

**THEMBA TRUST**  
(Registration number IT 6787/1983)  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

# **Themba Trust**

(Registration number IT 6787/1983)

Financial Statements for the year ended 31 December 2007

## **Index**

---

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

<b>Index</b>	<b>Page</b>
Independent Auditor's Report	2
Trustees' Responsibilities and Approval	3
Balance Sheet	4
Income Statement	5
Statement of Changes in Equity	6
Cash Flow Statement	7
Accounting Policies	8 - 10
Notes to the Financial Statements	11 - 14
The following supplementary information does not form part of the financial statements and is unaudited:	
Detailed Income statement	15

# Independent Auditor's Report

---

## To the trustees of Themba Trust

We have audited the financial statements of Themba Trust, which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 14.

## Trustees' Responsibility for the Financial Statements

The trust's trustees are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

## Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

## Qualified Opinion

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

**Richter Weber Incorporated**

**Per: NK Weber  
Director  
Registered Auditor**

**15 July 2009**

**10 Alfa Building  
11B Retief Street  
Piet Retief  
2380**

# **Themba Trust**

(Registration number IT 6787/1983)

Financial Statements for the year ended 31 December 2007

## **Trustees' Responsibilities and Approval**

---

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice 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 board 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 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 31 December 2008 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.

Although the board are primarily responsible for the financial affairs of the trust, they are supported by the trust's external auditors.

The external auditors are responsible for independently reviewing and reporting on the trust's financial statements. The financial statements have been examined by the trust's external auditors and their report is presented on page 2.

The financial statements set out on pages 4 to 15, which have been prepared on the going concern basis, were approved by the board on 15 July 2009 and were signed on its behalf by:

---

**Mr. Schanckenberg**

---

**Me. R Niebuhr**

**Piet Retief**

**15 July 2009**

# Themba Trust

(Registration number IT 6787/1983)

Financial Statements for the year ended 31 December 2007

## Balance Sheet

Figures in Rand	Note(s)	2007	2006
<b>Assets</b>			
Non-Current Assets			
Property, plant and equipment	2	7,537,822	7,485,756
Other financial assets	3	233,062	208,504
		<b>7,770,884</b>	<b>7,694,260</b>
Current Assets			
Trade and other receivables	4	3,972,268	3,065,498
Deposits		29,622	29,622
Cash and cash equivalents	5	-	3,986
		<b>4,001,890</b>	<b>3,099,106</b>
<b>Total Assets</b>		<b>11,772,774</b>	<b>10,793,366</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Trust capital		100	100
Accumulated surplus		10,592,533	9,825,957
		<b>10,592,633</b>	<b>9,826,057</b>
<b>Liabilities</b>			
Non-Current Liabilities			
Finance lease obligation	6	98,700	58,676
Current Liabilities			
Finance lease obligation	6	47,764	-
Trade and other payables	7	652,077	827,077
Bank overdraft	5	381,600	81,556
		<b>1,081,441</b>	<b>908,633</b>
<b>Total Liabilities</b>		<b>1,180,141</b>	<b>967,309</b>
<b>Total Equity and Liabilities</b>		<b>11,772,774</b>	<b>10,793,366</b>

## Themba Trust

(Registration number IT 6787/1983)

Financial Statements for the year ended 31 December 2007

### Income Statement

Figures in Rand	Note(s)	2007	2006
Revenue	8	6,449,204	4,172,999
Operating expenses		(5,687,139)	(4,128,487)
<b>Operating surplus</b>		<b>762,065</b>	<b>44,512</b>
Investment revenue	9	31,472	41,141
Finance costs	10	(26,961)	(73,932)
<b>Surplus for the year</b>		<b>766,576</b>	<b>11,721</b>

## Themba Trust

(Registration number IT 6787/1983)

Financial Statements for the year ended 31 December 2007

### Statement of Changes in Equity

Figures in Rand	Trust capital	Accumulated surplus	Total equity
<b>Balance at 01 January 2006</b>	<b>100</b>	<b>9,814,236</b>	<b>9,814,336</b>
Changes in equity			
Surplus for the year	-	11,721	11,721
Total changes	-	11,721	11,721
<b>Balance at 01 January 2007</b>	<b>100</b>	<b>9,825,957</b>	<b>9,826,057</b>
Changes in equity			
Surplus for the year	-	766,576	766,576
Total changes	-	766,576	766,576
<b>Balance at 31 December 2007</b>	<b>100</b>	<b>10,592,533</b>	<b>10,592,633</b>

Note(s)

# Themba Trust

(Registration number IT 6787/1983)

Financial Statements for the year ended 31 December 2007

## Cash Flow Statement

Figures in Rand	Note(s)	2007	2006
<b>Cash flows from operating activities</b>			
Cash receipts from customers		5,542,434	3,998,861
Cash paid to suppliers and employees		(5,670,938)	(3,765,841)
Cash (used in) generated from operations	13	(128,504)	233,020
Interest income		31,472	41,141
Finance costs		(12,454)	(73,932)
<b>Net cash from operating activities</b>		<b>(109,486)</b>	<b>200,229</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(260,086)	(69,496)
Sale of property, plant and equipment	2	16,819	(102,229)
Sale of financial assets		(24,558)	(12,507)
<b>Net cash from investing activities</b>		<b>(267,825)</b>	<b>(184,232)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		73,281	(80,604)
<b>Total cash movement for the year</b>		<b>(304,030)</b>	<b>(64,607)</b>
Cash at the beginning of the year		(77,570)	(12,963)
<b>Total cash at end of the year</b>	5	<b>(381,600)</b>	<b>(77,570)</b>

