

CREATING SCHOOLS CHARITABLE TRUST
(Registration number IT 315/2010/PMB)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2012

Victor Fernandes & Co
Chartered Accountants (S.A.)
Registered Auditor

Victor Fernandes & Co

Creating Schools Charitable Trust

(Registration number IT 315/2010/PMB)

Annual Financial Statements for the year ended 29 February 2012

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Type of trust	Supporting education by creating sustainable educational facilities for schools and educational institutions, and providing quality training and development programs for youth and adults alike, which address needs in education provision , learning , teaching and training at schools and educational institutions.
Trustees	S J Kinsler E C M Brown M H Kaplan J E F Tomlinson M A Buckland G A Sherkin
Postal address	59 Henwood Road Morningside Durban 4001
Bankers	Nedbank
Auditors	Victor Fernandes & Co Chartered Accountants (S.A.) Registered Auditor
Trust registration number	IT 315/2010/PMB
Level of assurance	Audit
Preparer	The annual financial statements were externally compiled by: Mr VMR Fernandes
Published	03 August 2012

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TRUSTEES' RESPONSIBILITIES AND APPROVAL

The trustees are required 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 fairly present the state of affairs of the trust as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium -sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the trustees 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 trust and all employees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The trustees 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 trustees have reviewed the trust's cash flow forecast for the year to 28 February 2013 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the trust's annual financial statements. The annual financial statements have been examined by the trust's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 6 to 15, which have been prepared on the going concern basis, were approved by the trustees on 03 August 2012 and were signed on their behalf by:

Trustee

Trustee

Durban

03 August 2012

Victor Fernandes & Co

Chartered Accountants (F.A.)

REGISTERED AUDITORS (No. 951366)

INDEPENDENT AUDITORS' REPORT

To the trustees of Creating Schools Charitable Trust

We have audited the annual financial statements of Creating Schools Charitable Trust, which comprise the statement of financial position as at 29 February 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the trustees' report, as set out on pages 6 to 15.

Trustees' Responsibility for the Annual Financial Statements

The trust's trustees are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

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

Basis for Qualified Opinion


In common with similar organisations, it is not feasible for the organisation to institute accounting controls over funding received prior to the initial entry of the collections in the accounting records. accordingly, it was impractical for us to extend our examination beyond the receipts actually received.

Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of Creating Schools Charitable Trust as at 29 February 2012, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Emphasis of Matter

The continuation of the incorporation's activities is dependent on the future support of its donors. The financial statements have being prepared on the going concern basis which assumes that the donors will give their support in the future. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of assets or to the amounts and classification of liabilities that might be necessary if the incorporation is unable to continue as a going concern. Our opinion is not qualified in this regard.


Victor Fernandes & Co
Registered Auditor
Chartered Accountants (S.A.)
Per: VMR Fernandes

03 August 2012

63 St Andrews Drive
Durban North
4016

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TRUSTEES' REPORT

The trustees submit their report for the year ended 29 February 2012.

1. The trust

The trust was formed in terms of the trust deed on the 3 March 2010 and commenced operations immediately. The trust is engaged in supporting education by creating sustainable educational facilities for schools and educational institutions, and providing quality training and development programs for youth and adults alike, which address needs in education provision, learning, teaching and training at schools and educational institutions.

The trust received cash donations from numerous donors. Unspent funds from these donations received have been deferred, until such time as the project is completed.

2. Review of activities

Main business and operations

The trust is engaged in supporting education by creating sustainable educational facilities for schools and educational institutions, and providing quality training and development programs for youth and adults alike, which address needs in education provision, learning, teaching and training at schools and educational institutions..

The operating results and state of affairs of the trust are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

3. Events after the reporting period

The trustees are not aware of any matter or circumstance arising since the end of the financial year that may need to be considered for possible adjustment to these financial statements.

4. Trustees

The trustees of the trust during the year and to the date of this report are as follows:

Name	Nationality
S J Kinsler	South African
E C M Brown	South African
M H Kaplan	South African
J E F Tomlinson	South African
M A Buckland	South African
G A Sherkin	American

5. Auditors

Victor Fernandes & Co will continue in office for the next financial period.

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STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note(s)	2012	2011
Assets			
Current Assets			
Trade and other receivables	2	269,041	47,488
Cash and cash equivalents	3	7,209,043	10,300,368
		7,478,084	10,347,856
Total Assets		7,478,084	10,347,856
Equity and Liabilities			
Equity			
Trust capital	4	145	145
Accumulated surplus		570,184	102,440
		570,329	102,585
Liabilities			
Non-Current Liabilities			
Deferred Income	5	6,505,842	9,678,669
Current Liabilities			
Trade and other payables	6	401,913	566,602
Total Liabilities		6,907,755	10,245,271
Total Equity and Liabilities		7,478,084	10,347,856

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STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2012	2011
Revenue			
Grants received		5,413,453	3,836,764
Project costs			
Project Expenditure	8	(5,270,929)	(3,836,764)
Gross surplus		142,524	-
Other income			
Interest	9	421,000	136,287
Operating expenses			
Bank charges		(95,780)	(33,847)
Surplus for the year		467,744	102,440
Other comprehensive income		-	-
Total comprehensive income		467,744	102,440

