

The Highway Hospice Association
(A member of the Hospice Association of Kwa-Zulu Natal and the Hospice
Palliative Care Association of South Africa)

(Registration number 002-409 NPO)
Annual Financial Statements
for the year ended 31 December 2017

The Highway Hospice Association

(Registration number: 002-409 NPO)

Annual Financial Statements for the year ended 31 December 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Non-profitable organisation
Committee Members	Prof Y K Seedat Mr D Collett Mr B Schnell Prof PNG Beard Mrs I Haarhoff Mrs M Leppens Mr T Mahlambi Dr A Mahomed MR RW Green-Thompson Mrs D Skinner Dr S Mjiyako Mrs D Wentzel
Registered office	59 Locksley Drive Sherwood 4091
Bankers	Nedbank Limited
Auditors	Baker Tilly Morrison Murray Registered Auditors Chartered Accountants (SA)

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The reports and statements set out below comprise the annual financial statements presented to the committee members:

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Committees' Responsibilities and Approval

The committee is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the committee's responsibility to ensure that the annual financial statements fairly present the state of affairs of the association as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the basis of accounting as described in note 1 to the annual financial statements. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the basis of accounting as described in note 1 to the annual financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The committee acknowledge that it is ultimately responsible for the system of internal financial control established by the association and place considerable importance on maintaining a strong control environment. To enable the committee to meet these responsibilities, the committee sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the association and all employees are required to maintain the highest ethical standards in ensuring the association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the association is on identifying, assessing, managing and monitoring all known forms of risk across the association. While operating risk cannot be fully eliminated, the association endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.


The committee members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

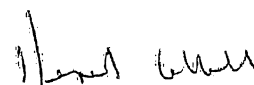
The committee has reviewed the association's cash flow forecast for the year to 31 December 2018 and, in the light of this review and the current financial position, they are satisfied that the association has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the association's annual financial statements. The annual financial statements have been examined by the association's external auditors and their report is presented on page 4 - 6.

The annual financial statements set out on pages 9 to 16, which have been prepared on the going concern basis, were approved by the members of the committee and were signed on its behalf by:

Approval of annual financial statements


Prof Y K Seedat


Mr D Collett

Date: 29 June 2018



Independent Auditor's Report

To the members of The Highway Hospice Association

Qualified opinion

We have audited the annual financial statements of The Highway Hospice Association set out on pages 9 to 15, which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the annual financial statements present fairly, in all material respects, the financial position of The Highway Hospice Association as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with basis of accounting as described in note 1 to the annual financial statements.

Basis for qualified opinion

In common with similar organisations, it is not feasible for the organisation to institute accounting controls over cash collections prior to initial entry of collections in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the funds actually recorded.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the association in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other information

The association's committee is responsible for the other information. The other information comprises the Detailed Income Statement as set out on page 16, the Estimated Income and Expenditure for the ensuing year as set out on page 17 and the Committee's Report which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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. We have nothing to report in this regard.

Independent Auditor's Report

Responsibilities of the association's committee for the Annual Financial Statements

The association's committee is responsible for the preparation and fair presentation of the annual financial statements in accordance with basis of accounting as described in note 1 to the annual financial statements and for such internal control as the association's committee determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the association's committee is responsible for assessing the association'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 association's committee either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 annual 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 annual 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 directors.
- Conclude on the appropriateness of the directors' 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 annual 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

We communicate with the association's committee 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.

Baker Tilly Morrison Murray

Baker Tilly Morrison Murray
Chartered Accountants (SA)
Registered Auditor
Per: M Sharpley
Partner

Date: *29 June 2018*

20 Westville Road
Westville
3630

The Highway Hospice Association

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Annual Financial Statements for the year ended 31 December 2017

Committee's Report

The committee members have pleasure in submitting their report on the annual financial statements of The Highway Hospice Association for the year ended 31 December 2017.

