

# **DURBAN AND COASTAL MENTAL HEALTH**

(Registration Number NPO 002 - 158)

**Annual Financial Statements  
for the year ended 31 March 2022**

## **Compiled Financial Statements**

In compliance with the Companies Act of South Africa

Prepared by:

Professional designation: CFO

Title: CFO

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Annual Financial Statements for the year ended 31 March 2022

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# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Annual Financial Statements for the year ended 31 March 2022

## General Information

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<b>Country of Incorporation and Domicile</b>	South Africa
<b>Registration Number</b>	NPO 002 - 158
<b>Nature of Business and Principal Activities</b>	The non-profit organisation Durban and Coastal Mental Health is a Non Profit Organisation domiciled in the Republic of South Africa. The organisation provides Residential Care, Day Care, Protective Workshop and Social Work Services to people with mental disabilities..
<b>Directors</b>	Mbonisiwezizwe Sibisi ( CEO ) (Appointed 18 January 2022) Mr Sthandiwe Cedric Mkhize (Board Chairperson) Mfanafuthi Ephraim Ngcobo (CFO)
<b>Members</b>	Mr Sthandiwe Cedric Mkhize (Chairperson) Celinhlanhla Zungu (Deputy Chairperson) Bongani Wiseman Gina (Secretary) Lungile Lorraine Zwane (Treasurer) ADV Themba Mpendulo Innocent Yengwa ( Board Member) Sizubaba Khulekani Majola (Board Member) ADV Nhlakanipho Genius Phambuka (Board Member) Smiso Mtolo (Board Member) Lunga Goodenough Khawula (Board Member) Dr Ingrid Daniels (Obsever) Mbonisiwezizwe Sibisi (Chief Executive Officer)
<b>Registered Office</b>	3 Hatton Ave Sherwood Durban South Africa 4091
<b>Business Address</b>	3 Hatton Ave Sherwood Durban South Africa 4091
<b>Postal Address</b>	3 Hatton Ave Sherwood Durban South Africa 4091
<b>Bankers</b>	Standard Bank of South Africa Limited
<b>Value Added Tax Number</b>	4240121964

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Annual Financial Statements for the year ended 31 March 2022

## General Information

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<b>PAYE Registration number</b>	7110707207
<b>UIF Registration number</b>	U7110707207
<b>SARS Reference Numbers</b>	
Value Added Tax Number	4240121964
Pay As You Earn Registration Number	7110707207
Unemployment Insurance Fund Registration Number	U7110707207
<b>Accountants</b>	DCMH
<b>Preparer</b>	DCMH

# DURBAN AND COASTAL MENTAL HEALTH

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Annual Financial Statements for the year ended 31 March 2022

## Directors' Responsibilities and Approval

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The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the non-profit organisation, and explain the transactions and financial position of the business of the non-profit organisation at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the non-profit organisation and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the non-profit organisation and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board members 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 non-profit organisation and all employees are required to maintain the highest ethical standards in ensuring the non-profit organisation's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the non-profit organisation is on identifying, assessing, managing and monitoring all known forms of risk across the non-profit organisation. While operating risk cannot be fully eliminated, the non-profit 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 directors 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the non-profit organisation will not be a going concern in the foreseeable future. The financial statements support the viability of the non-profit organisation.

The annual financial statements set out on pages 8 to 25, and the supplementary information set out on pages 26 to 27 which have been prepared on the going concern basis, were approved by the board members and were signed on 30 April 2022 on their behalf by:



Mbonisiwezizwe Sibisi ( CEO)



Mr Sthandile Cedric  
Mkhize (Board  
Chairperson)

# DURBAN AND COASTAL MENTAL HEALTH

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Annual Financial Statements for the year ended 31 March 2022

## Directors' Report

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The directors present their report for the year ended 31 March 2022.

### 1. Review of activities

#### Main business and operations

The non-profit organisation Durban and Coastal Mental Health is a Non Profit Organisation domiciled in the Republic of South Africa. The organisation provides Residential Care, Day Care, Protective Workshop and Social Work Services to people with mental disabilities.. There were no major changes herein during the year.

The operating results and statement of financial position of the non-profit organisation are fully set out in the attached financial statements and do not in our opinion require any further comment.

### 2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors draw attention to the statement of changes in equity in the annual financial statements which indicates that the non-profit organisation incurred a net deficit of R8,543,205 during the year ended 31 March 2022, and as of that date, the non-profit organisation's total liabilities exceeded its total assets by R7,755,283. These conditions indicate the existence of uncertainty which may cast doubt about the non-profit organisation's ability to continue as a going concern.

The above uncertainty exists due to the accounting principle whereby Durban and Coastal Mental Health (DCMH) is accounting for its building at cost. The last valuation by the insurer shows that the 15 buildings owned by DCMH are valued at R133,752,926 excluding land.

### 3. Donation

No donation was declared or paid to members during the year.

### 4. Directors

The directors of the non-profit organisation during the year and up to the date of this report are as follows:

Mbonisiwezizwe Sibisi ( CEO) (Appointed 18 January 2022)

Mr Sthandiwe Cedric Mkhize (Board Chairperson)

Mfanafuthi Ephraim Ngcobo (CFO)

# DURBAN AND COASTAL MENTAL HEALTH

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Annual Financial Statements for the year ended 31 March 2022

## Directors' Report

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### 5. Members

Mr Sthandiwe Cedric Mkhize (Chairperson)  
Celinhlanhla Zungu (Deputy Chairperson)  
Bongani Wiseman Gina (Secretary)  
Lungile Lorraine Zwane (Treasurer)  
ADV Themba Mpendulo Innocent Yengwa ( Board Member)  
Sizubaba Khulekani Majola (Board Member)  
ADV Nhlakanipho Genius Phambuka (Board Member)  
Smiso Mtolo (Board Member)  
Lunga Goodenough Khawula (Board Member)  
Dr Ingrid Daniels (Obsever)  
Mbonisiwezizwe Sibisi (Chief Executive Officer)

### 6. Compilers

DCMH compiled the annual financial statements for the year under review.

## Report of the Compiler

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### To the Directors of DURBAN AND COASTAL MENTAL HEALTH

We have compiled the accompanying financial statements of DURBAN AND COASTAL MENTAL HEALTH based on information you have provided. These financial statements comprise the statement of financial position as at 31 March 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

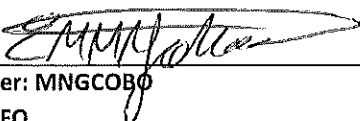
We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

DCMH

25 November 2022



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Per: MNGCOBO  
CFO  
Accountant



# DURBAN AND COASTAL MENTAL HEALTH

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Financial Statements for the year ended 31 March 2022

## Statement of Financial Position

Figures in R

	Notes	2022	2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	18,088,563	19,009,389
<b>Current assets</b>			
Trade and other receivables	5	2,081,103	1,773,778
Unlisted investments	7	600,000	600,000
Other loans and receivables	8	984,465	820,570
Cash and cash equivalents	9	47,645	19,647
<b>Total current assets</b>		<b>3,713,213</b>	<b>3,213,995</b>
<b>Total assets</b>		<b>21,801,776</b>	<b>22,223,384</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Earmarked Funds	10	(6,913,156)	3,795,050
Accumulated deficit		(8,543,205)	(10,683,867)
Other non-distributable reserves	11	7,701,078	7,701,078
<b>Total equity</b>		<b>(7,755,283)</b>	<b>812,261</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Retirement benefit obligations	12	17,363	4,869
<b>Current liabilities</b>			
Provisions	10	1,320,995	1,003,031
Trade and other payables	11	26,248,694	19,047,562
Current tax liabilities	6	576,909	100,317
Bank overdraft	9	1,393,098	1,255,344
<b>Total current liabilities</b>		<b>29,539,696</b>	<b>21,406,254</b>
<b>Total liabilities</b>		<b>29,557,059</b>	<b>21,411,123</b>
<b>Total equity and liabilities</b>		<b>21,801,776</b>	<b>22,223,384</b>

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Statement of Comprehensive Income

Figures in R	Notes	2022	2021
Revenue	13	30,594,085	33,467,964
Administrative expenses	14	(1,481,380)	(1,124,067)
Other expenses	15	(37,138,856)	(42,529,107)
Other gains and (losses)	16	27,000	21,000
<b>Deficit from operating activities</b>	17	<b>(7,999,151)</b>	<b>(10,164,210)</b>
Finance income	18	95,000	58,340
Finance costs	19	(639,054)	(577,997)
<b>Deficit for the year</b>		<b>(8,543,205)</b>	<b>(10,683,867)</b>