# Themba Trust

(Registration number IT 6787/1983)

Financial Statements for the year ended 31 December 2007

## Accounting Policies

---

### 1. Presentation of Financial Statements

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

#### 1.1 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the trust; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant 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, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Item	Average useful life
Land	Indefinite
Furniture and fixtures	6 Years
Motor vehicles	5 Years
Equipment	
• Kitchen equipment	10 Years
• Equipment	5 Years
IT equipment	3 Years
Linen	5 Years

The residual value and the useful life of each asset are reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

#### 1.2 Financial instruments

##### Initial recognition

The trust classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the trust's balance sheet when the trust becomes party to the contractual provisions of the instrument.

##### Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the trust establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

# Themba Trust

(Registration number IT 6787/1983)

Financial Statements for the year ended 31 December 2007

## Accounting Policies

---

### 1.2 Financial instruments (continued)

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade and other receivables are classified as loans and receivables.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

#### Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the trust's accounting policy for borrowing costs.

Other financial liabilities are measured initially at fair value and subsequently at amortised cost, using the effective interest rate method.

#### Financial assets at fair value through profit or loss

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Investments are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in profit or loss for the period.

### 1.3 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Finance leases – lessee

Finance leases are recognised as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

# **Themba Trust**

(Registration number IT 6787/1983)

Financial Statements for the year ended 31 December 2007

## **Accounting Policies**

---

### **1.3 Leases (continued)**

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

#### **Operating leases – lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

### **1.4 Borrowing costs**

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

### **1.5 Translation of foreign currencies**

#### **Foreign currency transactions**

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

# Themba Trust

(Registration number IT 6787/1983)

Financial Statements for the year ended 31 December 2007

## Notes to the Financial Statements

Figures in Rand

2007

2006

### 2. Property, plant and equipment

	2007			2006		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land and buildings	7,005,879	-	7,005,879	7,005,879	-	7,005,879
Furniture and fixtures	218,001	(152,764)	65,237	218,001	(139,712)	78,289
Motor vehicles	555,595	(296,572)	259,023	635,913	(391,684)	244,229
Equipment	318,365	(216,593)	101,772	318,365	(199,087)	119,278
IT equipment	382,905	(291,379)	91,526	274,604	(254,505)	20,099
Linen	29,994	(15,609)	14,385	29,994	(12,012)	17,982
<b>Total</b>	<b>8,510,739</b>	<b>(972,917)</b>	<b>7,537,822</b>	<b>8,482,756</b>	<b>(997,000)</b>	<b>7,485,756</b>

### Reconciliation of property, plant and equipment - 2007

	Opening Balance	Additions	Disposals	Profit/(loss) on disposal	Depreciation	Total
Land and buildings	7,005,879	-	-	-	-	7,005,879
Furniture and fixtures	78,289	-	-	-	(13,052)	65,237
Motor vehicles	244,229	151,785	(55,595)	(38,776)	(42,620)	259,023
Office equipment	119,278	-	-	-	(17,506)	101,772
IT equipment	20,099	108,301	-	-	(36,874)	91,526
Linen	17,982	-	-	-	(3,597)	14,385
	<b>7,485,756</b>	<b>260,086</b>	<b>(55,595)</b>	<b>(38,776)</b>	<b>(113,649)</b>	<b>7,537,822</b>

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the trust.

### 3. Other financial assets

#### At fair value through profit or loss

Unit trusts - Sanlam	233,062	208,504
----------------------	---------	---------

#### Non-current assets

At fair value through profit or loss	233,062	208,504
--------------------------------------	---------	---------

### 4. Trade and other receivables

Trade receivables	3,645,649	2,894,550
VAT	326,619	170,948
	<b>3,972,268</b>	<b>3,065,498</b>

#### Details of trade receivables

Sinethemba Boys School	1,570,274	1,566,914
Siyathemba Girls School	846,644	781,398
St Helena CC	113,776	161,491
A Rappen	261,350	11,350
Daumcens Trust	895	-
Sundry Debtors	37,973	9,373
Boys and Girls Hostel	786,314	335,424
Department Health and Social Services	28,423	28,600
	<b>3,645,649</b>	<b>2,894,550</b>

# Themba Trust

(Registration number IT 6787/1983)

Financial Statements for the year ended 31 December 2007

## Notes to the Financial Statements

Figures in Rand 2007 2006

### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	-	3,986
Bank overdraft	(381,600)	(81,556)
	<b>(381,600)</b>	<b>(77,570)</b>

Current assets	-	3,986
Current liabilities	(381,600)	(81,556)
	<b>(381,600)</b>	<b>(77,570)</b>

### 6. Finance lease obligation

#### Present value of minimum lease payments due

- within one year	47,764	-
- in second to fifth year inclusive	98,700	58,676
	<b>146,464</b>	<b>58,676</b>

Non-current liabilities	98,700	58,676
Current liabilities	47,764	-
	<b>146,464</b>	<b>58,676</b>

It is trust policy to lease certain motor vehicles and equipment under finance leases.

