

AFRICAN CHRISTIAN COLLEGE

**ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2010**

AFRICAN CHRISTIAN COLLEGE
Year ended 31 December 2010

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APPROVAL OF FINANCIAL STATEMENTS

The financial reports set out on pages 7-15 were approved by the Executive Committee and are signed by:

DIRECTOR

DATE

PRESIDENT

DATE

AFRICAN CHRISTIAN COLLEGE
Year ended 31 December 2010

LIST OF OFFICERS AND PROFESSIONAL ADVISORS

EXECUTIVE COMMITTEE

Directors

Larry Carter
Kurt Platt
Ira Hill
Phil Cheves
Lyle Harms *Resigned 01/09/2010*
Don Osborn
Henry Huffard
Joe Page
Jenene Marnach
Lee Thompson
Mark Prowell
David Stewart
John Arney *Appointed 01/09/2010*

President

Larry Carter

Secretary

Jenene Marnach

Business Address

Tubungu Estates, Matsapha, Swaziland.

Postal Address

Post Office Box 331, Manzini, M200, Swaziland

Bankers

Nedbank Swaziland Limited, Manzini & Matsapha Branches

Auditors

Allison, Ntshalintshali & Co.
Chartered Accountants (Swaziland)
Office 112, 1st Floor, Lihaga House
Nkoseluhlaza Street, Manzini Swaziland

AFRICAN CHRISTIAN COLLEGE
Year ended 31 December 2010

INTRODUCTION

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 at 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 college 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 as an association not for gain in terms of Section 21 of the Swaziland Companies Act of 1912.

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.

AFRICAN CHRISTIAN COLLEGE
Year ended 31 December 2010

AUDIT OBJECTIVES AND SCOPE

The objectives of this engagement were to:

- Determine if accounting for expenditure is done in accordance with International Auditing Standards, which include the segregation of duties for each payment made.
- Ascertain whether proper files, document books, accounts and other records necessary to accurately account for the financing have been maintained.
- Ensure that all payments are supported by original vouchers and other necessary documents.
- Determine if for all expenditure incurred and for which invoicing was made, the internal control system, records and files provide reliable support for the invoicing.
- Determine whether a satisfactory system of internal controls and documentation exists to permit correctly reimbursable expenditure to be invoiced and the expenditure to which they relate is traceable through all stages until paid for.
- If the internal controls system is not satisfactory, to make the necessary recommendations.
- Determine the total expenditure of the project and verify balances remaining at the end of the project.

AFRICAN CHRISTIAN COLLEGE
Year ended 31 December 2010

AUDIT METHODOLOGY

Preliminary planning

We reviewed the control environment and the internal control procedures in order to consider adequacy and effectiveness of the college's significant accounting and internal control policies and procedures and performance of tests to ensure compliance with these policies and procedures.

The principal work done included:

- Traced amounts advanced to the African Christian College through financial records and by reference to their correspondence, letters and bank statements.
- Made sure that bank reconciliations are prepared regularly and reviewed appropriately.
- Ensured that cash flow projections are prepared and deviations from expected amounts are explained.
- Ensured that transactions are recorded in the proper period and that year end cut-off procedures have been applied.
- Obtained confirmations from bank to substantiate closing bank balances.
- Performed detailed tests of compliance on internal control procedures, and tests to detect significant errors and irregularities.
- Reviewed the overall financial statements to determine the extent of non-compliance, non-allowable or unreasonable expenses and their potential impact.

Allison, Ntshalintshali & Co .

Chartered Accountants (Swaziland)

T.P. Ntshalintshali B Com, ACCA, CA(SD)
Consultant: D. M. Allison FCA, CA(SA), CA(SD)

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

We have audited the accompanying statements of African Christian College, which comprise the statement of affairs as at 31 December 2010, the statement of receipts and payments, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant policies and other explanatory notes, as set out on pages 7 to 15.

