

**The Imibala Trust
(Registration number IT2293/2005)
Audited Financial Statements
for the year ended 28 February 2018**

The Imibala Trust
(Registration number IT2293/2005)
Financial Statements for the year ended 28 February 2018

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 le 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
(Registration number IT2293/2005)
Financial Statements for the year ended 28 February 2018

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 - 12
Notes to the Financial Statements	13 - 15

The financial statements set out on pages 6 to 15, which have been prepared on the going concern basis, were approved by the trustees on 23/10/2018 and were signed on their behalf by:



Trustee



Independent auditor's report

To the Trustees of the The Imibala Trust

Our opinion

In our opinion, the financial statements of the The Imibala Trust (the Trust) for the year ended 28 February 2018 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 The Imibala Trust's financial statements set out on pages 6 to 15 comprise:

the statement of financial position as at 28 February 2018;

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; and

the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

We 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 *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).

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 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.

PricewaterhouseCoopers Inc., Capital Place, 15-21 Neutron Avenue, Techno Park, Stellenbosch 7600
P O Box 57, Stellenbosch 7599
T: +27 (21) 815 3000, F: +27 (21) 815 3100, www.pwc.co.za

Chief Executive Officer: T D Shango
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682



Other information

The trustees are responsible for the other information. The other information comprises the information included in The Imibala Trust annual financial statements for the year ended 28 February 2018. 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 2 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 that reads 'PricewaterhouseCoopers Inc.' followed by a stylized signature.

PricewaterhouseCoopers Inc.

Director: H Zeelie

Registered Auditor

Stellenbosch

24 / 10 / 2018

The Imibala Trust
(Registration number IT2293/2005)
Statement of Financial Position as at 28 February 2018

	Notes	2018 R	2017 R
Assets			
Current assets			
Trade and other receivables	2.	131 156	163 575
Cash and cash equivalents	3.	2 767 801	5 011 335
Inventory	4.	1 439 126	919 770
		4 338 083	6 094 680
Non-current assets			
Other financial assets	5.	15 892 414	15 359 746
Property, vehicles and equipment	6.	4 918 290	5 183 139
		20 810 704	20 542 885
Total assets		25 148 787	26 637 565
Equity and liabilities			
Liabilities			
Current liabilities			
Trade and other payables	7.	252 234	404 703
Equity			
Capital funds		20 394 714	19 862 046
Retained surplus		4 501 839	6 370 816
		24 896 553	26 232 862
Total equity and liabilities		25 148 787	26 637 565

The Imibala Trust
(Registration number IT2293/2005)
Statement of Comprehensive Income for the year ended 28 February 2018

	Notes	2018 R	2018 R	2017 R	2017 R
		Unearmarked	Earmarked	Unearmarked	Earmarked
Revenue					
Sponsor a child donations and other project donations		3 104 969	-	2 646 664	-
Department Cultural Affairs and Sport		40 640	-	60 000	-
General donations		362 748	-	1 506 117	-
Donations in kind		9 020	-	8 000	-
		3 517 377	-	4 220 781	-
Other income					
Administration and management fees received		-	-	357 589	-
Other income	8.	17 482	-	16 850	-
Fair value adjustment	5.	-	532 668	-	(59 450)
Interest received	9.	295 785	769 986	394 371	882 065
		313 267	1 302 654	768 810	822 615
Donations made by the trust					
Welfare expenses and sponsorships		(1 986 239)	-	(2 029 578)	-
Operating Expenses					
Accounting fees		(41 838)	-	(42 944)	-
Administration fees		(146 045)	-	(628 883)	-
Advertising		(3 247)	-	(9 752)	-
Assets under R 1000		(5 603)	-	(4 749)	-
Bank charges		(58 580)	-	(54 658)	-
Depreciation		(264 850)	-	(299 237)	-
Employee costs		(3 209 071)	-	(2 764 383)	-
Fund raising event expense		(5 100)	-	(57 414)	-
Insurance		(39 225)	-	(38 300)	-
IT expense		(89 471)	-	(66 011)	-
Legal expenses		(25 914)	-	(12 801)	-
Licences paid		(1 423)	-	(1 295)	-
Office expenses		(32 134)	-	(34 866)	-
Postage		(1 189)	-	(180)	-
Printing and stationery		(64 305)	-	(53 436)	-
Repairs and maintenance		(83 869)	-	(115 241)	-
Security		(206 599)	-	(200 286)	-
Staff training		(14 734)	-	(7 036)	-
Telephone		(40 676)	-	(50 662)	-
Transport and removal		(395)	-	-	-
Travel - Local		(1 481)	-	(9 471)	-
Utilities		(113 533)	-	(102 068)	-
Vehicle expense		(34 086)	-	(31 397)	-
Total expenses		(6 469 607)	-	(6 614 648)	-
(Deficit)/Surplus for the year		(2 638 963)	1 302 654	(1 625 057)	822 615

The Imibala Trust
 (Registration number IT2293/2005)
 Statement of Changes in Equity for the year ended 28 February 2018

