BULUNGULA INCUBATOR

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

NON PROFIT ORGANISATION NUMBER	057-666 - NPO
PUBLIC BENEFIT ORGANISATION NUMBER	930 029 899
BOARD MEMBERS	V Jaxa (Chairperson) L Wilkinson (Treasurer) R Woodroffe (Executive Director) N Mandukwini L Mthiyo S Giese S Somdyala R Tukane
PHYSICAL ADDRESS	Nqileni Village Elliotdale District Eastern Cape
E-MAIL	rejane@bulungulaincubator.org
WEBSITE	www.bulungulaincubator.org
AUDITORS	Harry Curtis & Co.
PREPARER	J Oelofse CA (SA)

CONTENTS **Page**

BULUNGULA INCUBATOR

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

BOARDS RESPONSIBILITIES AND APPROVAL

The Board is required by the organisation's constitution to maintain adequate accounting records and is responsible for the content and integrity of the financial statements . It is their responsibility to ensure that the financial statements fairly present the state of affairs of the organisation as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with the organisation's accounting policies. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the accounting policies of the organisation and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board acknowledges that it is ultimately responsible for the system of internal financial control established by the organisation and places considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, it 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 organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Board is satisfied that the organisation has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The independent auditors are engaged to express an independent opinion on the annual financial statements, and were given unrestricted access to all financial records and related data, including minutes of all meetings of the Board. The Board believes that all representations made to the independent auditors during their audit were valid and appropriate. The audit report is presented on pages 3 and 4.

The annual financial statements set out on pages 5 to 12, which have been prepared on the going concern basis, were approved by the Board and signed on their behalf by :

CHAIRPERSON	**TREASURER**

27 March 2025

HARRY CURTIS & CO

Chartered Accountants (SA)
Registered Auditors
SAICA Reg No : 001 30106
IRBA Reg No : 935050

P O Box 53067, Kenilworth, 7745
4 Adelaide Road, Plumstead, 7800

Telephone : (021) 762 0255
Email : office@curtisco.co.za
Website : www.harrycurtisco.co.za

INDEPENDENT AUDITORS REPORT

To the Board of

BULUNGULA INCUBATOR

Opinion

We have audited the financial statements of Bulungula Incubator set out on pages 5 to 12, which comprise the statement of financial position as at 31 December 2024, the statement of income and retained earnings and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bulungula Incubator as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with the organisation's accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organisation 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 financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with the 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*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board for the Financial Statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with the organisation's accounting policies, and for such internal control as the Board determines 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 Board is responsible for assessing the organisation'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 Board either intends to liquidate the organisation or to cease operations, or has 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 ISAs 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.

As part of an audit in accordance with ISAs, 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 organisation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- Conclude on the appropriateness of the Board's 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 organisation'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 organisation 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 Board 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.

H D CURTIS
Registered Auditor
(Registration No : 639206)

27 March 2025

4 Adelaide Road
PLUMSTEAD
7800

STATEMENT OF FINANCIAL POSITION

	Notes	2024 R	2023 R
ASSETS			
NON CURRENT ASSETS		3,791,029	3,253,069
Property, Plant and Equipment	1	1	1
Investments	2	3,791,028	3,253,068
CURRENT ASSETS		8,501,820	3,374,208
Cash and Cash Equivalents	3	7,152,102	2,394,273
Trade and Other Receivables	4	1,349,718	979,935
		12,292,849	6,627,277
FUNDS AND LIABILITIES			
FUNDS		1,740,767	1,734,953
Accumulated Fund	5	-	-
Sustainability Fund	6	1,740,767	1,734,953
NON CURRENT LIABILITIES	7	1,431,370	1,226,227
CURRENT LIABILITIES		9,120,712	3,666,097
Current Portion of Non Current Liabilities	7	363,579	256,697
Deposits Payable		191,304	-
Receipts in Advance	8	8,390,701	3,406,313
Trade and Other Payables		175,128	3,087
		12,292,849	6,627,277

BULUNGULA INCUBATOR

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF INCOME AND RETAINED EARNINGS