# DURBAN AND COASTAL MENTAL HEALTH

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Financial Statements for the year ended 31 March 2022

## Statement of Changes in Equity

Figures in R	Earmarked funds	Revaluation surplus	Non-distributable reserve	Accumulated deficit	Total
<b>Balance at 1 April 2020 as previously reported</b>	10,819,947	913,957	8,615,235	-	20,349,139
Increase (decrease) due to corrections of prior period errors		(913,957)	-	-	(913,957)
<b>Balance at 1 April 2020 as restated</b>	10,819,947	-	8,615,235	-	19,435,182
<b>Changes in equity</b>					
Deficit for the year	-	-	-	(10,683,867)	(10,683,867)
Total comprehensive income for the year	-	-	-	(10,683,867)	(10,683,867)
Movements in earmarked funds	(7,024,897)	-	-	-	(7,024,897)
Other changes	-	(914,157)	-	-	(914,157)
<b>Balance at 31 March 2021 as restated</b>	<b>3,795,050</b>	<b>(914,157)</b>	<b>8,615,235</b>	<b>(10,683,867)</b>	<b>812,261</b>
<b>Balance at 1 April 2021</b>	3,795,050	(914,157)	8,615,235	(10,683,867)	812,261
<b>Changes in equity</b>					
Deficit for the year	-	-	-	(8,543,205)	(8,543,205)
Total comprehensive income for the year	-	-	-	(8,543,205)	(8,543,205)
Accumulated deficit	-	-	-	10,683,867	10,683,867
Movements in earmarked funds	(10,708,206)	-	-	-	(10,708,206)
<b>Balance at 31 March 2022</b>	<b>(6,913,156)</b>	<b>(914,157)</b>	<b>8,615,235</b>	<b>(8,543,205)</b>	<b>(7,755,283)</b>

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# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Statement of Cash Flows

Figures in R	Note	2022	2021
<b>Cash flows from / (used in) operations</b>			
Deficit for the year		(8,543,205)	(10,683,867)
<b>Adjustments to reconcile deficit</b>			
Adjustments for finance income		(95,000)	(58,340)
Adjustments for finance costs		639,054	577,997
Adjustments for (increase) / decrease in trade accounts receivable		(188,442)	228,713
Adjustments for increase in other operating receivables		(561,029)	(841,012)
Adjustments for increase / (decrease) in trade accounts payable		40,032	(279,152)
Adjustments for increase in other operating payables		7,173,594	10,314,586
Adjustments for depreciation and amortisation expense		882,122	187,148
Adjustments for impairment losses and reversal of impairment losses recognised in surplus or deficit		442,146	-
Adjustments for provisions		317,964	482,528
North bay property transferred		-	(129,770)
Adjustments for gains and losses on disposal of non-current assets		(27,000)	(21,000)
<b>Total adjustments to reconcile deficit</b>		<b>8,623,441</b>	<b>10,461,698</b>
<b>Net cash flows from / (used in) operations</b>		<b>80,236</b>	<b>(222,169)</b>
Interest paid		(639,054)	(577,997)
Interest received		95,000	58,340
Income taxes refunded		476,592	101,441
<b>Net cash flows from / (used in) operating activities</b>		<b>12,774</b>	<b>(640,385)</b>
<b>Cash flows (used in) / from investing activities</b>			
Proceeds from sales of property, plant and equipment		65,701	150,771
Purchase of property, plant and equipment		-	(16,224)
Purchase of other financial assets		(163,895)	565,911
<b>Cash flows (used in) / from investing activities</b>		<b>(98,194)</b>	<b>700,458</b>
<b>Cash flows used in financing activities</b>			
Proceeds from issuing other equity instruments		(10,708,206)	(7,024,897)
Other inflows (outflows) of cash		10,683,873	6,593,907
<b>Cash flows used in financing activities</b>		<b>(24,333)</b>	<b>(430,990)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(109,753)</b>	<b>(370,917)</b>
Cash and cash equivalents at beginning of the year		(1,235,697)	(864,780)
<b>Cash and cash equivalents at end of the year</b>	<b>9</b>	<b>(1,345,450)</b>	<b>(1,235,697)</b>

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### 1. General information

DURBAN AND COASTAL MENTAL HEALTH ('the non-profit organisation') Durban and Coastal Mental Health is a Non Profit Organisation domiciled in the Republic of South Africa. The organisation provides Residential Care, Day Care, Protective Workshop and Social Work Services to people with mental disabilities..

The non-profit organisation is incorporated as a Non-Profit Organisation and domiciled in South Africa. The address of its registered office is 3 Hatton Ave, Sherwood, Durban, South Africa, 4091.

### 2. Basis of preparation and summary of significant accounting policies

The financial statements of DURBAN AND COASTAL MENTAL HEALTH have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act of South Africa. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, certain property, plant and equipment, biological assets and derivative financial instruments at fair value. They are presented in South African Rand.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the non-profit organisation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the directors.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Asset class	Useful life / depreciation rate
Buildings	30 Years
Motor vehicles	10 Years
Fixtures and fittings	10 Years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

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.

#### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains / (losses)' in the statement of comprehensive income.

# DURBAN AND COASTAL MENTAL HEALTH

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Financial Statements for the year ended 31 March 2022

## Accounting Policies

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*Basis of preparation and summary of significant accounting policies continued...*

### 2.2 Intangible assets

#### **Trademarks, licences and customer related intangible assets**

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks, licences and customer related intangible assets over their estimated useful lives, as follows:

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to five years.

### 2.3 Financial instruments

#### **Loan to (from) director, manager or employee**

The loan to director, manager or employee is classified as a debt instrument, and is initially measured at transaction price including transaction costs and subsequently measured at amortised cost using the effective interest method.

The loan from director, manager or employee is classified as a debt instrument, and is initially measured at transaction price including transaction costs and subsequently measured at amortised cost using the effective interest method.

#### **Trade and other receivables**

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the non-profit organisation will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

#### **Trade and other payables**

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

### 2.4 Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the entity operates and generates taxable income.

# DURBAN AND COASTAL MENTAL HEALTH

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Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

The organisation is registered as a Public Benefit Organisation in terms of section 30 of the Income Tax Act, and the receipts and accruals are exempt from income taxes in terms of section 10(1)(cN) of the Act.

The public benefit organisation was approved for purpose of sect 18A(1)(a) of the Act and donations to the organisation will be tax deductible in the hands of the donors in terms of and subject to the limitations prescribed in terms of Sect 18A of the Act

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

### 2.5 Provisions

Provisions for restructuring costs and legal claims are recognised when: the non-profit organisation has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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 passage of time is recognised as interest expense.

### 2.6 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts.

Revenue from the sale of goods is recognised when:

- significant risks and rewards of ownership of the goods have been transferred to the buyer;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of transactions involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

# DURBAN AND COASTAL MENTAL HEALTH

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Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

The stage of completion of a transaction may be determined by a variety of methods, depending on the nature of the transaction:

- surveys of work performed;
- services performed to date as a percentage of total services to be performed;
- the proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.

Interest income is recognised using the effective interest method.

Rental income from investment property that is leased to a third party under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the lease term and is included in 'other income'.

Dividend income is recognised when the non-profit organisation's right to receive payment has been established and is shown as 'finance income'.

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

### **Donations received**

Donations are accounted for on a cash received basis and where donations have been received in kind at a value that the management committee has deemed them to be worth.

## **2.7 Employee benefits**

### **Short-term employee benefits**

Compensation paid to employees for the rendering of services are recognised at the undiscounted amount paid or expected to be paid in the accounting period in which the services were rendered.

Where employees accumulate entitlement for paid absences, an expense is recognised as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In the case of non-accumulating paid absences, the expense is recognised only when the absences occur.

The expected cost of profit-sharing and bonus payments are recognised when there is a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when there is no realistic alternative but to make the payments.

### **Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to an entity during a period, the contribution payable to a defined contribution plan in exchange for that service is recognised:

- as a liability, after deducting any contribution already paid. Where the contribution already paid exceeds the contribution due for service before the end of the reporting period, the excess is recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.
- as an expense, except where the amount is allowed as an inclusion in the cost of an asset.



# DURBAN AND COASTAL MENTAL HEALTH

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Financial Statements for the year ended 31 March 2022

## Accounting Policies

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*Basis of preparation and summary of significant accounting policies continued...*

### Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

For defined benefit plans, the cost of providing benefits is determined using the projected unit cost method, with actuarial valuations being carried out at the end of each period. Remeasurement comprising actuarial gains and losses, the effect of changes to the asset ceiling, and the return on plan assets is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to surplus or deficit. Past service cost is recognised in surplus or deficit in the period of a plan amendment. Net interest calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service costs
- Net interest expense or income
- Remeasurement.

