

**THE ASAP FOUNDATION TRUST (AFRICAN SOLUTIONS TO
AFRICAN PROBLEMS)**

(Registration Number IT 3548/2004)

**Annual Financial Statements
for the year ended 28 February 2013**

THE ASAP FOUNDATION TRUST (AFRICAN SOLUTIONS TO AFRICAN PROBLEMS)

(Registration Number IT 3548/2004)

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GENERAL INFORMATION

| | |
|--|--|
| COUNTRY OF INCORPORATION AND DOMICILE | South Africa |
| NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES | Undertaking public benefit activities which promote development for the poor and needy persons in rural communities in Southern Africa |
| TRUSTEES | P.D. Higham R. Mashale F. Jaiyesimi-Njobe T.M. Zwane B. Silvano L. Sauls C. Blacker L. Greenberg Adler |
| REGISTERED OFFICE | 156 Main Road Muizenburg Village Muizenburg 7945 |
| BANKERS | First National Bank |
| AUDITORS | Braude Gordon & Co Suite 201 200 on Main Main Road Claremont 7708 |

REPORT OF THE INDEPENDENT AUDITORS

To the members of The ASAP Foundation Trust (African Solutions To African Problems)

We have audited the annual financial statements of The ASAP Foundation Trust (African Solutions To African Problems) which comprise the Trustees' report, the statement of financial position as at 28 February 2013, the statement of comprehensive income, the statement of equity and statement of cash flows for the year then ended, a summary of significant policies and other explanatory notes as set out on pages 6 to 15.

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 the basis of accounting described in note 2, and for such internal control as the trustees determine is necessary to enable the preparation of 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 financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgment, 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 the trustees, 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 opinion.

Qualification

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

Audit opinion

In our opinion, except for the qualification above, the annual financial statements fairly present, in all material respects, the financial position of the trust as at 28 February 2013, and its financial performance and cash flows for the year ended in accordance with the basis of accounting described in note 2.

REPORT OF THE INDEPENDENT AUDITORS

Other matter

Without further qualifying our opinion we draw attention to the fact that supplementary information set out on pages 16 to 17 do not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Braude Gordon & Co
Registered Auditors

27 June 2013

Per: L. Sher C.A. (S.A.)
Registered Auditor
Partner

Suite 201
200 on Main
Main Road
Claremont
7708

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Trustees' responsibility and approval

The trustees are required to maintain adequate accounting records to enable the trust to satisfy all reporting requirements applicable to it and provide for the proper conduct of an audit. The accounting records must be kept in such a manner as to provide adequate precautions against theft, loss or intentional or accidental damage or destruction, falsification, to facilitate the discovery of any falsification and to comply with any other applicable law dealing with accounting records, access to information, or confidentiality. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards as to form and content and present fairly the state of affairs and business of the trust, and explain the transactions and financial position of the business of the trust at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the trust and supported by reasonable and prudent judgements 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 and the external auditors, 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 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.

The financial statements have been audited by the independent auditing firm, Braude Gordon & Co, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of trustees and committees of the board. The trustees believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' qualified audit report is presented on page 3 to 4.

P.D. Higham

R. Mashale

THE ASAP FOUNDATION TRUST (AFRICAN SOLUTIONS TO AFRICAN PROBLEMS)

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TRUSTEES' REPORT

The trustees present their report for the year ended 28 February 2013. This report forms part of the audited annual financial statements.

1. Review of activities

Main business and operations

The principal activity of the trust is undertaking public benefit activities which promote development for the poor and needy persons in rural communities in Southern Africa and there were no major changes herein during the year.

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

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of operations.

3. Events after reporting date

All events subsequent to the date of financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

4. Trust capital

No changes were approved or made to the trust capital of the trust during the year under review.

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TRUSTEES' REPORT

5. Trustees

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

P.D. Higham
R. Mashale
F. Jaiyesimi-Njobe
T.M. Zwane
B. Silvano
L. Sauls
C. Blacker
L. Greenberg Adler

6. Auditors

Braude Gordon & Co were the auditors for the year under review.