1. Nature of business

The association is a non-profitable organisation and operates as a hospice.

There have been no material changes to the nature of the association's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with the basis of accounting as set out in Note 1 to the annual financial statements. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Events after the reporting period

The committee members are not aware of any material event which occurred after the reporting date and up to the date of this report.

4. Going concern

The ability of the association to continue as a going concern is dependent on receiving donations and fundraising and achieving the income as per the estimate of income and expenditure for the ensuing year as presented on page 17.

5. Auditors

Baker Tilly Morrison Murray continued in office as auditors for the association for 2017.

At the AGM, the association will be requested to reappoint Baker Tilly Morrison Murray as the independent external auditors of the association and to confirm M Sharpley as the designated lead audit partner for the 2018 financial year.

6. Accounting policies

The association has adopted its own accounting policies as set out in Note 1 to the annual financial statements.

7. Estimated income and expenditure for the ensuing year

The committee's estimated income and expenditure for the ensuing year is presented on page 17.

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Committee's Report

8. Committee members

The committee members in office at the date of this report are as follows:

Committee members	Position	Address
Prof Y K Seedat	Chairman	No. 8 Cedar Ridge, 31 Jan Hofmeyer Rd Westville 3629
Mr D Collett	Treasurer	Unit 5 Windsor Court Derby Downs, 4 Derby Place Westville 3629
Mr B Schnell	Member	8 Howard Place Durban North 4051
Prof PNG Beard	Member	86 Ernest Whitcut Road Cowies Hill 3610
Mrs I Haarhoff	Member	21 Bordeaux Le Domaine 100 Acutt Drive Hillcrest 3610
Mrs M Leppens	Member	1st Catherines Close 13 East Street Overport 4001
Mr T Mahlambi	Member	6 Henwood Road Greyville 4001
Dr A Mahomed	Member	811 Jan Smuts Highway Sherwood 4004
MR RW Green-Thompson	Member	14 McCafferty Road Sherwood 4004
Mrs D Skinner	Member	23 Minerva Avenue Glenashley 4022
Dr S Mjyako	Member	998 Zazi Road Cleremont 3610
Mrs D Wentzel	Member	340 Niedren Rd Glenwood 4001

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Statement of Financial Position as at 31 December 2017

Figures in Rand	Note(s)	2017	2016
Assets			
Non-Current Assets			
Property, plant and equipment	2	9 865 324	9 865 324
Current Assets			
Trade and other receivables	3	154 800	351 732
Cash and cash equivalents	4	2 769 534	2 268 005
		2 924 334	2 619 737
Total Assets		12 789 658	12 485 061
Equity and Liabilities			
Equity			
Accumulated surplus		3 488 947	4 158 138
Liabilities			
Non-Current Liabilities			
Other financial liabilities	5	7 321 739	5 740 671
Current Liabilities			
Trade and other payables	6	1 558 972	2 166 252
Other financial liabilities	5	420 000	420 000
		1 978 972	2 586 252
Total Liabilities		9 300 711	8 326 923
Total Equity and Liabilities		12 789 658	12 485 061

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2017	2016
Other income	7	19 004 611	17 524 117
Operating expenses		(21 222 843)	(21 340 926)
Operating deficit	8	(2 218 232)	(3 816 809)
Investment revenue	9	1 549 041	1 831 945
Deficit for the year		(669 191)	(1 984 864)

Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 January 2016	6 143 002	6 143 002
Deficit for the year	(1 984 864)	(1 984 864)
Balance at 01 January 2017	4 158 138	4 158 138
Deficit for the year	(669 191)	(669 191)
Balance at 31 December 2017	3 488 947	3 488 947