	Notes	2024 R	2023 R
INCOME		22,374,409	25,485,819
Dividends Received		42,448	59,956
Gain in Fair Value / Realisation of Investments		387,735	226,735
Grants, Donations and Support Received	9	20,532,777	19,367,883
Employment Tax Incentive Refund		-	75,615
Insurance Claims Received		55,988	-
Interest Received		329,201	128,654
Proceeds on Disposal of Assets		-	386,087
Project Generated and Funding Income	10	1,026,260	5,235,802
Rent Received		-	5,087
EXPENDITURE	11	22,368,595	24,938,925
Advertising and Promotions		6,248	10,442
Audit Fee		136,000	126,000
Bank Charges		93,648	86,078
Board and Management Meetings		148,014	58,794
Capital Expenditure	12	898,839	3,416,136
Contractors, Consultants and Service Providers		2,161,632	1,769,961
Employment Tax Incentives Allowance Disallowed		70,990	-
Insurance		236,584	190,387
Interest and Finance Charges		200,089	217,632
Motor Vehicle Expenses		663,619	653,632
Penalties and Interest		7,524	-
Project Materials and Provisions		2,120,936	1,626,434
Rent		168,808	142,888
Salaries, Wages and Stipends		14,023,176	15,955,542
Staff Training, Development and Recruitment		147,523	77,485
Telecommunications		309,547	269,675
Travel and Accommodation		929,547	303,106
Workmens Compensation		45,871	34,733
SURPLUS FOR THE YEAR		5,814	546,894
TRANSFER TO SUSTAINABILITY FUND	6	(5,814)	(546,894)
ACCUMULATED FUND AT END OF YEAR		-	-

BULUNGULA INCUBATOR
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF CASH FLOWS

	2024 R	2023 R
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the Year	5,814	546,894
Adjustments	(559,295)	(197,713)
Dividends Received	(42,448)	(59,956)
Gain in Fair Value / Realisation of Investments	(387,735)	(226,735)
Interest Received	(329,201)	(128,654)
Interest and Finance Charges	200,089	217,632
Working Capital Changes	5,084,832	932,743
Trade and Other Receivables	(369,783)	230,140
Current Portion of Non Current Liabilities	106,882	46,295
Deposits Payable	191,304	-
Receipts in Advance	4,984,388	946,214
Trade and Other Payables	172,041	(289,906)
Cash Generated from Operating Activities	4,531,351	1,281,924
Investment Income	371,649	188,610
Interest and Finance Charges	(200,089)	(217,632)
	4,702,911	1,252,902
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments Purchased	(150,225)	(1,908,855)
CASH FLOWS FROM FINANCING ACTIVITIES		
Non Current Liabilities Raised	205,143	753,649
CHANGE IN CASH AND CASH EQUIVALENTS	4,757,829	97,696
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,394,273	2,296,577
CASH AND CASH EQUIVALENTS AT END OF YEAR	7,152,102	2,394,273

ACCOUNTING POLICIES

Presentation of Financial Statements

The annual financial statements have been prepared in accordance with the accounting policies of the organisation. The financial statements are prepared on the historical cost basis and incorporate the principal accounting policies set out below. These accounting policies are consistent, in all material respects, with those applied in the previous year.

Property, Plant and Equipment

Property, plant and equipment are written off on acquisition, as a capital expense, in the statement of income and retained earnings, and reflected in the accounts at a nominal value R1.

As the organisation is non-profit and approved as a public benefit organisation exempt from income tax, the organisation does not capitalise and depreciate property, plant and equipment over the assets estimated useful lives but rather writes off such assets on acquisition as a capital expense in the statement of income and retained earnings. The Board is of the opinion that the policy of matching income to the funding of assets is more meaningful to the users of the financial statements.

Investments

Investments comprise listed investments consisting of unit trusts. Subsequent to initial recognition, these investments are accounted for at fair value determined directly by reference to published price quotations in an active market. Realised and unrealised gains and losses, arising from changes in fair value, are accounted for in the period in which they arise in the statement of income and retained earnings. Unit trust fair values are based on regulated exchange quoted prices at the close of business on the last trading day on or before the date of the statement of financial position.

Financial Instruments

Financial instruments recognised on the statement of financial position include trade receivables, cash and cash equivalents and trade payables.

Trade and Other Receivables

Trade and other receivables are stated at cost less an allowance for doubtful debts. The allowance raised is the amount needed to reduce the carrying value to the expected future cash flows.