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

### 7. Trade and other payables

Total payables	652,077	827,077
----------------	---------	---------

Trade and other payables consist of:

#### Details of accounts payable

Trade payables	342,876	507,878
----------------	---------	---------

#### Details of pre-received funds

Förderverein	309,200	309,200
Felsisa	10,000	10,000
	<b>319,200</b>	<b>319,200</b>

# Themba Trust

(Registration number IT 6787/1983)

Financial Statements for the year ended 31 December 2007

## Notes to the Financial Statements

Figures in Rand	2007	2006
<b>8. Revenue</b>		
Donations received	2,913,003	2,194,414
Rental Income	25,088	145,088
Management levies	566,351	240,937
Accommodation	35,028	15,340
Hostel fees	2,909,734	1,577,220
	<b>6,449,204</b>	<b>4,172,999</b>
<b>Details of donations received</b>		
Themba Förderverein	2,439,201	995,515
Mission of Lutheran Churches	15,560	19,638
Kindernothilfe	52,201	267,434
Sundry persons	406,041	111,254
Kello GG Foundation	-	800,573
	<b>2,913,003</b>	<b>2,194,414</b>
<b>9. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	31,472	41,141
<b>10. Finance costs</b>		
Trade and other payables	375	-
Finance leases	14,507	-
Bank	12,079	50,346
Late payment of tax	-	23,586
	<b>26,961</b>	<b>73,932</b>
<b>11. Taxation</b>		
No provision for taxation was made as the Trust is exempt from any taxation as per section 10(1)(t)		
<b>12. Auditors' remuneration</b>		
Fees	50,687	40,296

# Themba Trust

(Registration number IT 6787/1983)

Financial Statements for the year ended 31 December 2007

## Notes to the Financial Statements

Figures in Rand	2007	2006
<b>13. Cash (used in) generated from operations</b>		
Surplus before taxation	766,576	11,721
<b>Adjustments for:</b>		
Depreciation and amortisation	113,649	118,423
Deficit on sale of assets	38,776	115,387
Interest received	(31,472)	(41,141)
Finance costs	26,961	73,932
Other non-cash items	38,776	56,338
<b>Changes in working capital:</b>		
Trade and other receivables	(906,770)	(174,138)
Trade and other payables	(175,000)	72,498
	<b>(128,504)</b>	<b>233,020</b>

### 14. Related parties

#### Relationships

Close family member of key management

Nico Den Oudsten

Joint venture of key management

World of Work Consulting CC

#### Related party balances

#### Amounts included in Trade receivable (Trade Payable) regarding related parties

Nico Den Oudsten	-	48,000
World of Work Consulting CC	-	175,720

#### Related party transactions

#### Purchases from (sales to) related parties

Nico Den Oudsten	356,600	442,000
------------------	---------	---------

# Themba Trust

(Registration number IT 6787/1983)

Financial Statements for the year ended 31 December 2007

## Detailed Income statement

Figures in Rand	Note(s)	2007	2006
<b>Revenue</b>			
Donations received		2,913,003	2,194,414
Rental Income		25,088	145,088
Hostel Fees		2,909,734	1,577,220
Management Levies		566,351	240,937
Accommodation Income		35,028	15,340
	8	<b>6,449,204</b>	<b>4,172,999</b>
<b>Other income</b>			
Interest received	9	31,472	41,141
<b>Operating expenses</b>			
Accounting fees		118,091	-
Advertising		4,633	965
Auditors remuneration	12	50,687	40,296
Bank charges		66,298	45,933
Cleaning		3,775	1,078
Computer expenses		12,561	10,653
Consulting and professional fees		381,467	242,000
Depreciation, amortisation and impairments		113,649	118,423
Employee costs		2,118,579	1,546,482
Entertainment		24,688	9,659
Insurance		140,038	105,313
Kitchen expenses		886,002	857,724
Lease rentals on operating lease		414,034	70,551
Levies		-	27,178
Loss on disposal of assets		38,776	115,387
Medical expenses		6,949	-
Motor vehicle expenses		341,002	102,438
Office expenses		-	25,161
Postage		400	-
Printing and stationery		25,582	83,473
Protective clothing		11,896	206
Repairs and maintenance		264,976	154,300
Security		40,044	6,167
Staff welfare		4,495	-
Subscriptions		9,437	5,364
Telephone and fax		160,686	127,868
Training		16,548	200,000
Transport and freight		7,636	-
Travel - local		2,377	70,331
Travel - overseas		194,470	-
Utilities		227,363	161,537
		<b>5,687,139</b>	<b>4,128,487</b>
<b>Operating surplus</b>			
Finance costs	10	(26,961)	(73,932)
<b>Surplus for the year</b>		<b>766,576</b>	<b>11,721</b>