Executive Committee's responsibility for the financial statements

The Committee is responsible for the preparation and fair presentation of these financial statements in accordance with Swaziland and International Financial Reporting Standards and in the manner required by the Swaziland Companies Act of 2009. 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 our audit. We conducted our audit in accordance with International Standards on Auditing. Those 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 includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.
- assessing the accounting principles used and significant estimates used by management.
- evaluating the overall financial statements presentation

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

Opinion

The college does not capitalize additions to property, plant and equipment, which are expressed as project expenditures when incurred.

In our opinion, except for the matter referred to above, the financial statements present fairly in all material respects the financial position of the college as at 31 December 2010 and the results of its operations for the year ended in accordance with Swaziland and International Financial Reporting Standards and in the manner required by the Swaziland Companies Act of 2009.

Chartered Accountants (Swaziland)

17 MARCH 2011

MANZINI

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF AFFAIRS

as at 31 December 2010

	Notes	2009 31-Dec E	2009 31-Dec E
ASSETS			
Accounts receivable	7	32,868	27,115
Cash and cash equivalents		680,998	620,356
Church of Christ Building account		7,799	9,583
Endowment policy account		612,345	533,952
Tree of Life account		33,169	8,906
African Christian College account		8,782	54,672
Project Seed account		6,103	5,893
Petty cash		12,800	7,350
Cash on call		456,211	955,273
African Christian College Call Account		456,211	955,273
Total assets		1,170,077	1,602,744
EQUITY AND LIABILITIES			
Funds employed		1,163,214	1,558,603
Accumulated funds	8	1,163,214	1,558,603
Current liabilities		6,863	44,141
Accounts payable		6,863	44,141
Total equity and liabilities		1,170,077	1,602,744

AFRICAN CHRISTIAN COLLEGE

STATEMENTS OF RECEIPTS AND PAYMENTS - SUMMARY

year ended 31 December 2010

		2009 31-Dec E
TOTAL RECEIPTS	2,721,807	3,374,965
TOTAL PAYMENTS	3,117,196	3,568,949
NET DEFICIT FOR THE YEAR	(395,389)	(193,984)

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF CHANGES IN EQUITY

year ended 31 December 2010

2010

	Accumulated funds	Total
	£	£
Balance as at 01 January 2010	1,558,603	1,558,603
Net deficit for the year	(395,389)	(395,389)
Balance as at 31 December 2010	1,163,214	1,163,214

2009

Balance as at 01 January 2009	1,752,587	1,752,587
Net deficit for the year	(193,984)	(193,984)
Balance as at 31 December 2009	1,558,603	1,558,603

AFRICAN CHRISTIAN COLLEGE
Year ended 31 December 2010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. OBJECTIVES

African Christian College is a non-governmental organization, which is committed to providing leadership training to church members from Southern African countries.

2. ACCOUNTING BASIS

These financial statements are prepared in accordance with International Financial Reporting Standards and in accordance with applicable Accounting Standards in Swaziland.

3. REVENUE RECOGNITION

Income is derived mainly from the African Christian College Educational & Benevolent Association, other American donors, local donors, bank interest and private use of the college's resources. These are all accounted for on a cash basis.

4. CASH AND BANK

Cash and bank comprises of cash at bank and petty cash, including interest received from deposits held with Nedbank Swaziland Limited.

5. PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment are not capitalized but expressed in the income statement at the time of purchase.

6. TAXATION

African Christian College is registered in accordance with Section 7 of the Swaziland Companies Act of 2009 as **an association not for gain**. In terms of Section 12 (1) (a) (viii) of the Income Tax Order of 1975, as amended, the college is exempted from payment of Swaziland Taxation.