Cash and Cash Equivalents

Cash comprises cash on hand and deposits with banks. Cash equivalents comprise highly liquid investments that are convertible to cash with insignificant risk of changes in value. Cash and cash equivalents are measured at fair value.

Trade and Other Payables

Trade and other payables are measured at fair value.

Revenue Recognition

Grants and donations received as referred to in the statement of income and retained earnings, are amounts received from donors during the year together with amounts received in advance in the prior financial year to be expended during the current financial year. Monies received in respect of grants and donations for subsequent years are treated as receipts in advance and are carried forward to the next financial year.

Interest income earned on investments is recognised on receipt of the interest from the financial institution.

Taxation

The organisation has been approved as a public benefit organisation (PBO) by the Commissioner of the South African Revenue Service. In terms of section 30(3) of the Income Tax Act, the income of any PBO is exempt from income tax to the extent that it has not arisen from any integral, occasional or approved business or trading activity. In terms of section 10(1)(cN) regarding any taxable business or trading income of a PBO, the greater of 5% of total receipts and accruals, or R200,000, is tax free. The taxable portion of a PBO's trading income is taxed at 27%.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024 R	2023 R
1. PROPERTY, PLANT AND EQUIPMENT		
Property, Plant and Equipment	1	1

Property, plant and equipment are written off on acquisition and reflected as a nominal value of R1. The contents of the organisations buildings are insured for R398,156, the electronic equipment for R1,365,829 and its vehicles for R1,881,292.

The organisation owns buildings which it constructed for an office, two pre-schools, rural skills centre and health centre. The organisation has also constructed boreholes and erected water tanks. The costs of these buildings and structures have been written off as a capital expense in the statement of income and retained earnings and not capitalised as the assets are located on communal land and therefore have no resale value. The buildings are insured for a total of R10,827,539

2. INVESTMENTS

	2024 R	2023 R
Aeon Balanced Prescient Fund	3,791,028	3,253,068

The investment is reflected at market value at year end.

3. CASH AND CASH EQUIVALENTS

	2024 R	2023 R
Current Accounts	267,855	91,572
Marketlink Accounts	446,098	288,880
Money Market Call Accounts	6,435,924	2,006,272
Petty Cash	2,225	7,549
	7,152,102	2,394,273

4. TRADE AND OTHER RECEIVABLES

	2024 R	2023 R
Prepayments	454,756	16,150
Trade Receivables	796,133	938,275
Value Added Tax Refundable	98,829	25,510
	1,349,718	979,935

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(Continued)

	2024 R	2023 R
5. ACCUMULATED FUND		
Balance at 1 January 2024	-	-
Surplus / (Deficit) for the Year	5,814	546,894
Transfer from / (to) Sustainability Fund	(5,814)	(546,894)
Balance at 31 December 2024	-	-

The Accumulated Fund represents unspent grants and donations received that do not have a contracted time period or purpose that has been ring-fenced for a specific purpose. Annual surpluses or deficits are transferred to or from the Sustainability Fund referred to in note 6.

	2024 R	2023 R
6. SUSTAINABILITY FUND		
Balance at 1 January 2024	1,734,953	1,188,059
Transfer from Accumulated Fund	5,814	546,894
Balance at 31 December 2024	1,740,767	1,734,953

The Sustainability Fund is a fund used primarily to sustain the organisation and is managed at the discretion of the Board. Accumulated Fund yearly surpluses and deficits are transferred to or from this fund.

7. NON CURRENT LIABILITIES

Instalment Sale Agreements - Standard Bank

	2024 R	2023 R
Capital Balance Outstanding	1,794,949	1,482,924
Less : Current Portion included in Current Liabilities	363,579	256,697
	1,431,370	1,226,227

The liabilities are secured over motor vehicles, attracted interest at rates between 12.0% and 12.7% per annum and are repayable over a remaining period of 70 months in monthly instalments totalling R46,907 inclusive of finance

	2024 R	2023 R
8. RECEIPTS IN ADVANCE		
Abax Development Trust	-	440,000
Allan & Gill Gray Philanthropies	-	634,004
Department of Health	323,033	-
DG Murray Trust	-	2,250,000
Get It Done Foundation	920,873	-
Oppenheimer Memorial Trust	595,833	-
Takeda Pharmaceutical Company Limited	6,550,962	-
Viva con Agua South Africa (VCSA)	-	82,309
	8,390,701	3,406,313