The first two components of defined benefit costs are presented in surplus or deficit in the line item other operating expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

### Termination benefits

A liability for termination benefit is recognised at the earlier of when the offer can no longer be withdrawn and when the related restructuring costs are recognised.

## 2.8 Government grants

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the non-profit organisation has complied with all attached conditions. Grants received where the non-profit organisation has yet to comply with all attached conditions are recognised as a liability (and included in deferred income within trade and other payables) and released to income when all attached conditions have been complied with. Government grants received are included in 'other income' in profit or loss.

## 2.9 Borrowing costs

All borrowing costs are recognised in surplus or deficit in the period in which they are incurred.

## 2.10 Related parties

## 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Accounting Policies

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*Critical accounting estimates and judgements continued...*

### 3.1 Critical judgements in applying the entity's accounting policies

#### 3.1.1 Earmarked funds

Donations together with funds received for a designated cause are credited to the earmarked funds account, until qualifying expenditure is incurred.

A funding grant that becomes receivable as compensation for expenses or deficits already incurred or for the purpose of giving immediate financial support to the organisation with no future related costs is recognised as income of the period in which it becomes receivable.

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements

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### 4. Property, plant and equipment

Balances at year end and movements for the year

	Buildings	Motor vehicles	Fixtures and fittings	Total
<b>Reconciliation for the year ended 31 March 2022</b>				
<b>Balance at 1 April 2021</b>				
At cost	18,820,477	3,757,451	4,781,206	27,359,134
Accumulated depreciation	(784,186)	(3,044,439)	(4,521,120)	(8,349,745)
<b>Carrying amount</b>	<b>18,036,291</b>	<b>713,012</b>	<b>260,086</b>	<b>19,009,389</b>
<b>Movements for the year ended 31 March 2022</b>				
Depreciation	(751,512)	(94,041)	(36,569)	(882,122)
Disposals	-	(38,701)	-	(38,701)
<b>Property, plant and equipment at the end of the year</b>	<b>17,284,779</b>	<b>580,270</b>	<b>223,517</b>	<b>18,088,566</b>
<b>Closing balance at 31 March 2022</b>				
At cost	18,820,477	3,757,451	4,781,206	27,359,134
Accumulated depreciation	(1,535,699)	(3,177,181)	(4,557,691)	(9,270,571)
<b>Carrying amount</b>	<b>17,284,778</b>	<b>580,270</b>	<b>223,515</b>	<b>18,088,563</b>
<b>Reconciliation for the year ended 31 March 2021</b>				
<b>Balance at 1 April 2020</b>				
At cost	18,949,397	3,900,441	4,765,830	27,615,668
Accumulated depreciation	(784,185)	(3,041,561)	(4,479,839)	(8,305,585)
<b>Carrying amount</b>	<b>18,165,212</b>	<b>858,880</b>	<b>285,991</b>	<b>19,310,083</b>
<b>Movements for the year ended 31 March 2021</b>				
Additions from acquisitions	850	-	15,374	16,224
Depreciation	-	(145,869)	(41,279)	(187,148)
Disposals	(129,771)	-	-	(129,771)
<b>Property, plant and equipment at the end of the year</b>	<b>18,036,291</b>	<b>713,011</b>	<b>260,086</b>	<b>19,009,388</b>
<b>Closing balance at 31 March 2021</b>				
At cost	18,820,477	3,757,451	4,781,206	27,359,134
Accumulated depreciation	(784,186)	(3,044,439)	(4,521,120)	(8,349,745)
<b>Carrying amount</b>	<b>18,036,291</b>	<b>713,012</b>	<b>260,086</b>	<b>19,009,389</b>

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements

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### 5. Trade and other receivables

Trade and other receivables comprise:

Trade receivables	374,538	628,242
Prepaid expenses	5,618	5,618
Deposits	62,492	62,492
Pension control account	113,262	402,746
Medical aid control	5,222	1,670
Salaries control account	37,539	(799)
Value added tax	1,479,346	666,472
Loans to employees receivable	3,086	7,337
	<u>2,081,103</u>	<u>1,773,778</u>

### 6. Current tax liabilities

Current tax liabilities comprise the following balances

Current tax liabilities that cannot be set off	<u>(576,909)</u>	<u>(100,317)</u>
Total current tax liability per the statement of financial position	<u>(576,909)</u>	<u>(100,317)</u>

### 7. Unlisted investments

Unlisted investments comprise the following balances

Fixed deposit -STD Bank	<u>600,000</u>	<u>600,000</u>
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### 8. Other loans and receivables

8.1 Other loans and receivables comprise the following balances

Subsidies receivables	<u>984,465</u>	<u>820,570</u>
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# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements

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### *Other loans and receivables continued...*

#### 8.2 Going concern

The governing board members evaluated the appropriateness of the going concern assumptions used in the preparation of the annual financial statements and considered the matters summarised below:

- The organisation incurred net deficit of R 8,543,205 during the year ended 31 March 2022.
- The liquidity position of the organisation as of 31 March 2022 i.e., current liabilities exceed its current assets by R25,826,483.
- The solvency position of the organisation as of 31 March 2022 i.e., total liabilities exceed total assets by R7,755,283.
- The availability of sufficient funds, including borrowing facilities, to meet the organisation's requirements over the next 12 months.
- DCMH started with the process of engaging owed suppliers and get the true values of the outstanding amounts. The matters are currently with our attorneys.
- The relationship with DOH has improved as we now engaged in a longer term contract ending 31 March 2023 than a month to month contract.
- In conclusion our major funders are Department of health (DOH) R718,555 x 12 = R 8,622,664) and Department of Social Development (DSD) (R1,110,553 x 12 = R13,326,640) totalling R21,949,304 per annum contributing more than 50% of our income.

The above uncertainty exist due to the accounting principle where by Durban and Coastal Mental Health (DCMH) is accounting for it building at cost. The last valuation by the insurer shows that the 15 buildings owned by DCMH are valued at R 133 752 926 excluding land.

The board members acknowledge the impact of Covid - 19 which is either directly or indirectly impacted the business of the organisation to the date of this report and the effect that it has on the 2021 financial year but are confident that there are enough resources available to minimise the material effect on the financial position of the organisation.

Based on the factors above, the Board members are satisfied that Durban and Coastal Mental Health has adequate reserves and cash resources to continue operating as a going concern. The annual financial statements were therefore prepared on this basis.

#### 9. Cash and cash equivalents

##### 9.1 Cash and cash equivalents included in current assets:

##### Cash

Cash on hand	47,645	19,647
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##### 9.2 Net cash and cash equivalents

Current assets	47,645	19,647
Current liabilities	(1,393,098)	(1,255,344)
	<u>(1,345,453)</u>	<u>(1,235,697)</u>

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements

Figures in R

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### 10. Provisions

#### 10.1 Provisions comprise:

Provisions for employee benefits	1,118,576	819,824
Other provisions	202,419	183,207
	<u>1,320,995</u>	<u>1,003,031</u>
Provisions for employee benefits	1,118,576	819,824
Other provisions	202,419	183,207
<b>Current portion</b>	<u>1,320,995</u>	<u>1,003,031</u>
	<u>1,320,995</u>	<u>1,003,031</u>

#### 10.2 Provisions for employee benefits

	Leave pay provision	Pension control account	Total
<b>Balance at 1 April 2021</b>	<b>282,589</b>	<b>537,235</b>	<b>819,824</b>
Increase in provision for leave pay	185,874	-	185,874
Increase in pension payable	-	112,878	112,878
Total changes	185,874	112,878	298,752
<b>Balance at 31 March 2022</b>	<b>468,463</b>	<b>650,113</b>	<b>1,118,576</b>

#### 10.3 Other provisions

	Provision for bad debt	Provision for rural services	Total
<b>Balance at 1 April 2021</b>	<b>166,684</b>	<b>16,523</b>	<b>183,207</b>
Increase in provision for bad debt	19,212	-	19,212
Total changes	19,212	-	19,212
<b>Balance at 31 March 2022</b>	<b>185,896</b>	<b>16,523</b>	<b>202,419</b>

### 11. Trade and other payables

#### Trade and other payables comprise:

Trade creditors	978,899	938,867
Accrued liabilities	(1,410,958)	464,989
WCCA control account	223,564	101,499
DDCC control account	4,649	1,142
Other payables	25,870,401	17,448,418
Salaries control account payable	431,887	(12,565)
Insurance claim suspense	150,252	105,212
<b>Total trade and other payables</b>	<u>26,248,694</u>	<u>19,047,562</u>

