Acorn Foundation NPC

Annual financial statements

for the year ended 28 February 2018

Audited in terms of Section 30 of the Companies Act

These financials have been prepared internally under the supervision of: Lara Hards – Group Chief Financial Officer

Acorn Foundation NPC
(Reg. No. 2011/128055/08)

Annual financial statements
for the year ended 28 February 2018

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Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the annual financial statements of Acorn Foundation NPC, comprising the statement of financial position at 28 February 2018 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The external auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the annual financial statements

The annual financial statements of Acorn Foundation NPC, as identified in the first paragraph, were approved by the board of directors on 31 August 2018 and are signed by:

Authorised Director
R.C Joles

Authorised Director
S.H Smit

Authorised Director
K.M Rice

Acorn Foundation NPC

Directors' report

for the year ended 28 February 2018

Principle activities

Acorn's vision is to improve the quality of life for people in South Africa through health production and social change communication. The organisation is incorporated in South Africa as a non-profit company in terms of the Companies Act.

Directors

The directors in office at the date of this report are:

A.M Mariola
F.M Mariola (Resigned 7 July 2017)
Y Duek (Resigned 7 July 2017)
R.C Joles
S.H Smit
K.M Rice

Company secretary

Registered and business addresses	**Postal address**
No. 12 Riverview Office Park	PO Box 50051
Janadel Avenue	Randjiespark
Halfway Gardens	1683
Midrand	

Auditors

JCB (Jhb) Incorporated continued in office as auditors for the company for 2019

Going concern

The 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, based on support from the related entity Glocell Proprietary Limited.

Material events after year end

No material events or circumstances have occurred subsequent to year end and up to date of this report.

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1999/022536/21
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Chartered Accountants (S.A.)
Registered Auditors
Geoktrooieerde Rekenmeesters (S.A.)
Geregistreerde Ouditeure

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF ACORN FOUNDATION NPC

Opinion

We have audited the financial statements of Acorn Foundation NPC set out on 6 to 20, which comprise the statement of financial position as at 28 February 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Acorn Foundation NPC as at 28 February 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

Basis for opinion

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

Other information

The directors are responsible for the other information which does not form part of the Financial Statements, therefore not included in our audit report. The other information comprises the Directors' Report as required by the Companies Act 71 of South Africa and the directors' responsibility statement. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

C.S. Olivier
Director
Chartered Accountants (SA)
Registered Auditors

31 August 2018
4 Seventh Avenue
Parktown North
Johannesburg
2193

Acorn Foundation NPC

Statement of financial position

at 28 February 2018

	Note	**2018** **R**	2017 R
Assets			
Non-current assets			
Equipment	2	**2 751**	4 489
Current assets		**811 564**	907 450
Inventory		**-**	5 800
Deposits held		**-**	5 000
Receivables	3	**272 172**	417 240
Related party receivable	4	**98 714**	6 506
Cash and cash equivalents		**440 678**	472 904
Total assets		**814 315**	911 939
Reserves and liabilities			
Reserves			
Accumulated Profit		**407 142**	585 772
Non-current liabilities			
Current liabilities			
Payables	5	**74 403**	326 167
Related party payable	6	**332 770**	-
Total reserves and liabilities		**814 315**	911 939

Acorn Foundation NPC

Statement of comprehensive income
for the year ended 28 February 2018

	Note	**2018** **R**	2017 R
Receipts	*7*	**7 837 278**	8 171 324
Expenditure		**(8 047 412)**	(4 686 125)
(Deficit) Surplus	*8*	**(210 134)**	3 485 199
Interest received		**31 504**	6 586
(Deficit) Surplus before tax		**(178 630)**	3 491 785
Tax	*9*	**-**	-
(Deficit) Surplus for the year		**(178 630)**	3 491 785

Acorn Foundation NPC

Statement of changes in equity
for the year ended 28 February 2018

	Accumulated (deficit) / Profit
	R
Balance at 28 February 2015	(1 582 916)
Total comprehensive income for the year	
Deficit for the year	(1 323 097)
Balance at 28 February 2016	(2 906 013)
Total comprehensive income for the year	
Surplus for the year	3 491 785
Balance at 28 February 2017	585 772
Total comprehensive income for the year	
Deficit for the year	**(178 630)**
Balance at 28 February 2018	**407 142**

Acorn Foundation NPC

Statement of cash flows

for the year ended 28 February 2018

	Note	2018 R	2017 R
Cash flows from operating activities			
Cash generated (utilised) by operations	*10.1*	**(63 730)**	80 344
Interest received		**31 504**	6 586
Net cash inflow (outflow) from operating activities		**(32 226)**	86 930
Net cash (outflow) inflow from financing activities		**-**	-
Net increase in cash and cash equivalents		**(32 226)**	86 930
Cash and cash equivalents at beginning of the year		**472 904**	385 974
Cash and cash equivalents at end of the year		**440 678**	472 904

Acorn Foundation NPC

Notes to the financial statements
for the year ended 28 February 2018

1. Basis of preparation

(a) Statement of compliance

Acorn Foundation NPC is a non profit company domiciled in South Africa. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

(b) Basis of preparation

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Rand, which is the company's functional currency. They are prepared on the historical cost basis except for financial instruments as mentioned below.

