

**The Imibala Trust
(Registration number IT2293/2005)
Audited Financial Statements
for the year ended 28 February 2019**

The imibala Trust
(Registration number IT2293/2005)
Financial Statements for the year ended 28 February 2019

General Information

Country of incorporation and domicile	South Africa
Nature of the business and principal activities	The trust is a non-profit public benefit organisation with the primary purpose to advance disadvantaged children through primary school and high school. Its activities include sponsoring uniforms to children in poor communities and providing training in arts, crafts, mathematics and life skills.
Trustees	Mrs G A Rupert Miss H M Rupert Mrs C I C Downie Mrs J A Preller Mr G ie Roux Mrs L White
Postal Address	9 Bright Street Somerset West 7130
Auditors	PricewaterhouseCoopers Inc. Stellenbosch
Trust registration number	IT2293/2005
Non-Profit Organisation Number	046-758-NPO

The Imibala Trust
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Financial Statements for the year ended 28 February 2019

Index

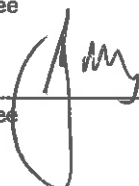
The reports and statements set out below comprise the financial statements presented to the trustees:

Index	Page
Independent Auditors' Opinion	3 - 5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Accounting Policies	10 - 11
Notes to the Financial Statements	12 - 14

The financial statements set out on pages 6 to 14, which have been prepared on the going concern basis, were approved by the trustees on 23/10/2019 and were signed on their behalf by:



Trustee



Trustee



Independent auditor's report

To the Trustees of the Imibala Trust

Our opinion

In our opinion, the financial statements of the Imibala Trust (the Trust) for the year ended 28 February 2019 are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the financial statements.

What we have audited

The Imibala Trust's financial statements set out on pages 6 to 14 comprise:

- the statement of financial position as at 28 February 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the accounting policies; and
- the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Trust in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

Emphasis of Matter – Basis of Accounting

We draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the trust's own accounting policies to satisfy the

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Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.



financial information needs of the trust's trustees. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the document titled "The Imibala Trust Audited Financial Statements for the year ended 28 February 2019". 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 identified above 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 trustees for the financial statements

The trustees are responsible for the preparation of the financial statements in accordance with the basis of accounting described in note 1 to the financial statements and for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the trustees 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 trustees are responsible for assessing the Trust'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 trustees either intend to liquidate the Trust 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' 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 Trust'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 Trust to cease to continue as a going concern.

We communicate with the trustees 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.

A handwritten signature in black ink, appearing to read 'H Zeelie', is written over a faint, light-colored signature line.

PricewaterhouseCoopers Inc.

Director: H Zeelie

Registered Auditor

Stellenbosch

23 / 10 / 2019

The Imibala Trust
(Registration number IT2293/2005)
Statement of Financial Position as at 28 February 2019

	Notes	2019 R	2018 R
Assets			
Current assets			
Trade and other receivables	2.	81 655	131 156
Cash and cash equivalents	3.	71 376	2 767 801
Inventory	4.	894 017	1 439 126
Other financial assets	5.	4 375 000	-
		5 422 048	4 338 083
Non-current assets			
Other financial assets	5.	16 061 807	15 892 414
Property, vehicles and equipment	6.	2 224 746	4 918 290
		18 286 553	20 810 704
Total assets		23 708 601	25 148 787
Equity and liabilities			
Liabilities			
Current liabilities			
Trade and other payables	7.	375 047	252 234
Equity			
Capital funds		20 815 850	20 394 714
Retained surplus		2 517 704	4 501 839
		23 333 554	24 896 553
Total equity and liabilities		23 708 601	25 148 787

The Imibala Trust
(Registration number IT2293/2005)
Statement of Comprehensive Income for the year ended 28 February 2019

