

**CREATING SCHOOLS CHARITABLE TRUST**  
(Registration number IT 315/2010/PMB)  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2014**

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 28 February 2014

### GENERAL INFORMATION

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<b>Country of incorporation and domicile</b>	South Africa
<b>Type of trust</b>	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.
<b>Trustees</b>	S J Kinsler E C M Brown M H Kaplan J E F Tomlinson M A Buckland G A Sherkin
<b>Postal address</b>	3 Flanders Drive Mount Edgecombe Durban 4302
<b>Bankers</b>	Nedbank
<b>Auditors</b>	Victor Fernandes & Co Chartered Accountants (S.A.) Registered Auditor
<b>Trust registration number</b>	IT 315/2010/PMB
<b>Level of assurance</b>	Audit
<b>Preparer</b>	The annual financial statements were independently compiled by: Mr VMR Fernandes C.A(S.A)
<b>Published</b>	26 May 2014

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## Creating Schools Charitable Trust

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### TRUSTEES' RESPONSIBILITIES AND APPROVAL

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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 2015 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:

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Trustee

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Trustee

# *Victor Fernandes & Co*

*Chartered Accountants (S.A.)*

REGISTERED AUDITORS (No. 951366)

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## **INDEPENDENT AUDITORS' REPORT**

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### **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 2014, 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.

*Victor Fernandes & Co*

## **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 2014, 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 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**

**26 May 2014**  
**63 St Andrews Drive**  
**Durban North**  
**4016**

## Creating Schools Charitable Trust

(Registration number IT 315/2010/PMB)

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### TRUSTEES' REPORT

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The trustees submit their report for the year ended 28 February 2014.

#### 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 addresses 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 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 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.

## Creating Schools Charitable Trust

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Annual Financial Statements for the year ended 28 February 2014

### STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note(s)	2014	2013
<b>Assets</b>			
<b>Current Assets</b>			
Trade and other receivables	2	18,121	259,235
Cash and cash equivalents	3	4,284,813	5,006,362
		<b>4,302,934</b>	<b>5,265,597</b>
<b>Total Assets</b>		<b>4,302,934</b>	<b>5,265,597</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Trust capital	4	145	145
Accumulated surplus		1,541,337	1,425,842
		<b>1,541,482</b>	<b>1,425,987</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Project funds	5	2,685,854	3,721,108
<b>Current Liabilities</b>			
Trade and other payables	6	75,598	118,502
<b>Total Liabilities</b>		<b>2,761,452</b>	<b>3,839,610</b>
<b>Total Equity and Liabilities</b>		<b>4,302,934</b>	<b>5,265,597</b>

## Creating Schools Charitable Trust

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Annual Financial Statements for the year ended 28 February 2014

### STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2014	2013
<b>Revenue</b>			
<b>Donations</b>		<b>1,365,850</b>	<b>3,157,025</b>
<b>Project costs</b>	8	<b>(1,415,724)</b>	<b>(2,533,386)</b>
<b>Gross (deficit) surplus</b>		<b>(49,874)</b>	<b>623,639</b>
<b>Other income</b>			
Interest	9	201,305	280,568
<b>Operating expenses</b>			
Bank charges		(35,936)	(48,549)
<b>Surplus for the year</b>		<b>115,495</b>	<b>855,658</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>115,495</b>	<b>855,658</b>

## Creating Schools Charitable Trust

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### STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Trust capital	Accumulated surplus	Total equity
<b>Balance at 01 March 2012</b>	<b>145</b>	<b>570,184</b>	<b>570,329</b>
Changes in equity			
Total comprehensive income for the year	-	855,658	855,658
<b>Total changes</b>	<b>-</b>	<b>855,658</b>	<b>855,658</b>
<b>Balance at 01 March 2013</b>	<b>145</b>	<b>1,425,842</b>	<b>1,425,987</b>
Changes in equity			
Total comprehensive income for the year	-	115,495	115,495
<b>Total changes</b>	<b>-</b>	<b>115,495</b>	<b>115,495</b>
<b>Balance at 28 February 2014</b>	<b>145</b>	<b>1,541,337</b>	<b>1,541,482</b>
Note(s)	4		

## Creating Schools Charitable Trust

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### STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2014	2013
<b>Cash flows from operating activities</b>			
Cash used in operations	11	(922,854)	(2,483,249)
Interest		201,305	280,568
<b>Net cash from operating activities</b>		<b>(721,549)</b>	<b>(2,202,681)</b>
<b>Total cash movement for the year</b>		<b>(721,549)</b>	<b>(2,202,681)</b>
Cash at the beginning of the year		5,006,362	7,209,043
<b>Total cash at end of the year</b>	3	<b>4,284,813</b>	<b>5,006,362</b>

## Creating Schools Charitable Trust

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### ACCOUNTING POLICIES

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#### 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.

