BULUNGULA INCUBATOR

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

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 S Giese S Somdyala
PHYSICAL ADDRESS	Nqileni Village Elliotdale District Eastern Cape
E-MAIL	rejane@bulungulaincubator.org
WEBSITE	www.bulungulaincubator.org
AUDITORS	Sommerville and Associates Inc
PREPARER	J Oelofse CA (SA)

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BULUNGULA INCUBATOR

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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 13, which have been prepared on the going concern basis, were approved by the Board and signed on its behalf by :

CHAIRPERSON

TREASURER

30 March 2026

Sommerville and Associates Inc
Chartered Accountants (SA)
Registered Auditors
IRBA Registration No. 902323

6 Southridge Road
Sunningdale
7441

Tel: 021 – 557 7287
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Robin Sommerville (B Com) (Hons), CA (SA)

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 13, which comprise the statement of financial position as at 31 December 2025, 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 2025, 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.

Sommerville and Associates Inc

Sommerville and Associates Inc
Registered Auditors
Auditor : R Sommerville
(Registration No : 748269)

30 March 2026

6 Southridge Road
SUNNINGDALE
7441

STATEMENT OF FINANCIAL POSITION

	Notes	2025 R	2024 R
ASSETS			
NON CURRENT ASSETS		4,516,457	3,791,029
Property, Plant and Equipment	1	1	1
Investments	2	4,516,456	3,791,028
CURRENT ASSETS		4,550,159	8,501,820
Cash and Cash Equivalents	3	4,180,176	7,152,102
Trade and Other Receivables	4	369,983	1,349,718
		9,066,616	12,292,849
FUNDS AND LIABILITIES			
FUNDS		5,076,088	1,740,767
Accumulated Fund	5	-	-
Sustainability Fund	6	5,076,088	1,740,767
NON CURRENT LIABILITIES	7	973,974	1,431,370
CURRENT LIABILITIES		3,016,554	9,120,712
Current Portion of Non Current Liabilities	7	301,615	363,579
Deferred Income	8	2,296,478	8,390,701
Deposits Payable		-	191,304
Trade and Other Payables	9	418,461	175,128
		9,066,616	12,292,849

BULUNGULA INCUBATOR

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

STATEMENT OF INCOME AND RETAINED EARNINGS

	Notes	2025 R	2024 R
INCOME		25,492,098	22,374,409
Dividends Received		41,792	42,448
Gain in Fair Value / Realisation of Investments		548,405	387,735
Grants, Donations and Support Received	10	22,825,461	20,532,777
Insurance Claims Received		4,977	55,988
Interest Received		609,952	329,201
Proceeds on Disposal of Vehicle		191,305	-
Project Generated and Funding Income	11	1,270,206	1,026,260
EXPENDITURE	12	22,156,777	22,368,595
Advertising and Promotions		2,630	6,248
Audit Fee		136,000	136,000
Bank Charges		70,178	93,648
Board and Management Meetings		93,719	148,014
Capital Expenditure	13	692,003	898,839
Communications		307,110	124,641
Contractors, Consultants and Service Providers		1,338,886	2,161,632
Donations Paid		3,744,423	-
Employment Tax Incentives Allowance Disallowed		-	70,990
Insurance		248,458	236,584
Interest and Finance Charges		179,819	200,089
Motor Vehicle Expenses		448,821	663,619
Penalties and Interest		5,634	7,524
Professional Development and Licencing		1,033,527	-
Project Materials and Provisions		1,676,500	2,120,936
Rent		111,810	168,808
Salaries, Wages and Stipends		11,088,358	14,023,176
Staff Training, Development and Recruitment		103,583	147,523
Telecommunications		165,462	184,906
Travel and Accommodation		687,130	929,547
Workmens Compensation		22,726	45,871
SURPLUS FOR THE YEAR		3,335,321	5,814
TRANSFER TO SUSTAINABILITY FUND	6	(3,335,321)	(5,814)
ACCUMULATED FUND AT END OF YEAR		-	-