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
(Continued)

9. GRANTS, DONATIONS AND SUPPORT RECEIVED

	2024 R	2023 R
Abax Development Trust	940,000	490,000
Aeon Investment Management	150,000	200,000
Allan & Gill Gray Employees Philanthropy	2,000,000	-
Allan & Gill Gray Philanthropies	2,395,685	3,729,556
Apex Polymer Solutions (Pty) Ltd	120,000	-
Barbara Bohle	200,000	-
Barone, Budge & Dominick	155,000	-
Camissa Fund	100,000	-
Department of Health	630,682	795,983
DG Murray Trust	2,805,800	1,431,917
Donations Received < R50,000	329,394	283,299
ELMA Foundation NPC	2,730,000	2,500,000
Fidelity Foundation	240,000	240,000
Friends of Bulungula Inc.	796,133	935,075
Get It Done Foundation	1,289,222	-
Kamvalethu Foundation	1,100,000	1,750,000
Lemonaid & ChariTea Foundation	-	246,895
Mercury Phoenix Trust	-	158,205
Nico Bacon Family Trust	130,000	100,000
Ninety One SA (Pty) Ltd	300,000	803,000
Oppenheimer Memorial Trust	54,167	-
Peotona Development NPC	500,000	500,000
PEPFAR	-	668,881
Perspex South Africa (Pty) Ltd	-	150,000
Peter and Ross Koch	-	200,000
Planning and Cost Engineering Services (PACE)	94,883	-
Solon Foundation South Africa (RF) NPC	350,000	300,000
South Coast Foundation Inc.		145,975
Starfish Greathearts Foundation	889,502	871,773
Sukha and Associates	-	66,000
Tshikululu Social Investments NPC	100,000	-
Viking Fishing Company (Airports) (Pty) Ltd	550,000	500,000
Viva con Agua South Africa (VCSA)	82,309	411,544
Wild Ride Education Company	-	1,082,500
Wills Towers Watson (South Africa) Development Trust	1,500,000	750,000
Zenex Foundation	-	57,280
	20,532,777	19,367,883

Due to the limited space in the annual financial statements for the reporting of all grants and donations received by the organisation, only those amounts of R50,000 or more, have been individually stated.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
(Continued)

	2024 R	2023 R
10. PROJECT GENERATED AND FUNDING INCOME		
IDT / EPWP Funding	709,196	4,927,916
Other Projects and Funding	317,064	307,886
	1,026,260	5,235,802
11. EXPENDITURE ALLOCATION TO PROJECTS		
Agriculture Programme	513,683	364,785
Bulungula College	4,031,124	5,561,468
Community Pre-School Development and Support	1,039,173	873,753
Community Worker Programme	354,285	4,152,752
Core Administration and Project Overheads	7,905,692	5,693,180
Health and Nutrition Wellness Centre	3,311,123	3,371,154
Job Skills and Entrepreneurial Programme	1,200,888	611,481
Jujurha ELC and After-School Enrichment Programme	1,073,940	1,137,294
Rural Schools Support (Including liTablet Tshomiz)	2,306,263	2,583,130
Scholarship Fund	40,709	195,936
Vibrant Villages Programme	591,715	393,992
	22,368,595	24,938,925

The Core Administration and Project Overhead costs cover project support, office overheads, capital expenditure, management salaries, vehicle expenses, travel and staff benefits for all projects.

	2024 R	2023 R
12. CAPITAL EXPENDITURE		
Buildings and Structures	248,844	1,947,433
Computer Equipment and Tablets	149,617	129,755
Fridges	-	6,260
Furniture	12,215	-
Motor Vehicles	488,163	1,327,693
Televisions	-	4,995
	898,839	3,416,136

13. TAXATION

The organisation has been approved as a public benefit organisation (PBO) by the Commissioner of the South African Revenue Service. In terms of section 30(3) of the Income Tax Act, the income of any PBO is exempt from income tax to the extent that it has not arisen from any integral, occasional or approved business or trading activity. In terms of section 10(1)(cN) regarding any taxable business or trading income of a PBO, the greater of 5% of total receipts and accruals, or R200,000, is tax free. The taxable portion of a PBO's trading income is taxed at 27%. No provision has been made for taxation as the organisation had no taxable income, after exemptions, for the year.