### 12. Retirement benefit assets and obligations

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements

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### 13. Revenue

#### Revenue comprises:

Sale of goods	1,299,196	2,624,964
Boarding fees and contract income	6,826,479	6,844,009
Admin and management fees received	454,492	356,964
Other income	(49,947)	397,188
State subsidy DOH	8,622,664	8,992,062
Rent income	114,561	120,781
Government grants received	13,326,640	14,131,996
<b>Total revenue</b>	<b>30,594,085</b>	<b>33,467,964</b>

### 14. Administrative expenses

#### Administrative expenses comprise:

Administration fees	51,219	-
Admin and management fees paid	494,863	281,375
Auditors remuneration - Fees	114,143	105,000
Bank charges	205,519	201,866
Computer expenses	124,821	86,638
Telecommunication	490,815	449,188
<b>Total administrative expenses</b>	<b>1,481,380</b>	<b>1,124,067</b>

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements

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### 15. Other expenses

Other expenses comprise:

Advertising	81,000	271,587
Bad debts	442,146	-
Cleaning	6,735,736	10,615,553
Consulting fees	24,000	656,445
Consumables	248,005	144,268
Depreciation	882,122	187,148
Electricity and water	3,630,064	3,243,817
Employee benefit expenses	13,125,245	12,294,281
Equipment and materials	11,268	-
Food provisions	5,010,180	5,705,498
Hire - Equipment	227,196	219,545
Insurance	606,456	623,797
Legal expense	283,373	-
Medical expense	845,105	859,120
Municipal charges	189,149	173,810
Operating lease expense	187,269	211,405
Other expenses	29,940	6,015
Pension costs	831,634	917,121
Petrol and oil	700,497	432,249
Printing and stationery	65,933	67,347
Property related expenses	73,374	62,234
Repairs and maintenance	692,626	622,276
Security	1,739,170	4,900,422
Training	-	8,850
Transport	2,200	158
Travel - Local	178,696	128,044
Wages contract work	296,472	178,117
<b>Total other expenses</b>	<b>37,138,856</b>	<b>42,529,107</b>

### 16. Other gains and (losses)

Other gains and (losses) comprise:

Gain or (loss) on disposal of assets	27,000	21,000
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# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements

Figures in R	2022	2021
<b>17. Deficit from operating activities</b>		
<b>Deficit from operating activities includes the following separately disclosable items</b>		
<b>Other operating expenses</b>		
Property plant and equipment - depreciation	882,122	187,148
Leases - operating lease minimum lease rentals	187,269	211,405
<b>18. Finance income</b>		
<b>Finance income comprises:</b>		
Interest received	95,000	58,340
<b>19. Finance costs</b>		
<b>Finance costs included in surplus or deficit:</b>		
Interest paid	560,964	455,914
Interest on overdraft	78,090	122,083
<b>Total finance costs</b>	<b>639,054</b>	<b>577,997</b>

## 20. Prior period error

### 20.1 Accumulated Depreciation

DCMH was not depreciating buildings as it was believed that buildings have indefinite useful life. It is now estimated that buildings have a 30 year useful life. The carrying value was calculated as a base for depreciation. The Accumulated depreciation was raised of R 784 186 and an adjustment to accumulated deficit was made for the prior year.

### 20.2 Building transferred

The 2021 annual financial statements disclosed buildings that were transferred many years ago to North Bay Lodge to the value of R129 770. The adjustment was made to the accumulated surplus. This same transaction was passed to the 2022 annual financial statements.

### 20.3 Administration fees

DCHM changed the annual financial statements for the period 31 March 2021 in the year 2022 by eliminating the inter company transactions. There was an income of R 7 460 614 income charged to inter company department and a corresponding expense of R 7 460 614 that was only eliminated in the period 2022.

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements

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*Prior period error continued...*

### 20.4 Inter company loans

DCMH changed the annual financial statements for the period ending 31 March 2021 by eliminating inter-company loans of R244 100

### 20.5 Bank Charges

DCMH changed the annual financial statements for the year ended 31 by adding bank charges from a salary control bank account of R449.98

## 21. Events after the reporting date

### PARTNERSHIP WITH VUMA 103FM

Supporting our corporate partners in uplifting their workforce is a salient aspect of our service. For the reporting period we conducted a presentation of our services with the staff of Vuma 103FM. Thereafter we launched our partnership officially with an outside broadcast at our Head Office on the 1st September 2022. Finally, we implemented one on one session with each staff member in order to improve their mental well-being.

### PARTNERSHIP WITH ENGEN

On 28th September 2022, the Managing Director for Engen Refinery with his team visited Austerville Halfway House for official handover of sponsorship for our residents. The facility is being renovated. This was an initiative of the Residential Social Worker for the facility and still more sponsorships are directed to this facility through Engen Refinery partnership.

### Mr Choudhry and other donors

Building renovations( Plumbing, painting and land scaping) started in April to the Sherwood CPTW and Head Office, donated 93 beds including bedding and curtains. They further donated new appliances, entertainment and maintenance. This was facilitated by a service user's Parent, Mr Choudhry.

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Annual Financial Statements for the year ended 31 March 2022

## Detailed Income Statement

Figures in R	Notes	2022	2021
<b>Revenue</b>	13		
Admin and management fees		151,453	-
Administration fees income		(100,234)	-
Boarding fees		6,210,041	6,292,268
Contract income CPTW		616,438	551,741
Day care fees income		303,039	356,964
Daycare fees		51,038	32,571
Donation income		487,142	1,941,128
Donations - Other		50,287	397,188
Raw material sales		1,515	113
Rent income		114,561	120,781
Rescare fees		759,501	651,152
State subsidy-DOH		8,622,664	8,992,062
State subsidy-DSD		13,326,640	14,131,996
		<u>30,594,085</u>	<u>33,467,964</u>
<b>Administrative expenses</b>	14		
Admin and management fees paid		(494,863)	(281,375)
Administration fees		(51,219)	-
Auditors remuneration - Fees		(114,143)	(105,000)
Bank charges		(205,519)	(201,866)
Computer expenses		(124,821)	(86,638)
Telecommunication		(490,815)	(449,188)
		<u>(1,481,380)</u>	<u>(1,124,067)</u>

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Annual Financial Statements for the year ended 31 March 2022

## Detailed Income Statement

Figures in R

	Notes	2022	2021
<b>Other expenses</b>	15		
Advertising		(81,000)	(271,587)
Bad debts		(442,146)	-
Cleaning		(6,735,736)	(10,615,553)
Consulting fees		(24,000)	(656,445)
Consumables		(248,005)	(144,268)
Depreciation - property, plant and equipment		(882,122)	(187,148)
Electricity and water		(3,630,064)	(3,243,817)
Employee costs - casual wages		(273,371)	(213,468)
Employee costs - salaries		(12,851,874)	(12,079,893)
Employee costs - wages		-	(920)
Equipment and materials		(11,268)	-
Food provisions		(5,010,180)	(5,705,498)
Hire - Equipment		(227,196)	(219,545)
Insurance		(606,456)	(623,797)
Legal expense		(283,373)	-
Management fees		(73,374)	(62,234)
Medical expense		(845,105)	(859,120)
Municipal charges		(189,149)	(173,810)
Operating lease expense		(187,269)	(211,405)
Other expenses		(29,940)	(6,015)
Pension costs		(831,634)	(917,121)
Petrol and oil		(700,497)	(432,249)
Printing and stationery		(65,933)	(67,347)
Repairs and maintenance		(692,626)	(622,276)
Security		(1,739,170)	(4,900,422)
Training		-	(8,850)
Transport		(2,200)	(158)
Travel - Local		(178,696)	(128,044)
Wages contract work		(296,472)	(178,117)
		<u>(37,138,856)</u>	<u>(42,529,107)</u>
<b>Other gains and losses</b>	16		
Gain or loss on sale - property, plant and equip.		27,000	21,000
		<u>27,000</u>	<u>21,000</u>
<b>Deficit from operating activities</b>	17	<u>(7,999,151)</u>	<u>(10,164,210)</u>
<b>Finance income</b>	18		
Interest received		95,000	58,340
		<u>95,000</u>	<u>58,340</u>
<b>Finance costs</b>	19		
Interest on overdraft		(78,090)	(122,083)
Interest paid		(560,964)	(455,914)
		<u>(639,054)</u>	<u>(577,997)</u>
<b>Deficit for the year</b>		<u>(8,543,205)</u>	<u>(10,683,867)</u>

