# African Christian College

## Annual Financial Statements

*For the year ended 31 December 2019*

CORPORATE BUSINESS
SOLUTIONS
ACCOUNTING | AUDIT | TAX | ADVISORY

**AFRICAN CHRISTIAN COLLEGE**

**ANNUAL FINANCIAL STATEMENTS**
For the year ended 31 December 2019

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**AFRICAN CHRISTIAN COLLEGE**

**ANNUAL FINANCIAL STATEMENTS**
For the year ended 31 December 2019

**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 – *Chairperson*<br>Carter Brad<br>Mswane Luke<br>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 2019

The Trustees are responsible for the preparation and fair presentation of the annual financial statements of the Company, comprising the Trustees' report, the statements of financial position as at 31 December 2019, the statement 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:

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**– President**
12 Sept 22

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**- Trustee**
13 Sept 22

**AFRICAN CHRISTIAN COLLEGE**

**TRUSTEES REPORT**
For the year ended 31 December 2019

The trustees have the pleasure in submitting their report for the year ended 31 December 2019.

**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 Christian education programmes.

The college established a macadamia tree farming project in 1997 in order to generate supluses to assist with the running costs of the college and during the 2019 financial year, a majority of their Macademia nuts sales were made to African Christian College Educational and Benevolent Association in the United States of America.

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.

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**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 2019, 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 2019, 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 782 414 in the statement of financial position included the valuation of the Macadamia Orchard valued at E24 177 230 as at 31 December 2019. 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 605 184.

Furthermore, we were unable to determine the split in the Macadamia Nuts Orchard carrying amount of E24 177 203 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 2019", 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 23 September 2022

**AFRICAN CHRISTIAN COLLEGE**

**STATEMENT OF FINANCIAL POSITION**
As at 31 December 2019

| | Notes | 2019 E | 2018 E (Restated) |
|---|---|---|---|
| **ASSETS** | | | |
| **Non- Current Assets** | | **32 782 414** | 31 389 907 |
| Property, plant and equipment | **8** | **32 782 414** | 31 389 907 |
| **Current assets** | | **11 337 315** | 11 678 739 |
| Biological assets | **9** | **4 202 568** | 2 230 147 |
| Inventory | **10** | **129 663** | 8 552 |
| Trade and other receivable | **11** | **611 625** | 2 125 012 |
| Cash and Cash equivalents | **12** | **6 393 459** | 7 315 028 |
| **Total assets** | | **44 119 729** | 43 068 646 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | **44 006 914** | 42 774 610 |
| Accumulated funds | | **19 829 676** | 18 270 661 |
| Revaluation reserve | | **24 177 238** | 24 503 949 |
| **Current liabilities** | | **112 815** | 294 036 |
| Bank overdraft | **12** | **-** | 23 838 |
| Trade and other payables | **13** | **112 815** | 270 198 |
| **Total Equity and Liabilities** | | **44 119 729** | 43 068 646 |

## AFRICAN CHRISTIAN COLLEGE

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

| | Notes | 2019<br>E | 2018<br>E<br>(Restated) |
|---|---|---|---|
| **INCOME** | | | |
| Grants | | **-** | 2 418 446 |
| Tuition and other fee income | | **222 500** | 202 700 |
| Macadamia nut sales | | **10 164 246** | 12 761 074 |
| Other farm sales | | **332 648** | 244 667 |
| Small business and private contributions | | **20 291** | 127 502 |
| Other income | **4** | **270 128** | 102 795 |
| Interest income | **5** | **208 325** | 138 835 |
| **EXPENDITURE** | | | |
| Employee benefit expenses | **6** | **(3 082 886)** | (2 430 876) |
| Other operating expenses | **7** | **(7 187 988)** | (5 944 793) |
| Awards and grants | | **(49 500)** | (25 828) |
| Depreciation | **8** | **(964 951)** | (852 155) |
| Change in fair value of biological assets | **9** | **1 972 421** | 2 230 147 |
| Net exchange rate losses | | **(672 930)** | (145 250) |
| **Surplus for the year** | | **1 232 304** | 8 827 264 |
| **Other Comprehensive income:** | | | |
| *Items which will not be reclassified to surplus and deficit:* | | | |
| Revaluation of Property, Plant and Equipment | | **-** | 24 835 000 |
| Total Comprehensive income for the period | | **1 232 304** | 33 662 264 |