Statement of Cash Flows

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Cash used in operations	11	(2 628 580)	(4 053 290)
Interest income		1 549 041	1 831 945
Net cash from operating activities		(1 079 539)	(2 221 345)
Cash flows from financing activities			
Proceeds from other financial liabilities		2 001 068	860 000
(Repayment) advance of other financial liabilities		(420 000)	(420 000)
Net cash from financing activities		1 581 068	440 000
Total cash movement for the year		501 529	(1 781 345)
Cash at the beginning of the year		2 268 005	4 049 350
Total cash at end of the year	4	2 769 534	2 268 005

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Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the accounting policies as set out below. The annual financial statements have been prepared on the historical cost basis. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment, other than land and buildings are written off to the income statement in the year of acquisition. Land and buildings are shown at cost and are not depreciated.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price. This includes transaction costs, except for financial assets and liabilities that are measured at fair value through profit or loss.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, 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.

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Cash and cash equivalents comprise cash on hand, demand deposits and short term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value and are measured at cost which is deemed to be fair as they have a short term maturity.

Bank overdrafts are included within current liabilities in the statement of financial position.

All financial assets whose fair value cannot otherwise be measured reliably, and which do not meet the criteria to be designated as an instrument measured at cost, are measured at cost less impairment.

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.

1.3 Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the association and the income can be reliably measured.

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Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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2. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	9 865 324	-	9 865 324	9 865 324	-	9 865 324

Reconciliation of property, plant and equipment - 2017

	Opening balance	Closing balance
Land	9 865 324	9 865 324

Reconciliation of property, plant and equipment - 2016

	Opening balance	Closing balance
Land	9 865 324	9 865 324

Details of properties

59 Locksley Drive, Sherwood, Durban

Described as Sub 10; 11 and 24 Erf 906 Brickfield in extent of 3169 square metres. As well as Portion 173 of the Farm Riding No. 15152 in extent of 574 square metres, in the province of KwaZulu-Natal, Registration Division FT, Ethekwini.

- At cost	212 252	212 252
- New buildings	680 323	680 323
- Improvements	1 465 948	1 465 948
	2 358 523	2 358 523

78 Rippon Crescent, Sherwood, Durban

Described as Sub 9 of Erf 906 Brickfield in extent of 1714 square metres, in the province of KwaZulu-Natal, Registration Division FT, Ethekwini.

- Expenses prior to transfer	1 946	1 946
- At cost	178 000	178 000
- Improvements	326 855	326 855
	506 801	506 801

5 Butts Road, Hatton Estate, Pinetown

Described as the remainder of Erf 6383, in extent of 3818 square metres, situated at 5 Butts Road, Pinetown, in the Province of KwaZulu-Natal, Registration Division FT, Ethekwini.

- At cost	7 000 000	7 000 000
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Notes to the Annual Financial Statements

Figures in Rand	2017	2016
3. Trade and other receivables		
Trade receivables	81 668	104 831
Prepayments	2 035	3 500
Deposits	71 097	65 568
VAT	-	177 833
	154 800	351 732
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	17 150	17 150
Bank balances	2 752 384	2 250 855
	2 769 534	2 268 005
5. Other financial liabilities		
At amortised cost		
The Highway Hospice Community Care Trust	7 741 739	6 160 671
The loan is unsecured, bears no interest and is repayable in monthly instalments of R35,000 per month.		
Non-current liabilities		
At amortised cost	7 321 739	5 740 671
Current liabilities		
At amortised cost	420 000	420 000
	7 741 739	6 160 671
6. Trade and other payables		
Trade payables	268 609	369 201
Amounts received in advance	609 574	1 124 994
VAT	23 937	-
Other payables	656 852	669 307
Deposits received	-	2 750
	1 558 972	2 166 252

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Notes to the Annual Financial Statements