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL REPORT

year ended 31 December 2010

7. ACCOUNTS RECEIVABLE

	E	2009 31-Dec E
Represented by:		
Staff loan funds	32,868	26,437
Suspense (bank error later corrected)		678
Closing balance	32,868	27,115

8.0. ACCUMMULATED FUNDS

	E	E
Represented by:		
Opening balance	1,558,603	1,752,587
Net deficit for the year	(395,389)	(193,984)
Closing balance	1,163,214	1,558,603

8.1. CLOSING CASH BOOK BALANCES

Church of Christ Building Fund - a/c # 0300 000 083 93	4,168	9,583
Endowment policy - a/c # 0300 002 186 81	612,345	533,952
Tree of life - a/c # 0400 000 137 16	33,049	9,584
African Christian College - a/c # 0400 000 137 08	5,669	10,531
African Christian College Call - a/c # 0400 001 774 84	489,079	981,710
Project Seed - a/c # 0300 002 186 81	6,103	5,893
Petty cash	12,800	7,350
	1,163,214	1,558,603

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF RECEIPTS AND PAYMENTS - RECEIPTS

year ended 31 December 2010

	2009 31-Dec E	2009 31-Dec E
GRANTS AND DONATIONS	2,568,472	3,011,051
African Christian College Educational & Benevolent Association	2,531,440	2,972,999
Hatfield Church of Christ	37,032	38,052
OTHER INCOME	153,335	363,914
Investment income	30,776	125,459
Local donations	15,956	7,324
Farm income	21,589	147,531
Sundry income	85,013	83,600
TOTAL INCOME	2,721,807	3,374,965
EXPENDITURE		
Project expenses African Christian College	2,155,995	2,818,117
Tree of Life	837,653	640,117
Project Seed	123,549	110,715
TOTAL EXPENDITURE	3,117,196	3,568,949
NET DEFICIT FOR THE YEAR	(395,389)	(193,984)

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF RECEIPTS AND PAYMENTS - PAYMENTS

year ended 31 December 2010

PROJECT EXPENSES - AFRICAN CHRISTIAN COLLEGE

2009
31-Dec
E

	E	E
Agriculture	5,337	4,793
Audit fees	8,926	7,610
Bank charges	10,147	10,401
Books	3,595	10,979
Casual labour		250
Computer expenses	765	2,471
Construction costs	781,741	1,273,962
Equipment	9,213	18,137
Foreign exchange		2,555
Graduation and guest costs	7,564	12,915
Insurance costs	59,446	52,308
Leadership retreat	581	-
Licences and permits	10,800	14,100
Motor vehicle running cost	48,284	28,048
National Provident Fund	5,850	5,760
Non MBS Budget	54,721	17,334
Office supplies	7,032	8,529
Preachers and church support	56,946	69,361
Property, road upkeep	58,864	53,631
Relocation expenses	376	336,086
Sales tax	38,289	-
Shipping container	73,635	118,835
Staff salaries	89,727	166,888
Staff training	31,279	14,578
Student support costs	431,617	336,759
Tractor running costs	6,015	2,583
Travelling and accommodation	6,967	1,089
Utilities	179,001	125,632
Workers salaries	125,414	81,382
Workers support	43,864	41,141
	2,155,995	2,818,117

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF RECEIPTS AND PAYMENTS - PAYMENTS

year ended 31 December 2010

PROJECT EXPENSES - TREE OF LIFE

2009
31-Dec
E

Bank charges	2,253	8,911
Casual labour	43,384	41,634
Cattle	1,644	-
Equipment purchases	4,454	11,029
Fuel and oil	84,019	67,855
Motor vehicle expenses	16,565	63,601
National Provident Fund	3,900	2,520
Office supplies	676	253
Orchard costs	316,120	186,951
Property upkeep	75,354	42,446
SAMAC	300	-
Special projects	100,624	78,171
Staff salaries	39,000	39,000
Travel and accommodation	11,448	19,691
Utilities	26,613	4,522
Workers' salaries	102,900	69,553
Workers' support	8,398	3,980
	837,653	640,117

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF RECEIPTS AND PAYMENTS - PAYMENTS

year ended 31 December 2010

PROJECT EXPENSES - PROJECT SEED

	2010 31-Dec E	2009 31-Dec E
Bank charges	1,320	679
Casual labour	504	-
Fuel and oil	600	-
Goat growing expenses	-	3,502
House construction costs	56,460	64,493
Maize seed production	-	41,425
Project expenses	62,348	-
Utilities	543	601
Vehicles running expenses	1,626	15
Travel	148	-
	<u>123,549</u>	<u>110,715</u>