# **DURBAN AND COASTAL MENTAL HEALTH**

**(Registration Number NPO 002 - 158)**

**Annual Financial Statements  
for the year ended 31 March 2022**

## **Compiled Financial Statements**

**in compliance with the Companies Act of South Africa**

**Prepared by:**

**Professional designation: CFO**

**Title: CFO**

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Annual Financial Statements for the year ended 31 March 2022

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# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Annual Financial Statements for the year ended 31 March 2022

## General Information

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<b>Country of Incorporation and Domicile</b>	South Africa
<b>Registration Number</b>	NPO 002 - 158
<b>Nature of Business and Principal Activities</b>	The non-profit organisation Durban and Coastal Mental Health is a Non Profit Organisation domiciled in the Republic of South Africa. The organisation provides Residential Care, Day Care, Protective Workshop and Social Work Services to people with mental disabilities..
<b>Directors</b>	Mbonisiwezizwe Sibisi ( CEO) (Appointed 18 January 2022) Mr Sthandiwe Cedric Mkhize (Board Chairperson) Mfanafuthi Ephraim Ngcobo (CFO)
<b>Members</b>	Mr Sthandiwe Cedric Mkhize (Chairperson) Celinhlanhla Zungu (Deputy Chairperson) Bongani Wiseman Gina (Secretary) Lungile Lorraine Zwane (Treasurer) ADV Themba Mpendulo Innocent Yengwa ( Board Member) Sizubaba Khulekani Majola (Board Member) ADV Nhlakanipho Genius Phambuka (Board Member) Smiso Mtolo (Board Member) Lunga Goodenough Khawula (Board Member) Dr Ingrid Daniels (Obsever) Mbonisiwezizwe Sibisi (Chief Executive Officer)
<b>Registered Office</b>	3 Hatton Ave Sherwood Durban South Africa 4091
<b>Business Address</b>	3 Hatton Ave Sherwood Durban South Africa 4091
<b>Postal Address</b>	3 Hatton Ave Sherwood Durban South Africa 4091
<b>Bankers</b>	Standard Bank of South Africa Limited
<b>Value Added Tax Number</b>	4240121964

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Annual Financial Statements for the year ended 31 March 2022

## General Information

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<b>PAYE Registration number</b>	7110707207
<b>UIF Registration number</b>	U7110707207
<b>SARS Reference Numbers</b>	
Value Added Tax Number	4240121964
Pay As You Earn Registration Number	7110707207
Unemployment Insurance Fund Registration Number	U7110707207
<b>Accountants</b>	DCMH
<b>Preparer</b>	DCMH



# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Annual Financial Statements for the year ended 31 March 2022

## Directors' Responsibilities and Approval

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The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the non-profit organisation, and explain the transactions and financial position of the business of the non-profit organisation at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the non-profit organisation and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the non-profit organisation and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board members 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 non-profit organisation and all employees are required to maintain the highest ethical standards in ensuring the non-profit organisation's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the non-profit organisation is on identifying, assessing, managing and monitoring all known forms of risk across the non-profit organisation. While operating risk cannot be fully eliminated, the non-profit 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 directors 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the non-profit organisation will not be a going concern in the foreseeable future. The financial statements support the viability of the non-profit organisation.

The annual financial statements set out on pages 8 to 25, and the supplementary information set out on pages 26 to 27 which have been prepared on the going concern basis, were approved by the board members and were signed on 30 April 2022 on their behalf by:

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Mbonisiwezizwe Sibisi ( CEO)

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Mr Sthandiwe Cedric  
Mkhize (Board  
Chairperson)

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Annual Financial Statements for the year ended 31 March 2022

## Directors' Report

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The directors present their report for the year ended 31 March 2022.

### 1. Review of activities

#### Main business and operations

The non-profit organisation Durban and Coastal Mental Health is a Non Profit Organisation domiciled in the Republic of South Africa. The organisation provides Residential Care, Day Care, Protective Workshop and Social Work Services to people with mental disabilities.. There were no major changes herein during the year.

The operating results and statement of financial position of the non-profit organisation are fully set out in the attached financial statements and do not in our opinion require any further comment.

### 2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors draw attention to the statement of changes in equity in the annual financial statements which indicates that the non-profit organisation incurred a net deficit of R8,543,205 during the year ended 31 March 2022, and as of that date, the non-profit organisation's total liabilities exceeded its total assets by R7,755,283. These conditions indicate the existence of uncertainty which may cast doubt about the non-profit organisation's ability to continue as a going concern.

The above uncertainty exists due to the accounting principle whereby Durban and Coastal Mental Health (DCMH) is accounting for its building at cost. The last valuation by the insurer shows that the 15 buildings owned by DCMH are valued at R133,752,926 excluding land.

### 3. Donation

No donation was declared or paid to members during the year.

### 4. Directors

The directors of the non-profit organisation during the year and up to the date of this report are as follows:

Mbonisiwezizwe Sibisi ( CEO) (Appointed 18 January 2022)

Mr Sthandiwe Cedric Mkhize (Board Chairperson)

Mfanafuthi Ephraim Ngcobo (CFO)

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Annual Financial Statements for the year ended 31 March 2022

## Directors' Report

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### 5. Members

Mr Sthandiwe Cedric Mkhize (Chairperson)  
Celinhlanhla Zungu (Deputy Chairperson)  
Bongani Wiseman Gina (Secretary)  
Lungile Lorraine Zwane (Treasurer)  
ADV Themba Mpendulo Innocent Yengwa ( Board Member)  
Sizubaba Khulekani Majola (Board Member)  
ADV Nhlakanipho Genius Phambuka (Board Member)  
Smiso Mtolo (Board Member)  
Lunga Goodenough Khawula (Board Member)  
Dr Ingrid Daniels (Obsever)  
Mbonisiwezizwe Sibisi (Chief Executive Officer)

### 6. Compilers

DCMH compiled the annual financial statements for the year under review.

## Report of the Compiler

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### To the Directors of DURBAN AND COASTAL MENTAL HEALTH

We have compiled the accompanying financial statements of DURBAN AND COASTAL MENTAL HEALTH based on information you have provided. These financial statements comprise the statement of financial position as at 31 March 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

DCMH

25 November 2022

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Per: MNGCOBO  
CFO  
Accountant

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Statement of Financial Position

Figures in R

Notes 2022 2021

### Assets

#### Non-current assets

Property, plant and equipment	4	18,088,563	19,009,389
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#### Current assets

Trade and other receivables	5	2,081,103	1,773,778
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Unlisted investments	7	600,000	600,000
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Other loans and receivables	8	984,465	820,570
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Cash and cash equivalents	9	47,645	19,647
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<b>Total current assets</b>		<b>3,713,213</b>	<b>3,213,995</b>
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#### Total assets

		<b>21,801,776</b>	<b>22,223,384</b>
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### Equity and liabilities

#### Equity

Earmarked Funds	10	(6,913,156)	3,795,050
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Accumulated deficit		(8,543,205)	(10,683,867)
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Other non-distributable reserves	11	7,701,078	7,701,078
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<b>Total equity</b>		<b>(7,755,283)</b>	<b>812,261</b>
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#### Liabilities

##### Non-current liabilities

Retirement benefit obligations	12	17,363	4,869
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##### Current liabilities

Provisions	10	1,320,995	1,003,031
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Trade and other payables	11	26,248,694	19,047,562
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Current tax liabilities	6	576,909	100,317
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Bank overdraft	9	1,393,098	1,255,344
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<b>Total current liabilities</b>		<b>29,539,696</b>	<b>21,406,254</b>
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#### Total liabilities

		<b>29,557,059</b>	<b>21,411,123</b>
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#### Total equity and liabilities

		<b>21,801,776</b>	<b>22,223,384</b>
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# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Statement of Comprehensive Income

Figures in R

	Notes	2022	2021
Revenue	13	30,594,085	33,467,964
Administrative expenses	14	(1,481,380)	(1,124,067)
Other expenses	15	(37,138,856)	(42,529,107)
Other gains and (losses)	16	27,000	21,000
<b>Deficit from operating activities</b>	17	<b>(7,999,151)</b>	<b>(10,164,210)</b>
Finance income	18	95,000	58,340
Finance costs	19	(639,054)	(577,997)
<b>Deficit for the year</b>		<b>(8,543,205)</b>	<b>(10,683,867)</b>

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPC 002 - 158)