THE ASAP FOUNDATION TRUST (AFRICAN SOLUTIONS TO AFRICAN PROBLEMS)

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Statement of Financial Position

| Figures in R | Note(s) | 2013 | 2012 |
|-------------------------------------|---------|------------------|----------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 3 | 269,318 | 293,542 |
| Current Assets | | | |
| Other receivables and prepayments | 4 | 30,215 | 85,007 |
| Cash and cash equivalents | 5 | 1,091,137 | 576,502 |
| | | 1,121,352 | 661,509 |
| Total Assets | | 1,390,670 | 955,051 |
| Equity and Liabilities | | | |
| Equity | | | |
| Trust capital | 6 | 100 | 100 |
| Accumulated funds | | 1,364,490 | 731,418 |
| | | 1,364,590 | 731,518 |
| Current Liabilities | | | |
| Trade and other payables | 7 | 26,080 | 223,533 |
| Total Equity and Liabilities | | 1,390,670 | 955,051 |

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Statement of Comprehensive Income

| Figures in R | 2013 | 2012 |
|---|------------------|------------------|
| Revenue | 4,344,553 | 3,979,981 |
| Other income | 8,314 | 18,000 |
| Finance income | 29,014 | 25,036 |
| Total income | 4,381,881 | 4,023,017 |
| Direct expenditure on projects | (2,084,657) | (2,632,733) |
| Net income before other expenditure | 2,297,224 | 1,390,284 |
| Operating costs | (1,662,389) | (1,320,065) |
| Finance costs | (1,763) | - |
| Net surplus for the year | 633,072 | 70,219 |
| Accumulated funds at beginning of year | 731,418 | 661,199 |
| Accumulated funds at end of year | 1,364,490 | 731,418 |

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Statement of Cash Flows

| Figures in R | Note(s) | 2013 | 2012 |
|--|---------|------------------|-----------------|
| Cash flows from operating activities | | | |
| Profit for the year | | 633,072 | 70,219 |
| <i>Adjustments for:</i> | | | |
| Finance costs | | 1,763 | - |
| Depreciation of property, plant and equipment | | 43,141 | 36,369 |
| Investment income | | (29,014) | (25,036) |
| (Profit)/Loss on disposal of property, plant and equipment | | (8,314) | 5,145 |
| Decrease /(increase) in trade and other receivables | | 54,792 | (48,613) |
| (Decrease)/Increase in trade and other payables | | (197,453) | 220,746 |
| Cash generated by operating activities | | 497,987 | 258,830 |
| Interest received | | 29,014 | 25,036 |
| Finance costs | | (1,763) | - |
| Net cash from operating activities | | 525,238 | 283,866 |
| Cash flows from investing activities | | | |
| Property, plant and equipment acquired | | (22,917) | (57,453) |
| Proceeds on disposals of property, plant and equipment | | 12,314 | - |
| Net cash utilised in investing activities | | (10,603) | (57,453) |
| Increase in cash and cash equivalents | | 514,635 | 226,413 |
| Cash and cash equivalents at beginning of the year | | 576,502 | 350,089 |
| Cash and cash equivalents at end of the year | 5 | 1,091,137 | 576,502 |

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Accounting Policies

1. General information

The ASAP Foundation Trust (African Solutions To African Problems) is a trust incorporated in South Africa.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with the accounting policies as set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

2.1 Revenue recognition

Revenue represents donations received from overseas and local Public Benefit Organisations. Donations are recognised as income upon receipt thereof.

Interest income

Interest income is recognised using the effective interest method.

2.2 Property, plant and equipment

Items of property plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

| | |
|----------------------|------------|
| Motor vehicles | 6 years |
| Computer Equipment | 5 years |
| Office Equipment | 6.67 years |
| Furniture & Fittings | 6.67 years |

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Accounting Policies

2.3 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 group will not be able to collect all amounts due according to the original terms of the receivables.

2.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.5 Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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Notes to the Annual Financial Statements

Figures in R

2013

2012

3. Property, plant and equipment

| | Cost | Accumulated depreciation | 2013 Carrying value | Cost | Accumulated depreciation | 2012 Carrying value |
|----------------------|----------------|--------------------------|---------------------|----------------|--------------------------|---------------------|
| <i>Owned assets</i> | | | | | | |
| Motor vehicles | 391,995 | 201,216 | 190,779 | 391,995 | 179,699 | 212,296 |
| Furniture & fittings | 73,259 | 24,571 | 48,688 | 72,599 | 33,447 | 39,152 |
| Office equipment | 37,463 | 31,259 | 6,204 | 43,412 | 31,027 | 12,385 |
| IT equipment | 30,310 | 6,663 | 23,647 | 30,310 | 601 | 29,709 |
| | 533,027 | 263,709 | 269,318 | 538,316 | 244,774 | 293,542 |