	Notes	2019 R Unearmarked	2019 R Earmarked	2018 R Unearmarked	2018 R Earmarked
Revenue					
Sponsor a child donations and other project donations		3 477 788	-	3 104 969	-
Department Cultural Affairs and Sport		-	-	40 640	-
General donations		472 586	-	362 748	-
Donations in kind		7 251	-	9 020	-
		3 957 625	-	3 517 377	-
Other income					
Other Income	8.	64 096	-	17 482	-
Fair value adjustment	5.	-	142 200	-	532 668
Interest received	9.	200 858	999 019	295 785	769 986
		264 954	1 141 219	313 267	1 302 654
Donations made by the trust					
Welfare expenses and sponsorships		(2 485 363)	-	(1 986 239)	-
Other expenses					
Loss on sale of fixed asset		(66 516)	-	-	-
Operating Expenses					
Accounting fees		(50 847)	-	(41 838)	-
Administration fees		(18 617)	-	(146 045)	-
Advertising		(235)	-	(3 247)	-
Assets under R 1000		(7 209)	-	(5 603)	-
Bank charges		(67 790)	-	(58 580)	-
Depreciation		(138 462)	-	(264 850)	-
Employee costs		(3 271 832)	-	(3 209 071)	-
Fund raising event expense		(248)	-	(5 100)	-
Insurance		(50 051)	-	(39 225)	-
IT expense		(69 886)	-	(89 471)	-
Legal expenses		(15 446)	-	(25 914)	-
Licences paid		(2 482)	-	(1 423)	-
Office expenses		(34 338)	-	(32 134)	-
Postage		(321)	-	(1 189)	-
Printing and stationery		(76 152)	-	(64 305)	-
Repairs and maintenance		(66 210)	-	(83 869)	-
Rent paid		(68 400)	-	-	-
Security		(225 409)	-	(206 599)	-
Staff training		(2 720)	-	(14 734)	-
Telephone		(37 530)	-	(40 676)	-
Transport and removal		(998)	-	(395)	-
Travel - Local		(6 361)	-	(1 481)	-
Utilities		(118 447)	-	(113 533)	-
Vehicle expense		(44 927)	-	(34 086)	-
Total expenses		(6 926 797)	-	(6 469 607)	-
(Deficit)/Surplus for the year		(2 704 218)	1 141 219	(2 638 963)	1 302 654

The Imibala Trust
 (Registration number IT2293/2005)
 Statement of Changes in Equity for the year ended 28 February 2019

	Capital Funds	Retained Surplus	Total Trust Capital
	R	R	R
Balance at 1 March 2017	19 862 046	6 370 816	26 232 862
Changes in equity			
Total comprehensive surplus/(deficit) for the year			
- Earmarked funds	1 302 654	-	1 302 654
- Unearmarked funds	-	(2 638 963)	(2 638 963)
Transfer to retained surplus	(769 986)	769 986	-
Total changes	532 668	(1 868 977)	(1 336 309)
Balance at 1 March 2018	20 394 714	4 501 839	24 896 553
Changes in equity			
Total comprehensive surplus/(deficit) for the year			
- Earmarked funds	1 141 219	-	1 141 219
- Unearmarked funds	-	(2 704 218)	(2 704 218)
Transfer to retained surplus	(720 083)	720 083	-
Total changes	421 136	(1 984 135)	(1 562 999)
Balance at 28 February 2019	20 815 850	2 517 704	23 333 554

The Imibala Trust
(Registration number IT2293/2005)
Statement of Cash Flows for the year ended 28 February 2019

	Notes	2019 R	2018 R
Cash flows from operating activities			
Cash utilised in operations	10.	(1 982 675)	(3 309 304)
Interest	9.	1 199 877	1 065 771
Net cash from operating activities		(782 798)	(2 243 533)
Cash flows from investing activities			
Withdrawal from investments	5.	6 662 639	769 986
Purchase of investments	5.	(10 078 934)	-
Reinvestment of investment income	5.	(985 899)	(769 986)
Disposal of property, vehicles and equipment	6.	2 500 261	-
Purchase of property, vehicles and equipment	6.	(11 695)	-
Net cash from investing activities		(1 913 628)	-
Total cash and cash equivalents movement for the year		(2 696 426)	(2 243 533)
Cash and cash equivalents at the beginning of the year	3.	2 767 802	5 011 335
Total cash and cash equivalents at end of the year	3.	71 376	2 767 802

Accounting Policies

1. Nature of business and basis of presentation

The Imibala Trust is a non-profit public benefit organisation founded in South Africa with the primary purpose to advance disadvantaged children through primary school and high school. Its activities include sponsoring uniforms to children in poor communities and providing training in arts, crafts, mathematics and life skills.