Financial Statements for the year ended 31 March 2022

## Statement of Changes in Equity

Figures in R	Earmarked funds	Revaluation surplus	Non-distributable reserve	Accumulated deficit	Total
<b>Balance at 1 April 2020 as previously reported</b>	10,819,947	913,957	8,615,235	-	20,349,139
Increase (decrease) due to corrections of prior period errors		(913,957)	-	-	(913,957)
<b>Balance at 1 April 2020 as restated</b>	10,819,947	-	8,615,235	-	19,435,182
<b>Changes in equity</b>					
Deficit for the year	-	-	-	(10,683,867)	(10,683,867)
Total comprehensive income for the year	-	-	-	(10,683,867)	(10,683,867)
Movements in earmarked funds	(7,024,897)	-	-	-	(7,024,897)
Other changes	-	(914,157)	-	-	(914,157)
<b>Balance at 31 March 2021 as restated</b>	<b>3,795,050</b>	<b>(914,157)</b>	<b>8,615,235</b>	<b>(10,683,867)</b>	<b>812,261</b>
<b>Balance at 1 April 2021</b>	3,795,050	(914,157)	8,615,235	(10,683,867)	812,261
<b>Changes in equity</b>					
Deficit for the year	-	-	-	(8,543,205)	(8,543,205)
Total comprehensive income for the year	-	-	-	(8,543,205)	(8,543,205)
Accumulated deficit	-	-	-	10,683,867	10,683,867
Movements in earmarked funds	(10,708,206)	-	-	-	(10,708,206)
<b>Balance at 31 March 2022</b>	<b>(6,913,156)</b>	<b>(914,157)</b>	<b>8,615,235</b>	<b>(8,543,205)</b>	<b>(7,755,283)</b>

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# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Statement of Cash Flows

Figures in R

Note 2022 2021

	Note	2022	2021
<b>Cash flows from / (used in) operations</b>			
<b>Deficit for the year</b>		<b>(8,543,205)</b>	<b>(10,683,867)</b>
<b>Adjustments to reconcile deficit</b>			
Adjustments for finance income		(95,000)	(58,340)
Adjustments for finance costs		639,054	577,997
Adjustments for (increase) / decrease in trade accounts receivable		(188,442)	228,713
Adjustments for increase in other operating receivables		(561,029)	(841,012)
Adjustments for increase / (decrease) in trade accounts payable		40,032	(279,152)
Adjustments for increase in other operating payables		7,173,594	10,314,586
Adjustments for depreciation and amortisation expense		882,122	187,148
Adjustments for impairment losses and reversal of impairment losses recognised in surplus or deficit		442,146	-
Adjustments for provisions		317,964	482,528
North bay property transferred		-	(129,770)
Adjustments for gains and losses on disposal of non-current assets		(27,000)	(21,000)
<b>Total adjustments to reconcile deficit</b>		<b>8,623,441</b>	<b>10,461,698</b>
<b>Net cash flows from / (used in) operations</b>		<b>80,236</b>	<b>(222,169)</b>
Interest paid		(639,054)	(577,997)
Interest received		95,000	58,340
Income taxes refunded		476,592	101,441
<b>Net cash flows from / (used in) operating activities</b>		<b>12,774</b>	<b>(640,385)</b>
<b>Cash flows (used in) / from investing activities</b>			
Proceeds from sales of property, plant and equipment		65,701	150,771
Purchase of property, plant and equipment		-	(16,224)
Purchase of other financial assets		(163,895)	565,911
<b>Cash flows (used in) / from investing activities</b>		<b>(98,194)</b>	<b>700,458</b>
<b>Cash flows used in financing activities</b>			
Proceeds from issuing other equity instruments		(10,708,206)	(7,024,897)
Other inflows (outflows) of cash		10,683,873	6,593,907
<b>Cash flows used in financing activities</b>		<b>(24,333)</b>	<b>(430,990)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(109,753)</b>	<b>(370,917)</b>
Cash and cash equivalents at beginning of the year		(1,235,697)	(864,780)
<b>Cash and cash equivalents at end of the year</b>	<b>9</b>	<b>(1,345,450)</b>	<b>(1,235,697)</b>



# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### 1. General Information

DURBAN AND COASTAL MENTAL HEALTH ('the non-profit organisation') Durban and Coastal Mental Health is a Non Profit Organisation domiciled in the Republic of South Africa. The organisation provides Residential Care, Day Care, Protective Workshop and Social Work Services to people with mental disabilities..

The non-profit organisation is incorporated as a Non-Profit Organisation and domiciled in South Africa. The address of its registered office is 3 Hatton Ave, Sherwood, Durban, South Africa, 4091.

### 2. Basis of preparation and summary of significant accounting policies

The financial statements of DURBAN AND COASTAL MENTAL HEALTH have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act of South Africa. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, certain property, plant and equipment, biological assets and derivative financial instruments at fair value. They are presented in South African Rand.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the non-profit organisation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the directors.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Asset class	Useful life / depreciation rate
Buildings	30 Years
Motor vehicles	10 Years
Fixtures and fittings	10 Years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

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.

#### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains / (losses)' in the statement of comprehensive income.

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Accounting Policies

---

*Basis of preparation and summary of significant accounting policies continued...*

### 2.2 Intangible assets

#### **Trademarks, licences and customer related intangible assets**

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks, licences and customer related intangible assets over their estimated useful lives, as follows:

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to five years.

### 2.3 Financial instruments

#### **Loan to (from) director, manager or employee**

The loan to director, manager or employee is classified as a debt instrument, and is initially measured at transaction price including transaction costs and subsequently measured at amortised cost using the effective interest method.

The loan from director, manager or employee is classified as a debt instrument, and is initially measured at transaction price including transaction costs and subsequently measured at amortised cost using the effective interest method.

#### **Trade and other receivables**

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the non-profit organisation will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

#### **Trade and other payables**

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

### 2.4 Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the entity operates and generates taxable income.

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

The organisation is registered as a Public Benefit Organisation in terms of section 30 of the Income Tax Act, and the receipts and accruals are exempt from income taxes in terms of section 10(1)(cN) of the Act.

The public benefit organisation was approved for purpose of sect 18A(1)(a) of the Act and donations to the organisation will be tax deductible in the hands of the donors in terms of and subject to the limitations prescribed in terms of Sect 18A of the Act

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

### 2.5 Provisions

Provisions for restructuring costs and legal claims are recognised when: the non-profit organisation has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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 passage of time is recognised as interest expense.

### 2.6 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts.

Revenue from the sale of goods is recognised when:

- significant risks and rewards of ownership of the goods have been transferred to the buyer;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of transactions involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

The stage of completion of a transaction may be determined by a variety of methods, depending on the nature of the transaction:

- surveys of work performed;
- services performed to date as a percentage of total services to be performed;
- the proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.

Interest income is recognised using the effective interest method.

Rental income from investment property that is leased to a third party under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the lease term and is included in 'other income'.

Dividend income is recognised when the non-profit organisation's right to receive payment has been established and is shown as 'finance income'.

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

### **Donations received**

Donations are accounted for on a cash received basis and where donations have been received in kind at a value that the management committee has deemed them to be worth.

## **2.7 Employee benefits**

### **Short-term employee benefits**

Compensation paid to employees for the rendering of services are recognised at the undiscounted amount paid or expected to be paid in the accounting period in which the services were rendered.

Where employees accumulate entitlement for paid absences, an expense is recognised as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In the case of non-accumulating paid absences, the expense is recognised only when the absences occur.

The expected cost of profit-sharing and bonus payments are recognised when there is a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when there is no realistic alternative but to make the payments.

### **Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to an entity during a period, the contribution payable to a defined contribution plan in exchange for that service is recognised:

- as a liability, after deducting any contribution already paid. Where the contribution already paid exceeds the contribution due for service before the end of the reporting period, the excess is recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.
- as an expense, except where the amount is allowed as an inclusion in the cost of an asset.

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

#### **Defined benefit plans**

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

For defined benefit plans, the cost of providing benefits is determined using the projected unit cost method, with actuarial valuations being carried out at the end of each period. Remeasurement comprising actuarial gains and losses, the effect of changes to the asset ceiling, and the return on plan assets is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to surplus or deficit. Past service cost is recognised in surplus or deficit in the period of a plan amendment. Net interest calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service costs
- Net interest expense or income
- Remeasurement.

The first two components of defined benefit costs are presented in surplus or deficit in the line item other operating expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

#### **Termination benefits**

A liability for termination benefit is recognised at the earlier of when the offer can no longer be withdrawn and when the related restructuring costs are recognised.

#### **2.8 Government grants**

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the non-profit organisation has complied with all attached conditions. Grants received where the non-profit organisation has yet to comply with all attached conditions are recognised as a liability (and included in deferred income within trade and other payables) and released to income when all attached conditions have been complied with. Government grants received are included in 'other income' in profit or loss.