(c) The annual financial statements of Acorn Foundation NPC, as set out in pages 6 to 20 were approved by the board of directors on 31 August 2018

1.1 Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be measured reliably. The following specific recognition criteria must be met before income is recognised.

Income includes the sale of goods, grant income, funding received and notional income.

Income from the sale of goods is recognised upon delivery to the customer. Income comprises sales which exclude value added tax and represents the invoiced value of goods and services supplied.

Donor grants are recognised when there is reasonable assurance that:

- the company will comply with the conditions attached to them; and
- the grants will be received.

Donor grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate on a systematic basis.

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

1.2 Equipment

Items of equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset

Depreciation is provided on the straight-line basis at the rates considered appropriate to fully amortise the assets over the estimated useful lives. The estimated useful lives of property, plant and equipment are as follows:

Equipment	3 years

1. Basis of preparation *(continued)*

1.2 Equipment (continued)

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

1.3 Income tax

Income tax expense comprises of, current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have expected to be applied to temporary differences when they revers, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1. Basis of preparation *(continued)*

1.4 Financial instruments

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

Receivables

Receivables originated by the company are stated at cost less impairment losses.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at reporting date.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisations, using the effective interest rate method.

Offsetting of financial assets and liabilities

Inter company/group financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

1.5 Provisions

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation than can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

1.6 Finance income and expenses

Finance income comprises interest income on funds invested, and changes in the fair value of financial assets at fair value through profit and or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expense comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit and loss using the effective interest method.

1. Basis of preparation *(continued)*

1.7 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

1.8 Statement of Cashflow

The statement of cash flows was prepared using the direct method. For the purpose of the statement of cash flows, cash includes cash on hand, bank balances, short-term deposits and overdraft facilities.

1.9 Related parties

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operational decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning.

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the standard selling price in the ordinary course of business, less any selling expenses. The cost of inventories is based on actual cost and includes expenditure incurred in bringing them to the existing location and conditions.

Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated net realisable value.

2. Equipment

	Cost R	Accumulated depreciation and impairment R	Book value R
2018			
Equipment	**10 429**	**(7 678)**	**2 751**
2017			
Equipment	10 429	(5 940)	4 489

Acorn Foundation NPC

Notes to the financial statements

for the year ended 28 February 2018 (continued)

2. Equipment *(continued)*

Reconciliation of equipment

	Opening balance R	Impairment R	Depreciation R	Closing balance R
2018				
Equipment	**4 489**	–	**(1 738)**	**2 751**
2017				
Equipment	13 182	(2 753)	(5 940)	4 489

	2018 R	2017 R
3. Receivables		
Donations receivable	**241 163**	210 027
Provision for doubtful debts	**(171 166)**	(12 166)
Staff loans	**130 289**	157 789
Other receivables and accruals	**27 729**	
Value added tax	**44 157**	61 590
	272 172	417 240
4. Related party receivable		
Glocell Proprietary Limited	**1 123**	3 047
Glocell Service Provider Proprietary Limited	**727**	3 459
Connectivity Partners Proprietary Limited	**96 864**	-
	98 714	6 506

As the Acorn Foundation does not have established relationships with the cellular networks, Connectivity Partners charges the networks on the Acorn Foundation's behalf, and this is then paid over once the networks have paid Connectivity Partners.

Acorn Foundation NPC

Notes to the financial statements

for the year ended 28 February 2018 (continued)

		2018 R	2017 R
5.	**Payables**		
	Trade payables	**7 311**	264 693
	Accruals	**4 869**	-
	Provision for leave pay	**62 449**	61 474
		74 629	326 167
6.	**Related party payable**		
	Glocell Proprietary Limited	**332 657**	-
	Glocell Service Provider	**(113)**	-
		332 544	
7.	**Receipts**		
	Notional income	**3 870 536**	665 402
	Sale of goods	**345 114**	431 867
	Grant income	**2 639 128**	1 888 757
	Donation of debt	**-**	3 385 298
	Funding received	**982 500**	1 800 000
		7 837 278	8 171 324

Notional income includes free services received by the Acorn Foundation for the following:

- Audit services (JCB)
- Payroll costs (Glocell)
- Other Expenses (Glocell)

8. Surplus (Deficit)

Surplus/(Deficit) is arrived at after taking the following items into account:

	2018 R	2017 R
Salaries and wages	**218 319**	256 580
Directors remuneration	**1 377 136**	1 132 933

Acorn Foundation NPC

Notes to the financial statements

for the year ended 28 February 2018 (continued)

