

JOSEPH BOTTI & ASSOCIATES

(CHARTERED ACCOUNTANTS) (SD)

African Christian College

Financial Statements

for the year ended 31 December 2017

AFRICAN CHRISTIAN COLLEGE

FINANCIAL STATEMENTS

for the year ended 31 December 2017

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.

CONTENTS

PAGE

Statement of responsibility and approval of financial statements by the directors	2
Report of the Independent Auditors	3
Report of the directors	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Cash flows	8
Statement of Accumulated Funds	9
Notes to the financial statements	10 - 14

Supplementary schedules not forming part of the annual financial statements

Detailed Statement of Comprehensive Income - College	15
Detailed Statement of Comprehensive Income - Farm	16

AFRICAN CHRISTIAN COLLEGE

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

for the year ended 31 December 2017

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 minutes of the board 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 2017 set out on pages 5 to 16 were approved by the Board of Directors on...**6th April, 2018**.....and are signed on its behalf by:

PRESIDENT

DIRECTOR

AFRICAN CHRISTIAN COLLEGE

FINANCIAL STATEMENTS

for the year ended 31 December 2017

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2017.

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 2017

	Note	2017 E	2016 E
Income	12.	3,455,841	133,925
Other Income	13.	487,056	<u>340,469</u>
		3,942,896	474,394
Add: net income from the farm operations		3,542,463	666,365
		7,485,360	<u>1,140,759</u>
Less: Administrative Expenses		(6,415,839)	(4,974,979)
Net surplus for the year		1,069,521	<u>(3,834,220)</u>

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF FINANCIAL POSITION

at 31 December 2017

	Notes	2017 E	2016 E
ASSETS			
Non current assets	4	4,784,122	3,416,321
Current assets		4,654,700	2,610,831
Inventory	5	8,074	-
Receivables	6	934,922	756,188
Bank and cash	7	3,711,704	1,854,643
Total assets		<u>9,438,822</u>	<u>6,027,152</u>
EQUITY AND LIABILITIES			
Capital and reserves		8,997,596	5,794,552
Accumulated funds		8,997,596	5,794,552
Current liabilities		441,226	232,600
Trade and other payables	8	441,226	232,600
Total equity and liabilities		<u>9,438,822</u>	<u>6,027,152</u>

AFRICAN CHRISTIAN COLLEGE

CASH FLOW STATEMENT

for the year ended 31 December 2017

	Note	2017 E	2016 E
CASH APPLIED TO OPERATING ACTIVITIES		3,593,386	(3,882,184)
Cash (expended)/generated by operating activities	10.1	3,593,386	(3,882,184)
CASH FLOWS FROM INVESTING ACTIVITIES		(1,736,325)	(1,370,836)
Replacement of property, plant and equipment		(1,736,325)	(1,370,836)
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
Net (decrease)/increase in cash and cash equivalents		1,857,061	(5,253,020)
Cash and cash equivalents at the beginning of the year		1,854,643	7,107,662
Cash and cash equivalents at the end of year	7	<u>3,711,704</u>	<u>1,854,643</u>

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF ACCUMULATED FUNDS

for the year ended 31 December 2017

	Accumu- lated surplus /(deficit) E	Total E
Balance at 01 January 2014	2,836,727	2,836,727
Movement in reserves	(630,078)	(630,078)
Profit for the year	7,111,644	7,111,644
Balance at 31 December 2014	<u>9,318,293</u>	<u>9,318,293</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	(317,945)	(317,945)
Balance at 31 December 2015	<u>9,016,157</u>	<u>9,016,157</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	(3,834,220)	(3,834,220)
Balance at 31 December 2016	<u>5,794,552</u>	<u>5,794,552</u>
Balance at 01 January 2017	5,794,552	5,794,552
Historical Adjustments	2,133,524	2,133,524
Profit of the year	1,069,521	1,069,521
Balance at 31 December 2017	<u>8,997,596</u>	<u>8,997,596</u>

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

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 2017

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.