The financial statements have been prepared on the historical cost basis, unless stated otherwise, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These policies have been consistently applied to all years presented, unless otherwise stated.

1.1 Property, vehicles and equipment

Property, vehicles and equipment are carried at cost less accumulated depreciation and any impairment losses.

Costs include costs incurred initially to acquire an item of property, vehicles and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, vehicles and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost over the useful life of the property, vehicles and equipment, which is as follows:

Item	Average useful life
Buildings	20 years
Furniture and fixtures	5 years
Motor vehicles	5 years
IT equipment	3 years

No depreciation is written off on land as it has an indefinite useful life.

All property, vehicles and equipment purchased for less than R1 000 is charged directly to profit and loss.

1.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held with banks.

1.3 Financial instruments

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 trust will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other payables

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

Accounting Policies

Other Financial Assets

The Trust classifies its other financial assets at fair value through profit and loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Financial assets recognised at fair value through profit & loss are those that are managed and their performance is evaluated on a fair value basis. Assets that management intends to sell within the next 12 months are classified as current assets and assets that management is not intending to sell within the next 12 months are classified as non-current assets.

Purchases and sales of investments are recognised on trade-date, the date on which the Trust commits to purchase or sell the asset. Financial assets at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

Subsequently they are carried at fair value. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Trust has transferred substantially all risks and rewards of ownership.

Gains or losses arising from changes in the fair value of the financial assets are presented in the statement of comprehensive income within fair value adjustment in the period in which they arise.

1.4 Inventories

The cost of inventories comprise of the cost of the purchases. Inventories are stated at cost. Cost is calculated using the weighted average method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its operational value; the impairment loss is recognised immediately in profit or loss.

1.5 Impairment of assets

At each reporting date, property, vehicles and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount.

If estimated recoverable amount is lower than the carrying amount, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.6 Revenue

Donations and bequests; fund raising and collections

- Fund-raising income and donations are recognised at fair value upon date of receipt.
- Interest is recognised, in profit or loss, using the effective interest method.

1.7 Fund accounting

Earmarked income is revenue that is received from sources that have specified the use of the funds by the trust. General/Unearmarked income is revenue that is received to fund the general activities of the trust. The capital fund consists of earmarked income held in financial assets and property acquired. The purpose of the capital fund is to provide the trust with an additional source of income, through interest, that can contribute to the trust's operating expenditure.

	2019 R	2018 R
2. Trade and other receivables		
Trade receivables	9 620	15 987
South African Revenue Services - Value Added Tax	71 767	71 809
Accrued income - Interest	268	43 360
	81 655	131 156
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	734	3 484
Bank balances	13 413	79 717
Short-term deposits	57 229	2 684 600
	71 376	2 767 801
4. Inventory		
Inventories on hand consist of:		
Clothing	821 887	1 271 044
Stationery	72 130	168 082
	894 017	1 439 126
5. Other financial assets		
Unit trust managed by financial institutions at market value	20 436 807	15 892 414
All investments are categorised as financial assets at fair value through profit and loss.		
Movements for the year:		
Opening balance	15 892 414	15 359 746
Purchase of Investments	10 078 934	-
Fair value adjustments	142 200	532 668
Interest and dividend income	999 019	769 986
Administration and advisor fees	(13 121)	-
Withdrawals	(6 662 639)	(769 986)
	20 436 807	15 892 414
Other financial assets are classified as:		
Current assets	4 375 000	-
Non-current assets	16 061 807	15 892 414
	20 436 807	15 892 414

Financial assets are invested mainly in unit trusts and fixed deposits, all managed by financial institutions of a high standing. The financial assets were not used for short term liquidity in the past, but in the current year the trustees deemed it appropriate to utilise the funds for short term liquidity purposes.

