

JOSEPH BOTTI & ASSOCIATES

(CHARTERED ACCOUNTANTS) (SD)

African Christian College

Financial Statements

for the year ended 31 December 2016

AFRICAN CHRISTIAN COLLEGE

FINANCIAL STATEMENTS

for the year ended 31 December 2016

BOARD OF DIRECTORS:

Larry Carter, Chairman
Brad Carter
Henry Huffard
Jenene Marnach
Luke Mswane
Mark Prowell

NATURE OF ACTIVITIES:

Information on the activities performed by the college are as outlined on 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 2016

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 2016 set out on pages 5 to 16 were approved by the Board of Directors on.....and are signed on its behalf by:

PRESIDENT

DIRECTOR

AFRICAN CHRISTIAN COLLEGE

FINANCIAL STATEMENTS

for the year ended 31 December 2016

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2016.

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/profit.

African Christian College reports to its mother organization in the USA who keeps track of the project's income and expenditure through 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 2016

	Note	2016 E	2015 E
Income	12	133,925	96,689
Other Income	13	340,469	236,790
		<u>474,394</u>	<u>333,479</u>
Add: net income from the farm operations		<u>677,681</u>	<u>3,620,672</u>
		<u>1,152,075</u>	<u>3,954,151</u>
Less: Administrative Expenses		(4,986,295)	(4,272,096)
Net surplus for the year		<u><u>(3,834,220)</u></u>	<u><u>(317,945)</u></u>

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF FINANCIAL POSITION

at 31 December 2016

	Notes	2016 E	2015 E
ASSETS			
Non current assets	4	3,416,322	1,781,966
Current assets		2,610,831	7,765,086
Receivables	5	756,188	657,424
Bank and cash	6	1,854,643	7,107,662
Total assets		6,027,153	9,547,052
EQUITY AND LIABILITIES			
Capital and reserves		5,794,553	9,016,157
Accumulated funds		5,794,553	9,016,157
Current liabilities		232,600	530,895
Trade and other payables	7	232,600	530,895
Total equity and liabilities		6,027,153	9,547,051

AFRICAN CHRISTIAN COLLEGE

CASH FLOW STATEMENT

for the year ended 31 December 2016

	Note	2016 E	2015 E
CASH APPLIED TO OPERATING ACTIVITIES		(3,882,184)	72,161
Cash (expended)/generated by operating activities	10.1	(3,882,184)	72,161
CASH FLOWS FROM INVESTING ACTIVITIES		(1,370,836)	(1,297,759)
Replacement of property, plant and equipment		(1,370,836)	(1,297,759)
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
		-	-
Net (decrease)/increase in cash and cash equivalents		(5,253,020)	(1,225,598)
Cash and cash equivalents at the beginning of the year		7,107,662	8,333,260
Cash and cash equivalents at the end of year	6	<u>1,854,643</u>	<u>7,107,662</u>

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF ACCUMULATED FUNDS

for the year ended 31 December 2016

	Accumu- lated surplus /(deficit) E	Total E
Balance at 01 January 2013	3,091,633	3,091,633
Loss for the year	<u>(254,906)</u>	<u>(254,906)</u>
Balance at 31 December 2013	<u><u>2,836,727</u></u>	<u><u>2,836,727</u></u>
Balance at 01 January 2014	2,836,727	2,836,727
Movement in reserves	(630,078)	(630,078)
Profit for the year	<u>7,111,644</u>	<u>7,111,644</u>
Balance at 31 December 2014	<u><u>9,318,293</u></u>	<u><u>9,318,293</u></u>
Balance at 01 January 2015	9,318,293	9,318,293
Unexplained difference in retained earni	15,809	15,809
Loss for the year	<u>(317,945)</u>	<u>(317,945)</u>
Balance at 31 December 2015	<u><u>9,016,157</u></u>	<u><u>9,016,157</u></u>
Balance at 01 January 2016	9,016,157	9,016,157
Unexplained difference in retained earni	612,615	612,615
Loss for the year	<u>(3,834,220)</u>	<u>(3,834,220)</u>
Balance at 31 December 2016	<u><u>5,794,553</u></u>	<u><u>5,794,553</u></u>

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

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

Property, plant and equipment are stated at historical cost or revaluation less depreciation and impairment losses. Costs includes all costs directly attributable to bringing the asset to working condition for its intended use. Depreciation is calculated on the reducing balance method to write off the cost or the revalued amount of the asset to their residual value over their estimated useful lives as follows:

The principal annual rates used for this purpose are:

Computer Equipment	33.33%
Furniture and Fittings	10%
Land improvements	5%
Motor Vehicle	20%
Agricultural Equipments	10%

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 2016

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.