	2017	2016
	E	E
2. INCOME		
Income from grants	<u>3,282,097</u>	<u>-</u>
3. OPERATING PROFIT/(LOSS)	<u>1,069,521</u>	<u>(3,834,220)</u>
Profit from operations is stated after charging:		
Expenses		
Auditors' remuneration	<u>39,180</u>	<u>42,901</u>

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the year ended 31 December 2017

4 PROPERTY, PLANT AND EQUIPMENT

	2017			2016		
	Cost/ Valuation E	Accumulated Depreciation E	Carrying value E	Cost/ Valuation E	Accumulated depreciation E	Carrying value E
Buildings	2,147,236	-	2,147,236	748,053	-	748,053
Computer Equipment	376,467	(206,000)	170,467	263,037	(120,780)	142,257
Campus Equipment	21,448	(2,145)	19,303	-	-	-
Furniture, fitting & equip	754,037	(209,995)	544,042	732,735	(149,546)	583,189
Agricultural Equipment	828,241	(141,079)	687,162	647,279	(64,728)	582,551
Motor Vehicle	994,080	(586,905)	407,175	994,080	(485,111)	508,969
Land Improvements	899,118	(90,381)	808,737	899,118	(47,816)	851,302
Total	6,020,627	(1,236,506)	4,784,122	4,284,302	(867,981)	3,416,321

Reconciliation of property, plant and equipment- 2017

	Opening Balance E	Additions E	Disposals E	Depreciation E	Total E
	Buildings	748,053	1,399,183	-	-
Computer Equipment	142,257	113,430	-	85,220	170,467
Campus Equipment	-	21,448	-	2,145	19,303
Furniture, fitting & equip	583,189	21,302	-	60,449	544,042
Agricultural Equipment	582,551	180,962	-	76,351	687,162
Motor Vehicle	508,969	-	-	101,794	407,175
Land Improvements	851,302	-	-	42,565	808,737
Total	2,565,019	1,736,325	-	368,525	4,784,122

	2017 E	2016 E
5 Inventory		
Closing Inventory	<u>8,074</u>	<u>-</u>
6 Trade and Other Receivables		
Trade receivables	653,721	-
Staff & student loans	46,032	378,420
Staff receivables	70,591	64,723
VAT	161,632	-
ACC - USA	-	313,040
Prepayments	2,944	4
	<u>934,922</u>	<u>756,188</u>
7 Cash and cash equivalents		
Endowment policy savings account	832,122	786,533
African Christian College Call Account	2,807,200	1,489,201
Nedbank-African Christian College Current Account	31,128	-
Nedbank - Tree of Life current account	35,153	-
Petty Cash	6,101	5,407
	<u>3,711,704</u>	<u>2,281,141</u>
Bank Overdraft		
Nedbank - Tree of Life current account	-	(338,347)
Cash Account	-	-
Nedbank-African Christian College Current Account	-	(88,151)
Total cash and cash equivalents	<u>3,711,704</u>	<u>1,854,643</u>
8 Payables		
Trade Payables	441,226	230,150
Accrued expenses - Swazi Trac	-	2,450
	<u>441,226</u>	<u>232,600</u>

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the year ended 31 December 2017

9 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.

10 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.

11. NOTES TO CASH FLOW STATEMENT	2017	2016
	E	E
11 Reconciliation of net profit/(loss) before taxation to cash (provided)/generated by operations		
Net profit/(loss) before taxation	1,069,521	(3,834,220)
Adjustments: Items not involving the movement of cash		
Depreciation	368,525	372,692
Prior year adjustments	2,133,524	
movement that does not involve the flow of cash		(23,597)
	3,571,569	(3,485,125)
Movement in working capital	21,818	(397,059)
(Increase)/Decrease in accounts receivables	(178,734)	(98,764)
(Increase)/Decrease in Inventory	(8,074)	
(Decrease)/Increase in accounts payables	208,626	(298,295)
Cash generated by operations	3,593,386	(3,882,184)

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the year ended 31 December 2017