		2018	2017
9.	**Tax**	**R**	R
	Tax paid/(Refunded)	-	-

10.	**Notes to the statement of cash flows**	**R**	R
10.1	Cash utilised by operating activities		
	Deficit (Surplus) before interest	**(210 134)**	3 485 199
	Add back		
	– depreciation and impairment	**1 738**	8 693
	– donation of debt	-	(3 385 298)
	Working capital movements:		
	– decrease/(increase) in deposits held	**5 000**	(5 000)
	– decrease in receivables	**145 068**	141 355
	– (increase)/decrease in related party receivable	**(92 208)**	21 479
	– decrease in inventory	**5 800**	3 365
	– decrease in payables	**(251 764)**	(189 449)
	– increase in related party payable	**332 544**	-
		(63 730)	80 344

11. Financial instruments

11.1 Overview

The company has exposure to the following risks from its use of financial instruments:

– credit risk
– liquidity risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The CEO oversees how management monitors compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company.

11.2 Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

Receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Provision for doubtful debts

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables.

Acorn Foundation NPC

Notes to the financial statements

for the year ended 28 February 2018 (continued)

11. Financial instruments *(continued)*

11.3 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

11.4 Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk. All receivables relate to local customers. The maximum exposure to credit risk at reporting date was:

	2018	2017
	R	R
Receivables	**272 172**	417 240
Related party receivable	**98 714**	6 506
Cash and cash equivalents	**440 678**	472 904
	370 886	896 650

The ageing of receivables at reporting date was:

	2018		2017	
	Gross	**Impairment**	Gross	Impairment
	R	**R**	R	R
Not past due	**64 893**		102 788	–
Past due 30 days	**46 782**		24 820	
Past due 60 days	**-**		42 682	–
Past due 90 Days	**54 912**		28 910	-
Past due 120 days	**173 290**	**(159 000)**	17 332	(29 710)
	339 877	**(159 000)**	216 532	(29 710)

The movement on the allowance for impairment of receivables during the year was as follows:

	2018	2017
	R	R
Balance at beginning of the year	**(12 166)**	(41 876)
Impairment allowance utilised	**(159 000)**	29 710
Balance at end of the year	**(171 166)**	(12 166)

Acorn Foundation NPC

Notes to the financial statements

for the year ended 28 February 2018 (continued)

11. Financial instruments *(continued)*

11.5 Liquidity risk

The following are the contractual maturities of financial liabilities.

	Carrying amount R	Contractual cash flows R	Within 1 year R	More than 5 years R
2018				
Non derivative liabilities				
– Payables	**74 516**	**74 516**	**74 516**	–
– Related party payables	**332 657**	**332 657**	**332 657**	–
2017				
Non derivative liabilities				
– Payables	326 167	326 167	326 167	–

11.6 Interest rate risk

The company is not exposed to interest rate risk as borrowings are interest-free.

11.7 Estimation of fair values

The fair values of financial assets and liabilities are equal to the carrying amount shown in the statement of financial position.

12. Related party transactions

During the year the Acorn Foundation entered into the following transactions with related parties:

	2018 R	2017 R
Related party balances		
Trade debtors		
Glocell (Pty) Limited	**1 123**	3 047
Glocell Service Provider (Pty) Limited	*727*	3 459
Connectivity Partners (Pty) Limited	**96 864**	-
Trade creditors		
Glocell (Pty) Limited	**(332 657)**	-
Glocell Service Provider (Pty) Limited	**113**	-

Acorn Foundation NPC

Notes to the financial statements
for the year ended 28 February 2018 (continued)

12. ***Related party transactions*** (continued)

	2018 R	*2017* R
Related party transactions		
Revenue		
Glocell (Pty) Limited	**(23 706)**	-
Glocell Retail (Pty) Limited	**(12 553)**	-
Glocell Service Provider (Pty) Limited	**(994 470)**	-
Connectivity Partner (Pty) Limited	**(740 611)**	-
Soak Tank Solutions (Pty) Limited	**(50 000)**	-
Kevin Rice	**(26 000)**	-
Mariola Alessandro	**(2 101)**	-
Sajeed Sacronie	**(10 000)**	-
Salaries		
R.C. Joles	**911 416**	-
S.H. Smit	**466 720**	-
W. Joles	**36 495**	-

Glocell Proprietary Limited, Glocell Service Provider Proprietary Limited, and Connectivity Partners Proprietary Limited are related parties as the entities are under common control of the same group of persons.

13. **Going concern**

The 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, based on support from the related entity Glocell Proprietary Limited.

14. **Standards and interpretations not yet effective**

There are standards and interpretations in issue that are not yet effective. The directors have considered all of these standards and interpretations and found none to be applicable to the entity and therefore expect none to have an impact on these financial statements in future.