STATEMENT OF CASH FLOWS

	2025 R	2024 R
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the Year	3,335,321	5,814
Adjustments	(1,211,635)	(559,295)
Dividends Received	(41,792)	(42,448)
Gain in Fair Value / Realisation of Investments	(548,405)	(387,735)
Interest Received	(609,952)	(329,201)
Proceeds on Disposal of Vehicle	(191,305)	-
Interest and Finance Charges	179,819	200,089
Working Capital Changes	(5,124,423)	5,084,832
Trade and Other Receivables	979,735	(369,783)
Current Portion of Non Current Liabilities	(61,964)	106,882
Deferred Income	(6,094,223)	4,984,388
Deposits Payable	(191,304)	191,304
Trade and Other Payables	243,333	172,041
Cash Utilised in Operating Activities	(3,000,737)	4,531,351
Investment Income	651,744	371,649
Proceeds on Disposal of Vehicle	191,305	-
Interest and Finance Charges	(179,819)	(200,089)
	(2,337,507)	4,702,911
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments Purchased	(177,023)	(150,225)
CASH FLOWS FROM FINANCING ACTIVITIES		
Non Current Liabilities Repaid	(457,396)	205,143
CHANGE IN CASH AND CASH EQUIVALENTS	(2,971,926)	4,757,829
CASH AND CASH EQUIVALENTS AT BEGIN OF YEAR	7,152,102	2,394,273
CASH AND CASH EQUIVALENTS AT END OF YEAR	4,180,176	7,152,102

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. The organisation's assets are insured and controlled by means of a detailed asset register.

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 deferred 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 deferred income 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025 R	2024 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 R797,190 and its vehicles for R1,881,292. The organisation's assets are controlled by the maintenance of a detailed asset register.

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 R23,424,817.

2. INVESTMENTS

	2025 R	2024 R
Aeon Balanced Prescient Fund	4,516,456	3,791,028

The investment is reflected at market value at year end.

3. CASH AND CASH EQUIVALENTS

	2025 R	2024 R
Current Accounts	746,650	267,855
Marketlink Accounts	1,374,112	446,098
Money Market Call Accounts	2,057,610	6,435,924
Petty Cash	1,804	2,225
	4,180,176	7,152,102

4. TRADE AND OTHER RECEIVABLES

	2025 R	2024 R
Prepayments	56,548	454,756
Trade Receivables	-	796,133
Value Added Tax Refundable	313,435	98,829
	369,983	1,349,718

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
(Continued)

	2025 R	2024 R
5. ACCUMULATED FUND		
Balance at 1 January 2025	-	-
Surplus for the Year	3,335,321	5,814
Transfer to Sustainability Fund	(3,335,321)	(5,814)
Balance at 31 December 2025	-	-

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.

	2025 R	2024 R
6. SUSTAINABILITY FUND		
Balance at 1 January 2025	1,740,767	1,734,953
Transfer from Accumulated Fund	3,335,321	5,814
Balance at 31 December 2025	5,076,088	1,740,767

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

	2025 R	2024 R
Instalment Sale Agreements - Standard Bank		
Capital Balance Outstanding	1,275,589	1,794,949
Less : Current Portion included in Current Liabilities	301,615	363,579
	973,974	1,431,370

The liabilities are secured over motor vehicles, attracted interest at rates between 11.0% and 12.45% per annum and are repayable over a remaining period of 58 months in monthly instalments totalling R35,774 inclusive of finance charges.

