases	15 162	34 499
Fuel & Oil	153 461	96 824
Nut processing	504 014	132 772
Orchard costs	290 748	198 202
Seed maize	26 499	9 901
SAMAC	13 600	600
Student Labour	72 120	-
Workers Salaries	143 100	130 900
Workers Support	5 530	10 591
Workshop Tools	210	-
Gross Profit	183 521	1 102 734
OTHER INCOME	26 508	71 254
Farm Income	2 260	65 832
Income from project seed	2 950	-
Reimbursement	3 853	5 422
Output VAT	444	-
VAT Input Refund	17 001	-
Total Gross Income	210 029	1 173 988
LESS: ADMINISTRATIVE EXPENSES	358 118	293 867
Bank Charges	4 143	2 996
Carter's Work Fund	29 371	-
Cattle	2 052	-
Input VAT	24 503	-
Motor Vehicle Expenses	33 497	61 116
National Provident Fund	5 400	5 530
Office Supplies	782	297
Property Upkeep	60 276	57 354
SARS VAT	44 100	-
Special Projects	30 345	46 495
Staff Salaries	46 900	39 000
Project seed stolen cash	-	3 094
Travelling & Accommodation	1 347	5 934
Utilities	75 401	72 051
Net (Loss)/Surplus for the year	<u><u>(148 088)</u></u>	<u><u>880 121</u></u>