**AFRICAN CHRISTIAN COLLEGE**

**STATEMENT OF CHANGES IN EQUITY**
As at 31 December 2019

| | Accumulated surplus | Revaluation reserve | Total equity |
|---|---|---|---|
| | E | E | E |
| Balance at 01 January 2018 | 8 997 597 | - | 8 997 597 |
| Correction of error | 114 749 | - | 114 749 |
| Restated total equity at the beginning of the financial year | 9 112 346 | - | 9 112 346 |
| Surplus for the 2018 year - restated | 8 827 264 | - | 8 827 264 |
| Other comprehensive income for the 2018 year | - | 24 835 000 | 24 835 000 |
| Transfer of revaluation reserves to retained earnings | 331 051 | (331 051) | - |
| Restated balance at 31 December 2018 | 18 270 661 | 24 503 949 | 42 774 610 |
| Total Comprehensive income 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 | 19 829 676 | 24 177 238 | 44 006 914 |

**AFRICAN CHRISTIAN COLLEGE**

**STATEMENT OF CASH FLOWS**
For the year ended 31 December 2019

| | | **2019** | 2018 |
|---|---|---|---|
| | | **E** | E |
| | | | (Restated) |
| **Cash flows from operating activities** | **Notes** | | |
| Cash generated from operations | **15** | **1 044 142** | 6 063 590 |
| Interest received | | **208 325** | 138 835 |
| **Net cash from operating activities** | | **1 252 467** | 6 202 425 |
| **Cash flows from investing activities** | | | |
| Proceeds on disposal of property, plant and equipment | **4** | **207 260** | - |
| Purchase of property, plant and equipment | **8** | **(2 357 458)** | (2 622 940) |
| **Net cash outflows from investing activities** | | **(2 150 198)** | (2 622 940) |
| **Net movement in cash during the year** | | **(897 731)** | 3 579 485 |
| **Cash at the beginning of the year** | | **7 291 190** | 3 711 705 |
| **Cash at the end of the year** | **12** | **6 393 459** | 7 291 190 |

## 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:

## 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.

## 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.

**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.

## 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 2018-2020 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 |

## 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.

## 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 2018-2020—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.

**3. Summary of Significant accounting policies (continued)**

**3.11 Adoption of new and revised Standards (continued)**

**Annual Improvements to IFRS Standards 2018-2020—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.

**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 2019

| | 2019 E | 2018 E |
|---|---|---|
| **4. Other income** | | |
| Workshop and other fees | **18 568** | 38 911 |
| Transport fees | **17 472** | 23 105 |
| Gains on disposals of assets | **207 260** | - |
| Bookstore and internet bundles sales | **16 845** | 18 725 |
| Rental income | **9 983** | 22 054 |
| | **270 128** | 102 795 |

### 5. Interest income

| | | |
|---|---|---|
| Interest from savings and call accounts | **138 412** | 63 485 |
| Interest - short-term investments | **48 832** | 49 095 |
| Interest from staff loans | **21 081** | 26 255 |
| | **208 325** | 138 835 |

### 6. Employee benefit expenses

| | | |
|---|---|---|
| Salaries and wages | **2 308 442** | 1 987 369 |
| Pension and provident fund contributions | **90 595** | 29 625 |
| Contractual labour | **306 964** | 161 306 |
| Student labour | **351 435** | 234 796 |
| Other staff costs | **25 450** | 17 780 |
| | **3 082 886** | 2 430 876 |

### 7. Surplus for the year

Surplus for the year has been arrived at after charging:

| | | |
|---|---|---|
| Auditor's remuneration | **50 860** | 42 488 |
| Depreciation of property, plant and equipment | **964 951** | 852 155 |
| Employee benefit expense (note 6) | **3 082 886** | 2 430 876 |

## AFRICAN CHRISTIAN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

### 8. Property, Plant and Equipment

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | **Cost/ Valuation** | **Accumulated Depreciation** | **Carrying Amount** | Cost/Valuation | Accumulated Depreciation | Carrying Amount |
| | **E** | **E** | **E** | E | E | E |
| Buildings | **2 034 471** | **-** | **2 034 471** | 1 573 435 | - | 1 573 435 |
| Computer Equipment | **704 872** | **(369 671)** | **335 201** | 537 315 | (286 281) | 251 034 |
| Campus equipment | **811 768** | **(108 185)** | **703 583** | 809 982 | (4 075) | 805 907 |
| Furniture, fittings & equipment | **992 520** | **(321 451)** | **671 069** | 788 374 | (265 953) | 522 421 |
| Macadamia nut orchard | **24 835 000** | **(657 770)** | **24 177 230** | 24 835 000 | (331 051) | 24 503 949 |
| Agricultural equipment | **1 328 284** | **(334 291)** | **993 993** | 828 241 | (249 222) | 579 019 |
| Motor vehicle | **2 428 613** | **(1 095 767)** | **1 332 846** | 1 533 774 | (861 698) | 672 076 |
| Land improvements | **2 700 498** | **(166 477)** | **2 534 021** | 2 572 447 | (90 381) | 2 482 066 |
| Total | **35 836 026** | **(3 053 612)** | **32 782 414** | 33 478 568 | (2 088 661) | 31 389 907 |