Figures in Rand	2017	2016
7. Income		
Income received	19 004 611	17 524 117
Income comprises of the following:		
Donations	3 370 045	3 681 508
Fundraising	9 546 444	8 016 466
Shop sales	6 088 122	5 826 143
	19 004 611	17 524 117
Fundraising and donations include the following:		
Barlow World	-	244 005
Bequests	1 319 563	736 806
Donations from Trusts	2 356 415	1 709 240
FNB	-	1 000 000
Pepfar	1 166	309 948
Dischem Foundation	-	120 000
8. Operating deficit		
Operating deficit for the year is stated after accounting for the following:		
Catering	187 167	202 678
Employee costs	13 854 055	14 213 450
Motor vehicle - maintenance	278 005	216 028
Motor vehicle - petrol	357 222	377 332
Municipal expenses	769 475	937 601
Rent	204 960	196 796
Repairs and maintenance - buildings	97 652	160 828
Security	758 363	698 889
9. Investment revenue		
Interest revenue		
Distribution received from the trust accounts	1 473 879	1 655 201
Interest received from administration	75 162	176 744
	1 549 041	1 831 945
10. Taxation		
No provision has been made for 2017 tax as the association has been approved as a public benefit organisation and is exempt from taxation in terms of S10(1)(cN) of the Income Tax Act.		
11. Cash used in operations		
Deficit for the year	(669 191)	(1 984 864)
Adjustments for:		
Interest received	(1 549 041)	(1 831 945)
Changes in working capital:		
Trade and other receivables	196 932	(104 282)
Trade and other payables	(607 280)	(132 199)
	(2 628 580)	(4 053 290)

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Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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12. Comparative figures

Certain comparative figures have been reclassified.

13. Going concern

The ability of the association to continue as a going concern is dependent on receiving donations and fundraising in the foreseeable future.

14. Related parties

Relationships
Associated trusts

The Highway Hospice Community Care Trust
The Highway Hospice Trust

Related party balances and transactions with other related parties

Related party balances

Loan accounts - Owing to related parties

The Highway Hospice Community Care Trust	7 741 739	6 160 671
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The loan is unsecured, bears no interest and is repayable in monthly instalments of R35,000 per month.

Related party transactions

Distribution received from related parties

The Highway Hospice Trust	1 017 905	1 276 704
The Highway Hospice Community Care Trust	455 974	378 497

15. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due

- within one year	236 488	-
- in second to fifth year inclusive	346 835	-
	583 323	-

Operating lease payments represent rentals payable by the association for certain of its shops. Leases are negotiated for an average term of three years. No contingent rent is payable.

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Detailed Income Statement

Figures in Rand	Note(s)	2017	2016
Other income			
Fundraising		9 546 444	8 016 466
Donations		3 370 045	3 681 508
Investment Income	9	1 549 041	1 831 945
Charity shop sales		6 088 122	5 826 143
		20 553 652	19 356 062
Operating expenses			
Administration and management fees		3 120 388	2 821 040
Bequests and donations		335 739	334 026
Charity shops		3 408 458	3 302 522
Community Hospices		1 893 995	1 726 650
Day centre		155 138	209 164
Education		290 793	289 061
Fundraising		2 320 496	2 498 415
Garden		-	-
Home care		2 391 621	2 290 292
In care unit		5 092 784	5 305 045
Maintenance		535 810	729 954
Medical		988 424	1 085 749
Social work		689 197	749 008
		21 222 843	21 340 926
Deficit for the year		(669 191)	(1 984 864)

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Annual Financial Statements for the year ended 31 December 2017

Estimated income and expenditure for the ensuing year

The Committee has projected income and expenditure for the year ended 31 December 2018:

Income

Fundraising	9 798 340
Donations	4 360 632
Investment income	1 675 919
Shops	6 572 812
Total income	22 407 703

Administration and management fees	2 952 346
Bequests and donations	357 550
Charity shops	3 528 834
Community hospices	2 068 419
Day centre	121 233
Education	344 363
Fundraising	2 475 797
Home care	2 171 156
In care unit	5 590 631
Maintenance	592 849
Medical department	986 909
Social work	720 682
Total expenditure	21 910 769

Total surplus	496 934
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