Farm income from the sale of macadamia nuts is recognized upon invoicing by the agent to the purchaser.

	2016	2015
	E	E
2. INCOME		
Income from grants	<u><u>-</u></u>	<u><u>-</u></u>
3. OPERATING PROFIT/(LOSS)	<u><u>(3,834,220)</u></u>	<u><u>(317,945)</u></u>
Profit from operations is stated after charging:		
Expenses		
Auditors' remuneration	<u><u>42,901</u></u>	<u><u>24,625</u></u>

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the year ended 31 December 2016

4 PROPERTY, PLANT AND EQUIPMENT

	2016			2015		
	Cost/ Valuation	Accumulated Depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
	E	E	E	E	E	E
Buildings	748,053	-	748,053	425,632	-	425,632
Computer Equipment	263,037	(120,780)	142,257	149,002	(49,662)	99,340
Furniture, fitting & equip	732,735	(149,546)	583,189	622,210	(84,747)	537,463
Agricultural Equipment	647,279	(64,728)	582,552	-	-	-
Motor Vehicle	994,080	(485,111)	508,969	994,080	(357,869)	636,211
Land Improvements	899,118	(47,816)	851,302	722,543	(3,011)	719,532
Total	4,284,303	(867,981)	3,416,322	2,913,467	(495,289)	2,418,178

Reconciliation of property, plant and equipment- 2016

	Opening Balance	Additions	Disposals	Depreciation	Total
	E	E	E	E	E
	Buildings	425,632	322,421	-	-
Computer Equipment	99,340	114,035	-	71,118	142,257
Furniture, fitting & equip	537,463	110,525	-	64,799	583,189
Agricultural Equipment	0	647,279	-	64,728	582,552
Motor Vehicle	636,211	-	-	127,242	508,969
Land Improvements	719,532	176,575	-	44,805	851,302
Total	2,418,178	1,370,836	-	372,692	3,416,322

	2016 E	2015 E
5 Trade and Other Receivables		
Trade receivables - Nut Sales	-	129,480
Staff & student loans	378,420	288,242
Staff receivables	64,723	32,631
ACC - USA	313,040	207,067
Prepayments	<u>4</u>	<u>4</u>
	<u>756,188</u>	<u>657,424</u>
6. Cash and cash equivalents		
Endowment policy savings account	786,533	746,080
African Christian College Call Account	1,489,201	6,669,302
Nedbank-African Christian College Current Account		
Petty Cash	5,407	8,545
	<u>2,281,141</u>	<u>7,423,927</u>
Bank Overdraft		
Nedbank - Tree of Life current account	(338,347)	(139,636)
Nedbank-African Christian College Current Account	(88,151)	(176,629)
Total cash and cash equivalents	<u>1,854,643</u>	<u>7,107,662</u>
7. Payables		
Fence	-	361,271
Orchard supplies - Farm Chemicals	230,150	169,268
Accrued expenses	2,450	355
	<u>232,600</u>	<u>530,895</u>
7.1 Accrued Expenses		
Student: cafeteria food	-	-
Telephone: ACC	-	303
Telephone: TOL	-	52
Swazi Trac	2,450	-
	<u>2,450</u>	<u>355</u>

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the year ended 31 December 2016

8 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.

9. 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.

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 2013, the carrying amounts of cash, bank overdrafts, trade receivable accounts payable and borrowings approximated their fair values.

10. NOTES TO CASH FLOW STATEMENT	2016	2015
	E	E
10.1 Reconciliation of net profit/(loss) before taxation to cash (provided)/generated by operations		
Net profit/(loss) before taxation	(3,834,220)	(317,945)
Adjustments: Items not involving the movement of cash		
Depreciation	372,692	112,391
movement that does not involve the flow of cash	(23,597)	15,809
	<u>(3,485,125)</u>	<u>(189,744)</u>
Movement in working capital	(397,059)	261,905
(Increase)/Decrease in accounts receivables	(98,764)	(263,767)
(Decrease)/Increase in accounts payables	(298,295)	525,672
Cash generated by operations	<u><u>(3,882,184)</u></u>	<u><u>72,161</u></u>