	2017	2016
	E	E
11.2 Additions		
Buildings	1,399,183	322,421
Computer equipment	113,430	114,035
Campus Equipment	21,448	-
Furniture, fixtures & equipment	21,302	110,525
Agricultural Equipments	180,962	647,279
Land improvements	-	176,575
	<u>1,736,325</u>	<u>1,370,836</u>
12. INCOME		
African Christian College & Benevolent - Grants	3,282,097	-
Tuition fees	151,903	115,407
Masters in Christian Ministry fees(MACM)	21,841	18,518
	<u>3,455,841</u>	<u>133,925</u>
13. Other Income		
Investment Income -	13.1 119,399	206,581
Church/congregation contributions	10,792	-
Individual/small business contributions	14,477	2,928
Interest on loans	18,760	-
Sale of Books	14,215	18,342
Transport Fees	22,941	
Internet Bundle sales	14,413	12,518
Other program-related sales & fees	20,608	27,584
Insurance Policy Refunds & Other Refunds	226,156	65,303
Workshops, other program fees	25,295	7,213
	<u>487,056</u>	<u>340,469</u>
13.1 Investment income represents interest on call and fixed deposit account with Nedbank		
14. SALARY		
Salary , Support & Wages	1,670,834	1,523,651.15
Add Deductions: Allowances (benefit In Kind	56,474	-
Provident Fund	22,425	38,220.00
	<u>1,749,733</u>	<u>1,561,871</u>
15. 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.		

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
DETAILED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2017

	Note	2017 E	2016 E
INCOME	12.	3,455,841	133,925
Other Income	13.	487,056	340,469
		3,942,896	474,394
Add: Profit/(Loss) from farm operations		3,542,463	666,365
Total Income		7,485,360	1,140,759
LESS: EXPENSES		6,415,839	4,974,979
Administrative expenses		9,698	19,620
Advertising & promotion		20,736	55,313
Audit fees		39,180	42,901
Awards & grants - individuals		43,500	24,150
Bad debts - student fees		10,868	-
Bank charges		42,392	29,150
Books		131,706	326,038
Conferences, conventions, meetings		53,897	102,297
Competitions & Tournaments		2,150	-
Deliveries & parking		147,464	-
Depreciation		368,525	372,692
Equipment rental		98,765	2,241
Facility repairs & maintenance		173,961	168,109
Fines and Penalties		-	19,409
Grants to other Organisations		6,265	5,366
Information technology		798	32,959
Insurance costs		130,619	166,869
Internet service		69,590	73,006
Medical insurance		246,652	186,095
Membership dues		12,478	8,285
Motor vehicle Fuel expenses		121,380	78,987
Other expenses		6,805	49,904
Postage, shipping, transport		10,682	41,634
Printing & copying		82,878	22,912
Professional fees		264,955	179,693
Satellite Television		3,961	3,793
Specific assistance - individuals		12,314	14,828
Staff permits/visas		28,096	26,221
Staff Salaries	14.	1,749,733	1,561,871
Student Labour		52,730	-
Student Entertainment		6,375	-
Student Representative Council(SRC)		-	3,503
Student Visas		41,437	40,845
Supplies - College		153,550	97,331
Supplies & food - cafeteria		1,291,837	571,517
Taxes - other		36	781
Telephone & telecommunications		26,130	15,933
Temporary help - contract		121,186	-
Textbooks		-	100
Travelling and accommodation		102,073	44,632
Staff & Student Housing Utilities		251,094	246,400
Currency gains - Realised & Unrealised		128,265	-
VAT expense		-	173,838
Vehicle expenses & Repairs		169,356	149,805
Visitor Expenses		181,722	15,954
NET SURPLUS /(DEFICIT) FOR THE YEAR		1,069,521	(3,834,220)

AFRICAN CHRISTIAN COLLEGE

**SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
 DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE FARM
 for the year ended 31 December 2017**

	2017 E	2016 E
INCOME	5,498,226	2,426,851
Macadamia nuts sold	5,363,529	2,277,555
Farm Sales	131,374	141,304
Rentals	3,323	7,992
LESS: COST OF SALES	1,706,027	1,489,424
Chemicals & Pesticides	-	311,212
Cost of inventory sold	324,924	-
Cost of Macadamia Inventory Sold	166,562	-
Fertiliser and Fumigation	607,579	350,986
Facility repairs & maintenance	210,658	215,328
Fuel & Oil	96,113	54,900
Product packaging	916	125,673
Student labour	162,922	188,466
Supplies - Orchard	136,353	242,859
Gross Profit	3,792,199	937,427
LESS: ADMINISTRATIVE EXPENSES	249,735	271,063
Field Trips & Outings	13,198	7,999
Labour Expenses- Protective Clothing	12,160	11,316
Professional fees		19,548
Utilities	224,377	232,200
Net Surplus for the year	3,542,463	666,365