### 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 2018 | 748 054 | 170 467 | 19 303 | 544 042 | - | 687 162 | 407 173 | 2 207 921 | 4 784 122 |
| Additions | 825 381 | 160 848 | 788 534 | 34 337 | - | - | 539 695 | 274 145 | 2 622 940 |
| Revaluations | - | - | - | - | 24 835 000 | - | - | - | 24 835 000 |
| Depreciation | - | (80 281) | (1 930) | (55 958) | (331 051) | (108 143) | (274 792) | - | (852 155) |
| Carrying amount at 31 December 2018 | 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** |

AFRICAN CHRISTIAN COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS (continued)**
For the year ended 31 December 2019

| | **2019** | 2018 |
|---|---|---|
| | **E** | E |
| **9. Biological assets** | | |
| Growing crops | | |
| | | |
| *4.1 Fair value* | | |
| Macadamias | **4 202 568** | 2 230 147 |
| Fair value at year end | **4 202 568** | 2 230 147 |
| | | |
| **Analysis of fair value of growing crops** | | |
| Fair value at the beginning of the year | **2 230 147** | - |
| *Gains arising from changes attributable to volume* | | |
| Gains/(losses) arising from physical growth/yield | **1 972 421** | 2 230 147 |
| Fair value at year end | **4 202 568** | 2 230 147 |

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 2019.

| | | |
|---|---|---|
| Expected area to harvest after 31 December 2019 (ha) | **49.8** | 49.8 |
| Average maturity of crop at 31 December 2019 | **53%** | 53% |

**10. Inventory**

| | | |
|---|---|---|
| Macadamia nuts | **104 982** | 8 552 |
| Chickens | **24 681** | - |
| | **129 663** | 8 552 |

**NOTES TO THE FINANCIAL STATEMENTS (continued)**
For the year ended 31 December 2019

| | **2019** | 2018 |
|---|---|---|
| | **E** | E |

### 11. Trade and other receivables

| | | |
|---|---|---|
| Trade receivables | **-** | 1 510 200 |
| Staff and student loans | **361 962** | 328 990 |
| VAT receivable | **27 800** | 88 920 |
| Other receivables | **221 863** | 108 902 |
| Prepayments | **-** | 88 000 |
| | **611 625** | 2 125 012 |

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 receivables from sale of farm produce and bookstore sales.
The average credit period on tuition services rendered is 365 days, whilst it is 30 days for Macadamia, farm sales 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 | **930 049** | 881 217 |
| Call account | **5 400 694** | 6 400 426 |
| Current accounts | **62 716** | 33 385 |
| | **6 393 459** | 7 315 028 |
| Bank overdraft | **-** | (23 838) |
| Balances per statement of cashflows | **6 393 459** | 7 291 190 |

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 2019

| | **2019** | 2018 |
|---|---|---|
| | **E** | E |

### 13. Trade and other payables

| | | |
|---|---|---|
| Trade payables | **112 815** | 270 198 |
| | **112 815** | 270 198 |

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 | **-** | 2 418 446 |
| Sale of Macadamia nuts | **10 164 246** | 12 761 074 |

## AFRICAN CHRISTIAN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

### 15. Cash generated from operations

| | 2019<br>E | 2018<br>E |
|---|---|---|
| Surplus for the year | **1 232 304** | 8 827 264 |
| Adjustments: | **(1 423 055)** | (1 402 078) |
| Depreciation | **964 951** | 852 155 |
| Changes in the fair value of biological assets | **(1 972 421)** | (2 230 147) |
| Gains on disposals of fixed assets | **(207 260)** | - |
| Correction of opening balances | **-** | 114 749 |
| Interest income | **(208 325)** | (138 835) |
| **Working capital changes** | **1 234 893** | (1 361 596) |
| Decrease / (Increase) in accounts receivable | **1 513 387** | (1 190 090) |
| Decrease in accounts payable | **(157 383)** | (171 028) |
| Increase in Inventory | **(121 111)** | (478) |
| | **1 044 142** | 6 063 590 |

### 16. Prior period error

In 2018 and preceeding financial years, the following errors were identified in the financial statements:

- The VAT receivable balance was overstated in the financial statements. This balance included amounts which could not be claimed from the Eswatini Revenue Services in the form of Input VAT and these should have been included as part of operating expenses or Property, Plant and Equipment items in the financial statements.
- The value of the macadamia nuts which were growing on the trees and not yet ready for harvesting as at year end was omitted from the statement of financial position.
- The Company applied a cash basis of accounting for some of its operating expenses and Macadamia nut sales transactions. The effects of these was the understatement of operating expenses and revenues in the 2018 financial statements.