#### **2.9 Borrowing costs**

All borrowing costs are recognised in surplus or deficit in the period in which they are incurred.

#### **2.10 Related parties**

### **3. Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### *Critical accounting estimates and judgements continued...*

#### 3.1 Critical judgements in applying the entity's accounting policies

##### 3.1.1 Earmarked funds

Donations together with funds received for a designated cause are credited to the earmarked funds account, until qualifying expenditure is incurred.

A funding grant that becomes receivable as compensation for expenses or deficits already incurred or for the purpose of giving immediate financial support to the organisation with no future related costs is recognised as income of the period in which it becomes receivable.

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements

Figures in R

2022

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### 4. Property, plant and equipment

#### Balances at year end and movements for the year

	Buildings	Motor vehicles	Fixtures and fittings	Total
<b>Reconciliation for the year ended 31 March 2022</b>				
<b>Balance at 1 April 2021</b>				
At cost	18,820,477	3,757,451	4,781,206	27,359,134
Accumulated depreciation	(784,186)	(3,044,439)	(4,521,120)	(8,349,745)
<b>Carrying amount</b>	<b>18,036,291</b>	<b>713,012</b>	<b>260,086</b>	<b>19,009,389</b>
<b>Movements for the year ended 31 March 2022</b>				
Depreciation	(751,512)	(94,041)	(36,569)	(882,122)
Disposals	-	(38,701)	-	(38,701)
<b>Property, plant and equipment at the end of the year</b>	<b>17,284,779</b>	<b>580,270</b>	<b>223,517</b>	<b>18,088,566</b>
<b>Closing balance at 31 March 2022</b>				
At cost	18,820,477	3,757,451	4,781,206	27,359,134
Accumulated depreciation	(1,535,699)	(3,177,181)	(4,557,691)	(9,270,571)
<b>Carrying amount</b>	<b>17,284,778</b>	<b>580,270</b>	<b>223,515</b>	<b>18,088,563</b>
<b>Reconciliation for the year ended 31 March 2021</b>				
<b>Balance at 1 April 2020</b>				
At cost	18,949,397	3,900,441	4,765,830	27,615,668
Accumulated depreciation	(784,185)	(3,041,561)	(4,479,839)	(8,305,585)
<b>Carrying amount</b>	<b>18,165,212</b>	<b>858,880</b>	<b>285,991</b>	<b>19,310,083</b>
<b>Movements for the year ended 31 March 2021</b>				
Additions from acquisitions	850	-	15,374	16,224
Depreciation	-	(145,869)	(41,279)	(187,148)
Disposals	(129,771)	-	-	(129,771)
<b>Property, plant and equipment at the end of the year</b>	<b>18,036,291</b>	<b>713,011</b>	<b>260,086</b>	<b>19,009,388</b>
<b>Closing balance at 31 March 2021</b>				
At cost	18,820,477	3,757,451	4,781,206	27,359,134
Accumulated depreciation	(784,186)	(3,044,439)	(4,521,120)	(8,349,745)
<b>Carrying amount</b>	<b>18,036,291</b>	<b>713,012</b>	<b>260,086</b>	<b>19,009,389</b>

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements

Figures in R

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### 5. Trade and other receivables

Trade and other receivables comprise:

Trade receivables	374,538	628,242
Prepaid expenses	5,618	5,618
Deposits	62,492	62,492
Pension control account	113,262	402,746
Medical aid control	5,222	1,670
Salaries control account	37,539	(799)
Value added tax	1,479,346	666,472
Loans to employees receivable	3,086	7,337
	<u>2,081,103</u>	<u>1,773,778</u>

### 6. Current tax liabilities

Current tax liabilities comprise the following balances

Current tax liabilities that cannot be set off	<u>(576,909)</u>	<u>(100,317)</u>
<b>Total current tax liability per the statement of financial position</b>	<b><u>(576,909)</u></b>	<b><u>(100,317)</u></b>

### 7. Unlisted investments

Unlisted investments comprise the following balances

Fixed deposit -STD Bank	<u>600,000</u>	<u>600,000</u>
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### 8. Other loans and receivables

8.1 Other loans and receivables comprise the following balances

Subsidies receivables	<u>984,465</u>	<u>820,570</u>
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# DURBAN AND COASTAL MENTAL HEALTH

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Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements

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### *Other loans and receivables continued...*

#### 8.2 Going concern

The governing board members evaluated the appropriateness of the going concern assumptions used in the preparation of the annual financial statements and considered the matters summarised below:

- The organisation incurred net deficit of R 8,543,205 during the year ended 31 March 2022.
- The liquidity position of the organisation as of 31 March 2022 i.e., current liabilities exceed its current assets by R25,826,483.
- The solvency position of the organisation as of 31 March 2022 i.e., total liabilities exceed total assets by R7,755,283.
- The availability of sufficient funds, including borrowing facilities, to meet the organisation's requirements over the next 12 months.
- DCMH started with the process of engaging owed suppliers and get the true values of the outstanding amounts. The matters are currently with our attorneys.
- The relationship with DOH has improved as we now engaged in a longer term contract ending 31 March 2023 than a month to month contract.
- In conclusion our major funders are Department of health (DOH) R718,555 x 12 = R 8,622,664 and Department of Social Development (DSD) (R1,110,553 x 12 = R13,326,640) totalling R21,949,304 per annum contributing more than 50% of our income.

The above uncertainty exist due to the accounting principle where by Durban and Coastal Mental Health (DCMH) is accounting for it building at cost. The last valuation by the insurer shows that the 15 buildings owned by DCMH are valued at R 133 752 926 excluding land.

The board members acknowledge the impact of Covid - 19 which is either directly or indirectly impacted the business of the organisation to the date of this report and the effect that it has on the 2021 financial year but are confident that there are enough resources available to minimise the material effect on the financial position of the organisation.

Based on the factors above, the Board members are satisfied that Durban and Coastal Mental Health has adequate reserves and cash resources to continue operating as a going concern. The annual financial statements were therefore prepared on this basis.

#### 9. Cash and cash equivalents

##### 9.1 Cash and cash equivalents included in current assets:

###### Cash

Cash on hand	47,645	19,647
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##### 9.2 Net cash and cash equivalents

Current assets	47,645	19,647
Current liabilities	(1,393,098)	(1,255,344)
	<u>(1,345,453)</u>	<u>(1,235,697)</u>

# DURBAN AND COASTAL MENTAL HEALTH

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## Notes to the Financial Statements

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	2022	2021
<b>10. Provisions</b>		
<b>10.1 Provisions comprise:</b>		
Provisions for employee benefits	1,118,576	819,824
Other provisions	202,419	183,207
	<b>1,320,995</b>	<b>1,003,031</b>
Provisions for employee benefits	1,118,576	819,824
Other provisions	202,419	183,207
<b>Current portion</b>	<b>1,320,995</b>	<b>1,003,031</b>
	<b>1,320,995</b>	<b>1,003,031</b>

### 10.2 Provisions for employee benefits

	Leave pay provision	Pension control account	Total
<b>Balance at 1 April 2021</b>	<b>282,589</b>	<b>537,235</b>	<b>819,824</b>
Increase in provision for leave pay	185,874	-	185,874
Increase in pension payable	-	112,878	112,878
Total changes	185,874	112,878	298,752
<b>Balance at 31 March 2022</b>	<b>468,463</b>	<b>650,113</b>	<b>1,118,576</b>

### 10.3 Other provisions

	Provision for bad debt	Provision for rural services	Total
<b>Balance at 1 April 2021</b>	<b>166,684</b>	<b>16,523</b>	<b>183,207</b>
Increase in provision for bad debt	19,212	-	19,212
Total changes	19,212	-	19,212
<b>Balance at 31 March 2022</b>	<b>185,896</b>	<b>16,523</b>	<b>202,419</b>

## 11. Trade and other payables

Trade and other payables comprise:

Trade creditors	978,899	938,867
Accrued liabilities	(1,410,958)	464,989
WCCA control account	223,564	101,499
DDCC control account	4,649	1,142
Other payables	25,870,401	17,448,418
Salaries control account payable	431,887	(12,565)
Insurance claim suspense	150,252	105,212
<b>Total trade and other payables</b>	<b>26,248,694</b>	<b>19,047,562</b>

## 12. Retirement benefit assets and obligations

# DURBAN AND COASTAL MENTAL HEALTH

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## Notes to the Financial Statements

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### 13. Revenue

Revenue comprises:

Sale of goods	1,299,196	2,624,964
Boarding fees and contract income	6,826,479	6,844,009
Admin and management fees received	454,492	356,964
Other income	(49,947)	397,188
State subsidy DOH	8,622,664	8,992,062
Rent income	114,561	120,781
Government grants received	13,326,640	14,131,996
<b>Total revenue</b>	<b>30,594,085</b>	<b>33,467,964</b>

### 14. Administrative expenses

Administrative expenses comprise:

Administration fees	51,219	-
Admin and management fees paid	494,863	281,375
Auditors remuneration - Fees	114,143	105,000
Bank charges	205,519	201,866
Computer expenses	124,821	86,638
Telecommunication	490,815	449,188
<b>Total administrative expenses</b>	<b>1,481,380</b>	<b>1,124,067</b>

# DURBAN AND COASTAL MENTAL HEALTH

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### 15. Other expenses

Other expenses comprise:

Advertising	81,000	271,587
Bad debts	442,146	-
Cleaning	6,735,736	10,615,553
Consulting fees	24,000	656,445
Consumables	248,005	144,268
Depreciation	882,122	187,148
Electricity and water	3,630,064	3,243,817
Employee benefit expenses	13,125,245	12,294,281
Equipment and materials	11,268	-
Food provisions	5,010,180	5,705,498
Hire - Equipment	227,196	219,545
Insurance	606,456	623,797
Legal expense	283,373	-
Medical expense	845,105	859,120
Municipal charges	189,149	173,810
Operating lease expense	187,269	211,405
Other expenses	29,940	6,015
Pension costs	831,634	917,121
Petrol and oil	700,497	432,249
Printing and stationery	65,933	67,347
Property related expenses	73,374	62,234
Repairs and maintenance	692,626	622,276
Security	1,739,170	4,900,422
Training	-	8,850
Transport	2,200	158
Travel - Local	178,696	128,044
Wages contract work	296,472	178,117
<b>Total other expenses</b>	<b>37,138,856</b>	<b>42,529,107</b>

### 16. Other gains and (losses)

Other gains and (losses) comprise:

Gain or (loss) on disposal of assets	27,000	21,000
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# DURBAN AND COASTAL MENTAL HEALTH

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Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements

Figures in R	2022	2021
<b>17. Deficit from operating activities</b>		
<b>Deficit from operating activities includes the following separately disclosable items</b>		
<b>Other operating expenses</b>		
Property plant and equipment - depreciation	882,122	187,148
Leases - operating lease minimum lease rentals	187,269	211,405
<b>18. Finance income</b>		
<b>Finance income comprises:</b>		
Interest received	95,000	58,340
<b>19. Finance costs</b>		
<b>Finance costs included in surplus or deficit:</b>		
Interest paid	560,964	455,914
Interest on overdraft	78,090	122,083
<b>Total finance costs</b>	<b>639,054</b>	<b>577,997</b>

## 20. Prior period error

### 20.1 Accumulated Depreciation

DCMH was not depreciating buildings as it was believed that buildings have indefinite useful life. It is now estimated that buildings have a 30 year useful life. The carrying value was calculated as a base for depreciation. The Accumulated depreciation was raised of R 784 186 and an adjustment to accumulated deficit was made for the prior year.

### 20.2 Building transferred

The 2021 annual financial statements disclosed buildings that were transferred many years ago to North Bay Lodge to the value of R129 770. The adjustment was made to the accumulated surplus, this same transaction was passed to the 2022 annual financial statements.

### 20.3 Administration fees

DCHM changed the annual financial statements for the period 31 March 2021 in the year 2022 by eliminating the inter company transactions. There was an income of R 7 460 614 income charged to inter company department and a corresponding expense of R 7 460 614 that was only eliminated in the period 2022.

# DURBAN AND COASTAL MENTAL HEALTH

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Financial Statements for the year ended 31 March 2022

## Notes to the Financial Statements

Figures in R

2022

2021

*Prior period error continued...*

### 20.4 Inter company loans

DCMH changed the annual financial statements for the period ending 31 March 2021 by eliminating inter-company loans of R244 100

### 20.5 Bank Charges

DCMH changed the annual financial statements for the year ended 31 by adding bank charges from a salary control bank account of R449.98

## 21. Events after the reporting date

### PARTNERSHIP WITH VUMA 103FM

Supporting our corporate partners in uplifting their workforce is a salient aspect of our service. For the reporting period we conducted a presentation of our services with the staff of Vuma 103FM. Thereafter we launched our partnership officially with an outside broadcast at our Head Office on the 1st September 2022. Finally, we implemented one on one session with each staff member in order to improve their mental well-being.

### PARTNERSHIP WITH ENGEN

On 28th September 2022, the Managing Director for Engen Refinery with his team visited Austerville Halfway House for official handover of sponsorship for our residents. The facility is being renovated. This was an initiative of the Residential Social Worker for the facility and still more sponsorships are directed to this facility through Engen Refinery partnership.

### Mr Choudhry and other donors

Building renovations( Plumbing, painting and land scaping) started in April to the Sherwood CPTW and Head Office, donated 93 beds including bedding and curtains. They further donated new appliances, entertainment and maintenance. This was facilitated by a service user's Parent, Mr Choudhry.

# DURBAN AND COASTAL MENTAL HEALTH

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Annual Financial Statements for the year ended 31 March 2022

## Detailed Income Statement

Figures in R	Notes	2022	2021
<b>Revenue</b>	13		
Admin and management fees		151,453	-
Administration fees income		(100,234)	-
Boarding fees		6,210,041	6,292,268
Contract income CPTW		616,438	551,741
Day care fees income		303,039	356,964
Daycare fees		51,038	32,571
Donation income		487,142	1,941,128
Donations - Other		50,287	397,188
Raw material sales		1,515	113
Rent income		114,561	120,781
Rescare fees		759,501	651,152
State subsidy-DOH		8,622,664	8,992,062
State subsidy-DSD		13,326,640	14,131,996
		<u>30,594,085</u>	<u>33,467,964</u>
<b>Administrative expenses</b>	14		
Admin and management fees paid		(494,863)	(281,375)
Administration fees		(51,219)	-
Auditors remuneration - Fees		(114,143)	(105,000)
Bank charges		(205,519)	(201,866)
Computer expenses		(124,821)	(86,638)
Telecommunication		(490,815)	(449,188)
		<u>(1,481,380)</u>	<u>(1,124,067)</u>

# DURBAN AND COASTAL MENTAL HEALTH

(Registration Number NPO 002 - 158)

Annual Financial Statements for the year ended 31 March 2022

## Detailed Income Statement

Figures in R

	Notes	2022	2021
<b>Other expenses</b>	15		
Advertising		(81,000)	(271,587)
Bad debts		(442,146)	-
Cleaning		(6,735,736)	(10,615,553)
Consulting fees		(24,000)	(656,445)
Consumables		(248,005)	(144,268)
Depreciation - property, plant and equipment		(882,122)	(187,148)
Electricity and water		(3,630,064)	(3,243,817)
Employee costs - casual wages		(273,371)	(213,468)
Employee costs - salaries		(12,851,874)	(12,079,893)
Employee costs - wages		-	(920)
Equipment and materials		(11,268)	-
Food provisions		(5,010,180)	(5,705,498)
Hire - Equipment		(227,196)	(219,545)
Insurance		(606,456)	(623,797)
Legal expense		(283,373)	-
Management fees		(73,374)	(62,234)
Medical expense		(845,105)	(859,120)
Municipal charges		(189,149)	(173,810)
Operating lease expense		(187,269)	(211,405)
Other expenses		(29,940)	(6,015)
Pension costs		(831,634)	(917,121)
Petrol and oil		(700,497)	(432,249)
Printing and stationery		(65,933)	(67,347)
Repairs and maintenance		(692,626)	(622,276)
Security		(1,739,170)	(4,900,422)
Training		-	(8,850)
Transport		(2,200)	(158)
Travel - Local		(178,696)	(128,044)
Wages contract work		(296,472)	(178,117)
		<b>(37,138,856)</b>	<b>(42,529,107)</b>
<b>Other gains and losses</b>	16		
Gain or loss on sale - property, plant and equip.		27,000	21,000
<b>Deficit from operating activities</b>	17	<b>(7,999,151)</b>	<b>(10,164,210)</b>
<b>Finance income</b>	18		
Interest received		95,000	58,340
<b>Finance costs</b>	19		
Interest on overdraft		(78,090)	(122,083)
Interest paid		(560,964)	(455,914)
		<b>(639,054)</b>	<b>(577,997)</b>
<b>Deficit for the year</b>		<b>(8,543,205)</b>	<b>(10,683,867)</b>