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STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Trust capital	Accumulated surplus	Total equity
Balance at 01 March 2010	-	-	-
Changes in equity			
Total comprehensive income for the year	-	102,440	102,440
Total changes	145	102,440	102,585
Balance at 01 March 2011	145	102,440	102,585
Changes in equity			
Total comprehensive income for the year	-	467,744	467,744
Total changes	-	467,744	467,744
Balance at 29 February 2012	145	570,184	570,329
Note(s)	4		

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STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2012	2011
Cash flows from operating activities			
Cash (used in) generated from operations	11	(3,512,325)	10,163,936
Interest		421,000	136,287
Net cash from operating activities		(3,091,325)	10,300,223
Cash flows from financing activities			
Trust capital introduced		-	145
Total cash movement for the year		(3,091,325)	10,300,368
Cash at the beginning of the year		10,300,368	-
Total cash at end of the year	3	7,209,043	10,300,368

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ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

1.1 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

1.2 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents donations received in respect of specific projects undertaken and is recorded to the extent that it is utilised.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2012	2011		
2. Trade and other receivables				
Prepayments	3,287	-		
Vat	263,643	-		
Sundry debtors	2,111	47,488		
	269,041	47,488		
3. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Bank balances	1,009,043	4,300,368		
Short-term deposits	6,200,000	6,000,000		
	7,209,043	10,300,368		
4. Trust capital				
Capital account / Trust capital				
Balance at beginning and end of year	145	145		
5. Deferred Income				
Reconciliation of donations received - 2012				
	Opening balance	Additions	Utilised during the year	Total
Project Income	9,678,669	2,555,594	(5,728,421)	6,505,842
Reconciliation of deferred income - 2011				
	Opening balance	Additions	Utilised during the year	Total
Project income	-	13,515,432	(3,836,763)	9,678,669
6. Trade and other payables				
Retention Fee: Keren Kula Construction (Pty) Ltd		141,035	278,192	
Accruals		260,878	288,410	
		401,913	566,602	

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Figures in Rand	2012	2011
7. Revenue		
Donations (including refunds of Vat previously expensed)	5,413,453	3,836,764
8. Project costs		
Project Expenditure		
IT materials/supplies and equipment	358,543	80,232
Library books	79,325	70,928
Consultants' fee	454,050	226,825
Construction costs	2,509,923	2,781,920
Professional Building Consultants Fees	946,679	649,743
Trust management	98,799	26,350
Library training & support	9,816	766
Insurance	31,315	-
Literacy & Social Science Workshops	37,065	-
Education & Development Material	26,396	-
IT Skills Training Workshop	15,320	-
Numeracy Life Science Workshop	31,878	-
Resource Centre	199,413	-
Leadership Workshops	41,500	-
Office supplies	8,400	-
Website	7,650	-
Consultants Travel	104,887	-
Consultants Accommodation	29,677	-
Consultants Training	959	-
Maintenance- gardens	251,636	-
Special project	27,698	-
	5,270,929	3,836,764

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Figures in Rand	2012	2011
9. Investment revenue		
Interest revenue		
Nedbank Corporate Saver - Interest	421,000	136,287

10. Taxation

The trust has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act, (the ACT)) and the receipts and accruals are exempt from income tax in terms of section 10(1) (cN) of the Act: In addition:

- a) donations made by or to the trust are exempt from donations tax in terms of section 56(1)(h) of the aforementioned Act:
- b) bequests or accruals from the estates of deceased in favour of the trust are exempt from the payment of estate duty in terms of section 4 (h) of the estate Duty Act, 45 of 1955:
- c) the public benefit organisation has been approved for purposes of section 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 section 18A of the Act.

The exemptions approved above are subject to review on an annual basis upon receipt of the annual financial statements and annual income tax returns (IT12EI) and a statement and supporting documentation which would include full particulars of the receipts issued in respect of deductible donations in terms of section 18A and how the funds were expended.

11. Cash (used in) generated from operations

Surplus before taxation	467,744	102,440
Adjustments for:		
Interest	(421,000)	(136,287)
Movements in deferred income	(3,172,827)	9,678,669
Changes in working capital:		
Trade and other receivables	(221,553)	(47,488)
Trade and other payables	(164,689)	566,602
	(3,512,325)	10,163,936

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Figures in Rand	2012	2011
12. Commitments		
Authorised construction expenditure		
Already contracted for but not yet incurred		
Keren Kula Construction (Pty) Ltd		
Value of work to be completed	881,446	4,205,665
Less: Retention provided for (note6)	<u>(141,035)</u>	<u>(278,192)</u>
	<u>740,410</u>	<u>3,927,473</u>

During the latter part of 2010, the trust entered into a construction contract in respect of the Vele High School Project for the value of R6,431,250.97 (vat inclusive).

At the end of the financial year, the value of the work completed was R5,549,804.77 leaving a balance of R881,446.20 to be completed in 2013 and which will be funded out of the trust's cash reserves.

13. Related parties

Service provider

S Kinsler T/A East Coast Architects

Members of key management: Trustees

S Kinsler

J E Tomlinson

E C M Brown

M Kaplan

Related party transactions

Consulting Fees (including re-imbursive costs)

E C M Brown	419,740	201,557
J E Tomlinson	178,003	47,579

Professional Building Consultants

East Coast Architects, including other professional consultants	1,137,549	649,743
M Kaplan	-	7,425

Trust Management Fees (including re-imbursive costs)

J E Tomlinson	34,970	15,800
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