	Capital Funds	Retained Surplus	Total Trust Capital
	R	R	R
Balance at 1 March 2016	19 921 496	7 113 808	27 035 304
Changes in equity			
Total comprehensive surplus/(deficit) for the year			
- Earmarked funds	822 615	-	822 615
- Unearmarked funds	-	(1 625 057)	(1 625 057)
Transfer to retained surplus	(882 065)	882 065	-
Total changes	(59 450)	(742 992)	(802 442)
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 28 February 2018	20 394 714	4 501 839	24 896 553

The Imibala Trust
 (Registration number IT2293/2005)
 Statement of Cash Flows for the year ended 28 February 2018

	Notes	2018 R	2017 R
Cash flows from operating activities			
Cash utilised in operations	10.	(3 309 304)	(1 520 082)
Interest	9.	1 065 771	1 276 436
Net cash from operating activities		(2 243 533)	(243 646)
Cash flows from investing activities			
Withdrawal from investments	5.	769 986	882 065
Reinvestment of investment income	5.	(769 986)	(882 065)
Purchase of property, vehicles and equipment	6.	-	(511 422)
Net cash from investing activities		-	(511 422)
Total cash and cash equivalents movement for the year		(2 243 533)	(755 068)
Cash and cash equivalents at the beginning of the year	3.	5 011 335	5 766 404
Total cash and cash equivalents at end of the year	3.	2 767 802	5 011 335

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 are classified as non-current assets as management intends not to sell the assets within the next 12 months.

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.

Accounting Policies

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.

	2018 R	2017 R
2. Trade and other receivables		
Trade receivables	15 987	8 486
Inventory deposits	-	144 594
South African Revenue Services - Value Added Tax	71 809	-
Accrued income - Interest	43 360	10 495
	<u>131 156</u>	<u>163 575</u>

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 484	4 233
Bank balances	79 717	493 270
Short-term deposits	2 684 600	4 513 832
	<u>2 767 801</u>	<u>5 011 335</u>

4. Inventory

Inventories on hand consist of:

Clothing	1 271 044	866 186
Stationery	168 082	53 584
	<u>1 439 126</u>	<u>919 770</u>

5. Other financial assets

Unit trust managed by financial institutions at market value	<u>15 892 414</u>	<u>15 359 746</u>
--	-------------------	-------------------

All investments are categorised as financial assets at fair value through profit and loss.

Movements for the year:

Opening balance	15 359 746	15 419 196
Fair value adjustments	532 668	(59 450)
Interest and dividend income	769 986	882 065
Withdrawals	(769 986)	(882 065)
	<u>15 892 414</u>	<u>15 359 746</u>

Financial assets are invested mainly in unit trusts and fixed deposits, all managed by financial institutions of a high standing. The financial assets are not used for short term liquidity.

6. Property, vehicles and equipment

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

2017	Cost	Accumulated depreciation	Carrying value
	R	R	R
Land and buildings	5 627 122	(546 487)	5 080 635
Furniture and fixtures	295 180	(240 196)	54 984
Motor vehicles	206 700	(203 659)	3 041
IT equipment	151 993	(114 400)	37 593
Office equipment	13 771	(6 884)	6 887
Total	6 294 766	(1 111 626)	5 183 139

Reconciliation of property, vehicles and equipment - 2018

	Opening balance	Depreciation	Closing Balance
	R	R	R
Land and buildings	5 080 635	(190 304)	4 890 331
Furniture and fixtures	54 984	(36 003)	18 981
Motor vehicles	3 041	(3 041)	-
IT equipment	37 593	(31 577)	6 016
Office equipment	6 887	(3 925)	2 962
	5 183 139	(264 850)	4 918 290

Property consists of erf 973 and 1028 in Somerset West, held under title deed T57080/2011 and T36478/2014. Erf 1028 was sold after year end. See note 12.

	2018 R	2017 R
7. Trade and other payables		
Trade payables	119 089	168 444
Income received in advance	133 145	192 659
South African Revenue Services - Value Added Tax	-	43 600
	<u>252 234</u>	<u>404 703</u>
8. Other income		
Fund raising event	<u>17 482</u>	<u>16 850</u>
9. Interest received		
Bank	20 280	26 104
Investments	769 986	882 065
Short-term deposits	275 505	368 267
	<u>1 065 771</u>	<u>1 276 436</u>
10. Cash utilised in operations		
Deficit for the year	(1 336 309)	(802 442)
<i>Adjusted for:</i>		
Depreciation	264 850	299 237
Interest received	(1 065 771)	(1 276 436)
Fair value adjustments	(532 668)	59 450
<i>Changes in working capital:</i>		
Decrease/(Increase) in trade and other receivables	32 419	(127 017)
(Increase)/Decrease in inventories	(519 356)	128 687
(Decrease)/Increase in trade and other payables	(152 469)	198 439
	<u>(3 309 304)</u>	<u>(1 520 082)</u>

11. 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.

12. Events subsequent to year-end

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.

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.

13. 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.