	2025 R	2024 R
8. DEFERRED INCOME		
Abax Development Trust	575,000	-
Department of Health	-	323,033
Get It Done Foundation	-	920,873
Independent Development Corporation	1,321,478	-
Oppenheimer Memorial Trust	-	595,833
Peotona Development NPC	400,000	-
Takeda Pharmaceutical Company Limited	-	6,550,962
	2,296,478	8,390,701

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
(Continued)

	2025 R	2024 R
9. TRADE AND OTHER PAYABLES		
Accruals	171,064	8,531
Pension Fund	172,349	162,197
SA Revenue Service - Employees Tax	56,016	-
Savings Fund	3,000	4,400
Trade Payables	16,032	-
	418,461	175,128

	2025 R	2024 R
10. GRANTS, DONATIONS AND SUPPORT RECEIVED		
Abax Development Trust	-	940,000
Aeon Investment Management	60,000	150,000
Allan & Gill Gray Employees Philanthropy	2,000,000	2,000,000
Allan & Gill Gray Philanthropies	-	2,395,685
Apex Polymer Solutions (Pty) Ltd	-	120,000
Barbara Bohle	222,500	200,000
Barone, Budge & Dominick	-	155,000
Camissa Fund	100,000	100,000
Department of Health	323,033	630,682
DG Murray Trust	2,250,000	2,805,800
Donations Received < R50,000	214,925	329,394
ELMA Foundation NPC	2,500,000	2,730,000
Fidelity Foundation	350,000	240,000
Friends of Bulungula Inc.	1,842,990	796,133
Get It Done Foundation	920,873	1,289,222
Kamvalethu Foundation	1,475,340	1,100,000
Nico Bacon Family Trust	-	130,000
Ninety One SA (Pty) Ltd	335,000	300,000
Odin Investments (Pty) Ltd	770,000	550,000
Oppenheimer Memorial Trust	595,833	54,167
Peotona Development NPC	500,000	500,000
Planning and Cost Engineering Services (PACE)	-	94,883
Solon Foundation South Africa (RF) NPC	400,000	350,000
Starfish Greathearts Foundation	214,005	889,502
Takeda Pharmaceutical Company Limited	6,550,962	-
Tshikululu Social Investments NPC	-	100,000
Viva con Agua South Africa (VCSA)	-	82,309
Wild Ride Education Company	200,000	-
Wills Towers Watson (South Africa) Development Trust	1,000,000	1,500,000
	22,825,461	20,532,777

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)

	2025 R	2024 R

11. PROJECT GENERATED AND FUNDING INCOME

	2025 R	2024 R
Independent Development Corporation	1,076,191	-
Independent Development Trust/EPWP Funding	-	709,196
Other Projects and Funding	194,015	317,064
	1,270,206	1,026,260

12. EXPENDITURE ALLOCATION TO PROJECTS

	2025 R	2024 R
Agriculture Programme	469,331	513,683
Bulungula College	-	4,031,124
Community Pre-School Development and Support	1,270,541	1,039,173
Community Worker Programme	959,200	354,285
Core Administration and Project Overheads	10,432,049	7,905,692
Health and Nutrition Wellness Centre	3,511,131	3,311,123
Job Skills and Entrepreneurial Programme	941,970	1,200,888
Jujurha ELC and After-School Enrichment Programme	1,164,037	1,073,940
Rural Schools Support (Including liTablet Tshomiz)	2,654,078	2,306,263
Scholarship Fund	7,495	40,709
Vibrant Villages Programme	746,945	591,715
	22,156,777	22,368,595

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.

13. CAPITAL EXPENDITURE

	2025 R	2024 R
Buildings and Structures	187,711	248,844
Security Upgrade	504,292	-
Computer Equipment and Tablets	-	149,617
Furniture	-	12,215
Motor Vehicles	-	488,163
	692,003	898,839

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
(Continued)

14. 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 for the year.

15. RELATED PARTIES

During the year, the organisation entered into the following arm length transactions with related partie

		Funding to Related Parties R	Services from Related Parties R	Amounts Owed by Related Parties R	Amounts Owed to Related Parties R
Bulungula College NPC	2025	3,744,423	-	-	-
	2024	-	-	-	-

Bulungula College was previously a project of Bulungula Incubator up until 31 December 2024. From 1 January 2025 the college operated independently of the organisation as the Bulungula College NPC, registration number 2017/501667/08. Bulungula Incubator donated R3,744,423 to the company during the year.