6. Property, vehicles and equipment

2019	Cost	Accumulated depreciation	Carrying value
	R	R	R
Land and buildings	2 817 064	(609 024)	2 208 040
Furniture and fixtures	298 255	(283 245)	15 010
Motor vehicles	206 700	(206 700)	-
IT equipment	145 354	(144 357)	997
Office equipment	13 771	(13 072)	699
Total	3 481 144	(1 256 398)	2 224 746

2018	Cost	Accumulated depreciation	Carrying value
	R	R	R
Land and buildings	5 627 122	(736 791)	4 890 331
Furniture and fixtures	295 180	(276 199)	18 981
Motor vehicles	206 700	(206 700)	-
IT equipment	151 993	(145 977)	6 016
Office equipment	13 771	(10 809)	2 962
Total	6 294 766	(1 376 476)	4 918 290

Reconciliation of property, vehicles and equipment - 2019

	Opening balance	Additions	Depreciation	Disposal	Closing Balance
	R	R	R	R	R
Land and buildings	4 890 331	-	(119 033)	(2 563 258)	2 208 040
Furniture and fixtures	18 981	11 695	(12 147)	(3 519)	15 010
Motor vehicles	-	-	-	-	-
IT equipment	6 016	-	(5 019)	-	997
Office equipment	2 962	-	(2 263)	-	699
Total	4 918 290	11 695	(138 462)	(2 566 777)	2 224 746

Property consists of erf 973 and 1028 in Somerset West, held under title deed T57080/2011 and T36478/2014. The Trust sold the operational offices, property erf 1028, Somerset West held under title deed T36478/2014 to the Gaynor Rupert Trust on 9 April 2018.

	2019 R	2018 R
7. Trade and other payables		
Trade payables	153 689	119 089
Income received in advance	221 358	133 145
	375 047	252 234
8. Other income		
Insurance claim receipts	33 861	-
Fund raising event	30 235	17 482
	64 096	17 482
9. Interest received		
Bank	69 027	20 280
Investments	999 019	769 986
Short-term deposits	131 831	275 505
	1 199 877	1 065 771

	2019 R	2018 R
10. Cash utilised in operations		
Deficit for the year	(1 562 999)	(1 336 309)
<i>Adjusted for:</i>		
Depreciation	138 462	284 850
Loss on sale of assets	66 516	-
Interest received	(1 199 877)	(1 065 771)
Fair value adjustments	(142 200)	(532 668)
<i>Changes in working capital:</i>		
Decrease in trade and other receivables	49 501	32 419
Decrease/(Increase) in inventories	545 109	(519 356)
Increase/(Decrease) in trade and other payables	122 813	(152 469)
	(1 982 675)	(3 309 304)
11. Project reconciliation - Project number 301159		
Opening balance	-	-
Funding received	295 968	-
Expenditure		
Bank charges	(750)	-
Life skills	(134 432)	-
Chess	(61 619)	-
Lego play	(10 450)	-
Psychometric	(23 917)	-
Sponsor-a-child	(64 800)	-
Closing balance	-	-

The funds were donated by the donor through HDL Wiesbaden Germany. The funds received were expensed into the various projects as outlined in the note. The funds received and the expenditure forms part of the statement of comprehensive income for the year. Refer to page 7.

12. Taxation

The Trust's public benefit activities are exempt from income tax in terms of paragraph 10(1)(cN) of the Income Tax Act and therefore no provision for normal taxation has been made.

13. Events subsequent to year-end

No other event material to the financial affairs of the trust has occurred between the accounting date and the date of approval of the financial statements.

14. Going concern

The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the trustees have no reason to believe that the trust will not be a going concern in the foreseeable future. The financial statements support the viability of the trust.