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the year ended 31 December 2016

	2016	2015
	E	E
10.2 Additions		
Buildings	322,421	54,298
Computer equipment	114,035	149,002
Furniture, fixtures & equipment	110,525	371,916
Agricultural Equipments	647,279	-
Land improvements	176,575	722,543
	<u>1,370,836</u>	<u>1,297,759</u>
11. INCOME		
African Christian College & Benevolent - Grants	-	-
Tuition fees	115,407	96,689
Masters in Christian Ministry fees	18,518	-
	<u>133,925</u>	<u>96,689</u>
12. Other Income		
Investment Income - 12.1	206,581	190,341
Boarding & catering fees	-	863
Individual/small business contributions	2,928	16,250
Interest on loans	-	2,186
Sale of Books	18,342	15,446
Internet Bundle sales	12,518	-
Other program-related sales & fees	27,584	11,703
Insurance Policy Refunds	65,303	-
Workshops, other program fees	7,213	-
	<u>340,469</u>	<u>236,790</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 2016

	Note	2,016 E	2015 E
INCOME	12	133,925	96,689
Other Income	13	340,469	236,790
		<u>474,394</u>	<u>333,479</u>
Add: Profit/(Loss) from farm operations		<u>677,681</u>	<u>3,620,672</u>
Total Income		1,152,075	3,954,151
LESS: EXPENSES		4,986,295	4,272,096
Administrative expenses		19,620	18,164
Advertising & promotion		55,313	77,071
Audit fees		42,901	24,625
Awards & grants - individuals		24,150	15,500
Bad debts - student fees		-	21,852
Bank charges		29,150	17,216
Books		326,038	-
Conferences, conventions, meetings		102,297	51,015
Contracts - program-related		-	171,261
Depreciation		372,692	112,391
Equipment rental		2,241	13,137
Facility repairs & maintenance		168,109	101,833
Field Trips & Outings		-	1,372
Fines and Penalties		19,409	-
Grants to other Organisations		5,366	-
Information technology		32,959	9,963
Insurance costs		166,869	137,486
Internet service		73,006	96,979
Labour Expenses- Protective Clothing		11,316	-
Medical insurance		186,095	240,159
Membership dues		8,285	7,557
Motor vehicle expenses		78,987	71,546
Other expenses		49,904	15,886
Postage, shipping, transport		41,634	70,607
Printing & copying		22,912	25,057
Professional fees - lecturer		179,693	-
Satellite Television		3,793	1,950
Specific assistance - individuals		14,828	21,600
Staff development		-	15,205
Staff permits/visas		26,221	21,058
Staff Salaries		1,561,871	1,402,211
Student Entertainment		-	10,427
Student labour		-	53,354
Student Representative Council(SRC)		3,503	-
Student Visas		40,845	14,349
Supplies - College		97,331	92,768
Supplies & food - cafeteria		571,517	325,394
Taxes - other		781	456
Telephone & telecommunications		15,933	20,618
Temporary help - contract		-	118,174
Textbooks		100	-
Travelling and accommodation		44,632	48,821
Utilities		246,400	278,219
VAT expense		173,838	395,243
Vehicle expenses		149,805	92,507
Visitor Expenses		15,954	55,016
Workers support		-	4,050
NET SURPLUS /(DEFICIT) FOR THE YEAR		(3,834,220)	(317,945)

AFRICAN CHRISTIAN COLLEGE

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

for the year ended 31 December 2016

	2016 E	2015 E
INCOME	2,426,851	6,060,702
Agency (government) contract/fees	-	11,748
Macadamia nuts sold	2,277,555	6,042,804
Farm Sales	141,304	-
Vehicle rent	7,992	6,150
LESS: COST OF SALES	1,489,424	2,191,703
Chemicals & Pesticides	311,212	-
Fertiliser and Fertigation	350,986	-
Facility repairs & maintenance	215,328	337,445
Fuel & Oil	54,900	124,647
Nut processing	-	171,958
Product packaging	125,673	776,117
Student labour	188,466	151,852
Supplies - Orchard	242,859	620,563
Workers Support	-	9,120
Gross Profit	937,427	3,868,998
LESS: ADMINISTRATIVE EXPENSES	259,746	248,326
Field Trips & Outings	7,999	1,827
Membership dues	-	3,000
Professional fees	19,548	20,764
Utilities	232,200	222,736
Net Surplus for the year	677,681	3,620,672