

CREATING SCHOOLS CHARITABLE TRUST
(Registration number IT 315/2010/PMB)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2013

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

Creating Schools Charitable Trust

(Registration number IT 315/2010/PMB)

Annual Financial Statements for the year ended 28 February 2013

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	23 July 2013

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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 2014 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 and were signed on its behalf by:

Trustee

Trustee

Durban

23 July 2013

Victor Fernandes & Co

Chartered Accountants (S.A.)

REGISTERED AUDITORS (No. 951386)

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 28 February 2013, 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, and requirements of the , and for such internal control as the trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

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 possible 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 28 February 2013, 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, and the requirements of the .

Emphasis of Matter

The continuation of the entities activities is dependent on the future support of its donors. The financial statements have been 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

23 July 2013
63 St Andrews Drive
Durban North
4016

Creating Schools Charitable Trust

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TRUSTEES' REPORT

The trustees submit their report for the year ended 28 February 2013.

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

Subsequent to the financial year the trustees have amended the trust deed, to include further objectives of the trust. The trustees are not aware of any other matter or circumstance arising since the end of the financial year.

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)	2013	2012
Assets			
Current Assets			
Trade and other receivables	2	259,235	269,041
Cash and cash equivalents	3	5,006,362	7,209,043
		5,265,597	7,478,084
Total Assets		5,265,597	7,478,084
Equity and Liabilities			
Equity			
Trust capital	4	145	145
Accumulated surplus		1,707,914	570,184
		1,708,059	570,329
Liabilities			
Non-Current Liabilities			
Project funds	5	3,439,036	6,505,842
Current Liabilities			
Trade and other payables	6	118,502	401,913
Total Liabilities		3,557,538	6,907,755
Total Equity and Liabilities		5,265,597	7,478,084

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STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2013	2012
Revenue			
Donations		3,439,097	5,413,453
Project costs			
	8	(2,533,386)	(5,270,929)
Gross surplus		905,711	142,524
Other income			
Interest	9	280,568	421,000
Operating expenses			
Bank charges		(48,549)	(95,780)
Surplus for the year		1,137,730	467,744
Other comprehensive income		-	-
Total comprehensive income		1,137,730	467,744

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STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Trust capital	Accumulated surplus	Total equity
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 01 March 2012	145	570,184	570,329
Changes in equity			
Total comprehensive income for the year	-	1,137,730	1,137,730
Total changes	-	1,137,730	1,137,730
Balance at 28 February 2013	145	1,707,914	1,708,059
Note(s)	4		

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STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2013	2012
Cash flows from operating activities			
Cash used in operations	11	(2,483,249)	(3,512,324)
Interest		280,568	421,000
Net cash from operating activities		(2,202,681)	(3,091,324)
Total cash movement for the year		(2,202,681)	(3,091,324)
Cash at the beginning of the year		7,209,043	10,300,367
Total cash at end of the year	3	5,006,362	7,209,043

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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

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

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.

1.3 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2013	2012
2. Trade and other receivables		
Prepayments	5,283	3,287
Vat	245,673	263,643
Sundry debtors	8,279	2,111
	259,235	269,041

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	5,006,362	1,009,043
Short-term deposits	-	6,200,000
	5,006,362	7,209,043

4. Trust capital

Capital account / Trust capital

Balance at beginning and end of year	145	145
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5. Project funds

Reconciliation of project funds- 2013

	Opening balance	Receipts	Revenue recognised to the extent of expenses	Total
Project Income	6,505,842	372,291	(3,439,097)	3,439,036

Reconciliation of project funds- 2012

	Opening balance	Receipts	Revenue recognised to the extent of expenses	Total
Project income	9,678,669	2,240,626	(5,413,453)	6,505,842

Projects funds represents funds received not yet utilised.

6. Trade and other payables

Accruals	118,502	260,877
Retention Fee: Keren Kula Construction (Pty) Ltd	-	141,036
	118,502	401,913

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Figures in Rand	2013	2012
7. Revenue		
Donations	3,439,097	5,413,453
8. Project costs		
Project Expenditure		
IT materials/supplies and equipment	399,832	358,543
Library books	45,940	79,325
Consultants' fee	640,050	454,050
Construction costs	163,600	2,509,923
Professional Building Consultants Fees	194,637	946,679
Trust management	125,479	98,799
Library training & support	44,742	9,816
Insurance	35,006	31,315
Literacy & Social Science Workshops	21,198	37,065
Education & Development Material	70,049	26,396
IT Skills Training Workshop	-	15,320
Numeracy Life Science Workshop	214,587	31,878
Resource Centre	-	199,413
Leadership Workshops	1,600	41,500
Office Supplies	5,034	8,400
Website	20,550	7,650
Consultants Travel	121,743	104,887
Consultants Accommodation	19,672	29,677
Consultants Training	5,345	959
Maintenance-gardens	203,258	251,636
Special project	129,609	27,698
Community Economic Development	71,401	-
Budget Support- Resource Centre	54	-
	2,533,386	5,270,929

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2013	2012
9. Investment revenue		
Interest revenue		
Nedbank Corporate Saver - Interest	280,568	421,000

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 if section 18A and how the funds were expended.

11. Cash used in operations

Surplus before taxation	1,137,730	467,744
Adjustments for:		
Interest	(280,568)	(421,000)
Movements in deferred income	(3,066,806)	(3,172,827)
Changes in working capital:		
Trade and other receivables	9,806	(221,553)
Trade and other payables	(283,411)	(164,688)
	(2,483,249)	(3,512,324)

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Figures in Rand	2013	2012
12. Commitments		
Authorised construction expenditure		
Already contracted for but not yet incurred		
• Value of work to be completed	-	881,446
• Less: Retention provided for (note 6)	-	<u>(141,035)</u>
	<u>-</u>	<u>740,410</u>
<p>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 R5,886,973.69, representing the total expenses incurred on order to complete the contract. There was a saving on the contract based on the initial contract value less actual cost ie. R544,277.28.</p>		
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	
Related party transactions		
Consulting Fees (including re-imbursive costs)		
E C M Brown	514,500	419,740
J E Tomlinson	125,550	178,003
Professional Building Consultants		
East Coast Architects, including other professional consultants	176,538	1,137,549
Trust Management Fees (including re-imbursive costs)		
J E Tomlinson	46,921	34,970
E C M Brown	8,215	-
Travel (including re-imbursive costs)		
E C M Brown	58,621	-
J E Tomlinson	64,871	-
S Kinsler	22,114	-
Special Project (including re-imbursive costs)		
E C M Brown	82,946	-
J E Tomlinson	6,249	-
Library Training & Support		
J E Tomlinson	41,496	-