## Creating Schools Charitable Trust

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### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand 2014 2013

#### 2. Trade and other receivables

Prepayments	6,947	5,283
Vat	3,209	245,673
Sundry debtors	7,965	8,279
	<b>18,121</b>	<b>259,235</b>

#### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	4,284,813	5,006,362
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#### 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 - 2014

	Opening balance	Receipts	Revenue recognised to the extent of expenses	Vat refund written off	Total
Project Income	3,721,108	567,776	(1,365,848)	(237,182)	2,685,854

##### Reconciliation of project funds- 2013

	Opening balance	Receipts	Revenue recognised to the extent of expenses	Total
Project income	6,505,842	372,291	(3,157,025)	3,721,108

Projects funds represents funds received not yet utilised.

#### 6. Trade and other payables

Accruals	75,598	118,502
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### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013
<b>7. Revenue</b>		
Donations	1,365,850	3,157,025
<b>8. Project costs</b>		
Bursaries	37,750	-
Fundraising	16,301	-
Budget Support- Resource Centre	-	54
Community Economic Development	126,765	71,401
Construction costs	60,396	163,600
Consultants Accommodation	2,945	19,672
Consultants Training	372	5,345
Consultants Travel	28,918	121,743
Consultants' fee	178,554	640,050
Education & Development Material	-	70,049
IT materials/supplies and equipment	48,711	399,832
Insurance	37,715	35,006
Leadership Workshops	-	1,600
Library books	70	45,940
Library training & support	63,845	44,742
Literacy & Social Science Workshops	-	21,198
Maintenance-gardens	199,102	203,258
Numeracy Life Science Workshop	116,733	214,587
Office Supplies	377	5,034
Professional Building Consultants Fees	10,506	194,637
Quality Control	191,897	-
Special project	107,553	129,609
Trust management	170,334	125,479
Website	16,880	20,550
	<b>1,415,724</b>	<b>2,533,386</b>

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### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013
<b>9. Investment revenue</b>		
<b>Interest revenue</b>		
Nedbank Corporate Saver - Interest	201,305	280,568

### 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 operations

Surplus before taxation	115,495	855,658
<b>Adjustments for:</b>		
Interest	(201,305)	(280,568)
Movements in deferred income	(1,035,254)	(2,784,734)
<b>Changes in working capital:</b>		
Trade and other receivables	241,114	9,806
Trade and other payables	(42,904)	(283,411)
	<b>(922,854)</b>	<b>(2,483,249)</b>

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### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2014	2013
<b>12. Related parties</b>		
Service provider	S Kinsler T/A East Coast Architects	
Members of key management: Trustees	S Kinsler J E Tomlinson E C M Brown	
<b>Related party transactions</b>		
<b>Consulting Fees (including re-imbursive costs)</b>		
E C M Brown	323,054	514,500
J E Tomlinson	-	125,550
<b>Professional Building Consultants</b>		
East Coast Architects, including other professional consultants	25,919	176,538
<b>Trust Management Fees (including re-imbursive costs)</b>		
J E Tomlinson	82,166	46,921
E C M Brown	18,900	8,215
<b>Travel (including re-imbursive costs)</b>		
E C M Brown	66,765	58,621
J E Tomlinson	-	64,871
S Kinsler	-	22,114
<b>Special Project (including re-imbursive costs)</b>		
E C M Brown	480	82,946
J E Tomlinson	-	6,249
S Kinsler	15,200	-
<b>Library Training &amp; Support</b>		
J E Tomlinson	78,105	41,496
<b>Community Economic Development (including re-imbursive costs)</b>		
ECM Brown	36,845	-
<b>Quality Control (including re-imbursive costs)</b>		
ECM Brown	24,793	-
<b>Fundraising (including re-imbursive costs)</b>		
JE Tomlinson	500	-
East Coast Architects	13,601	-