The effects of the omission of biological assets as well as transactions which had been recognised on a cash basis could not be accurately determined for the 2017 financial year and their effects have not been presented in the statement of financial position at the beginning of the previous year.

## AFRICAN CHRISTIAN COLLEGE

## DETAILED INCOME STATEMENT
For the year ended 31 December 2019

| | 2019<br>E | 2018<br>E |
|---|---|---|
| ACC USA Grants | **-** | 2 418 446 |
| **Tuition and other fee income** | **222 500** | 202 700 |
| Tuition fees | **222 500** | 191 700 |
| Masters in Christian Ministry fees | **-** | 4 400 |
| Boarding and catering fees | **-** | 6 600 |
| Macadamia nut sales | **10 164 246** | 12 761 074 |
| Other farm sales | **332 648** | 244 667 |
| **Small business and private contributions** | **20 291** | 127 502 |
| Church/congregation contributions | **335** | 109 373 |
| Individuals and small businesses | **19 956** | 18 129 |
| **Other income** | **270 128** | 102 795 |
| Workshops, other program fees | **11 420** | 6 040 |
| Transport Fees | **17 473** | 23 105 |
| Refund | **6 945** | 31 110 |
| Other program-related sales & fees | **202** | 1 761 |
| Gains on disposals of assets | **207 260** | - |
| Bookstore sales | **12 355** | 15 250 |
| Internet bundle sales | **4 490** | 3 475 |
| Rental income | **9 983** | 22 054 |
| **Interest income** | **208 325** | 138 835 |
| Interest - savings | **138 412** | 63 485 |
| Interest - short-term investments | **48 832** | 49 095 |
| Interest from staff loans | **21 081** | 26 255 |
| **Employee benefit expenses** | **(3 082 886)** | (2 430 876) |
| Salary, support & wages | **(1 990 955)** | (1 649 728) |
| Allowances (Benefits in kind) | **-** | (99 772) |
| Medical insurance | **(309 352)** | (217 394) |
| Life insurance | **(8 135)** | (20 475) |
| Provident fund | **(50 303)** | (29 625) |
| Pension plan contributions | **(40 292)** | - |
| Staff Visas | **(21 680)** | (15 600) |
| Temporary help - contract | **(306 964)** | (161 306) |
| Student labour | **(334 535)** | (190 073) |
| Student labour - salary | **(16 900)** | (44 723) |
| Labour expenses - miscellaneous | **(3 770)** | (2 180) |

**AFRICAN CHRISTIAN COLLEGE**

**DETAILED INCOME STATEMENT (continued)**
For the year ended 31 December 2019

| | **2019** | 2018 |
|---|---|---|
| | **E** | E |
| **Other operating expenses** | **(7 187 988)** | (5 944 793) |
| Accounting fees | **(50 860)** | (42 488) |
| Advertising and promotions | **(39 220)** | (21 984) |
| Bad debt provisions | **(12 360)** | - |
| Bank charges | **(69 421)** | (47 715) |
| Cafeteria costs | **(1 601 540)** | (1 183 953) |
| Communication and IT related costs | **(364 314)** | (289 204) |
| Conferences and equipment rentals | **(114 088)** | (181 958) |
| Electricity and water costs | **(813 077)** | (526 251) |
| Fertilizer and chemicals | **(545 313)** | (739 477) |
| Fuel and travel related costs | **(296 079)** | (238 174) |
| Garden and Livestock supplies | **(247 184)** | (178 505) |
| General office supplies | **(308 154)** | (142 134) |
| Insurance | **(251 854)** | (179 094) |
| Printing, books and subscriptions | **(387 988)** | (104 104) |
| Processing of Macadamia nuts | **(1 155 274)** | (1 150 194) |
| Professional fees - lecturers | **(259 188)** | (177 698) |
| Professional fees - Other | **(50 139)** | (157 016) |
| Protective clothing | **(49 183)** | (43 055) |
| Purchasing costs - Chickens | **(64 148)** | (29 036) |
| Rates | **(38 447)** | (36 373) |
| Repairs and maintenance | **(411 167)** | (425 932) |
| Student visas | **(58 990)** | (50 448) |
| | | |
| **Awards and grants** | **(49 500)** | (25 828) |
| Awards & grants - individuals | **(49 500)** | (25 828) |
| | | |
| Depreciation | **(964 951)** | (852 155) |
| | | |
| Change in fair value of biological assets | **1 972 421** | 2 230 147 |
| | | |
| Net exchange rate gains/losses | **(672 930)** | (145 250) |
| | | |
| **Total comprehensive income for the year** | **1 232 304** | 8 827 264 |