The carrying amounts of property, plant and equipment can be reconciled as follows:

| | Carrying value at beginning of year | Additions | Disposals | Depreciation | 2013 Carrying value at end of year |
|----------------------|-------------------------------------|---------------|----------------|-----------------|------------------------------------|
| <i>Owned assets</i> | | | | | |
| Motor vehicles | 212,296 | - | - | (21,517) | 190,779 |
| Furniture & fittings | 39,152 | 22,917 | (3,078) | (10,303) | 48,688 |
| Office equipment | 12,385 | - | (922) | (5,259) | 6,204 |
| IT equipment | 29,709 | - | - | (6,062) | 23,647 |
| | 293,542 | 22,917 | (4,000) | (43,141) | 269,318 |

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| Figures in R | | | | | 2013 | 2012 |
|---|--|---------------|----------------|-----------------|---|----------------|
| | Carrying value at beginning of year | Additions | Disposals | Depreciation | 2012 Carrying value at end of year | |
| <i>Owned assets</i> | | | | | | |
| Motor vehicles | 233,915 | - | - | (21,619) | 212,296 | |
| Furniture & fittings | 19,914 | 27,143 | (762) | (7,143) | 39,152 | |
| Office equipment | 23,774 | - | (4,383) | (7,006) | 12,385 | |
| IT equipment | - | 30,310 | - | (601) | 29,709 | |
| | <u>277,603</u> | <u>57,453</u> | <u>(5,145)</u> | <u>(36,369)</u> | <u>293,542</u> | |
| 4. Other receivables and prepayments | | | | | | |
| Prepaid expenses | | | | | 22,515 | 61,598 |
| Deposits | | | | | 7,700 | 23,409 |
| | | | | | <u>30,215</u> | <u>85,007</u> |
| 5. Cash and cash equivalents | | | | | | |
| Favourable cash balances | | | | | | |
| Cash on hand | | | | | 2,170 | 646 |
| FNB current account | | | | | 27,058 | 55,792 |
| RMB money market | | | | | 1,061,909 | 520,064 |
| | | | | | <u>1,091,137</u> | <u>576,502</u> |
| 6. Trust capital | | | | | | |
| Initial donation | | | | | 100 | 100 |
| 7. Trade and other payables | | | | | | |
| Accrued liabilities | | | | | 26,079 | 220,337 |
| Sundry creditors | | | | | - | 3,195 |
| | | | | | <u>26,079</u> | <u>223,532</u> |

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Figures in R

2013

2012

8. Related party transactions

The following related party transactions have been identified:

| Name | Relationship | Transactions | 2013 | 2012 |
|-----------|--------------|---------------|------|--------|
| P. Higham | Trustee | Rental income | - | 18,000 |

9. Comparative figures

Certain comparative figures have been reclassified to conform with presentation in the current year.

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Detailed Income Statement

| Figures in R | 2013 | 2012 |
|--|-------------------------|-------------------------|
| Gross Revenue | | |
| Donation income | 4,344,553 | 3,979,981 |
| | <u>4,344,553</u> | <u>3,979,981</u> |
| Direct expenditure on projects | | |
| Baphumelele (Khayelitsha, Western Cape) | 174,191 | 104,608 |
| Bolata youth (Qwa Qwa, Free State) | 51,307 | 279,112 |
| Building expenses | 204,428 | 356,954 |
| Conference costs | - | 70,694 |
| Fakisandla (Nyanga, Western Cape) | 16,286 | 338,003 |
| Hlomelihusasa (Mount Frere, Eastern Cape) | 274,895 | 343,467 |
| Ikwezi Lomso (Khayelitsha, Western Cape) | 32,601 | 31,367 |
| Imithayelanga youth development | 132,196 | 131,105 |
| Itekeng Batswadi (Matatiele, Eastern Cape) | 319,146 | 258,722 |
| Kakaretso (Qwa Qwa, Free State) | 17,361 | 371,057 |
| Khula kahle (Matatiele, Eastern Cape) | 42,293 | 26,438 |
| Library project expenses | 248,293 | 31,188 |
| Mamahou (Matatiele, Eastern Cape) | 265,458 | 135,402 |
| Pontseng | 10,838 | - |
| Project management training | - | 23,952 |
| Research expenses | - | 6,827 |
| Sakhikamva (Matatiele, Eastern Cape) | 295,364 | 24,508 |
| Sihlangule (Matatiele, Eastern Cape) | - | 96,584 |
| Volunteer expenses | - | 2,745 |
| | <u>2,084,657</u> | <u>2,632,733</u> |
| Gross Surplus | <u>2,259,896</u> | <u>1,347,248</u> |
| Other Income | | |
| Investment income | 29,014 | 25,036 |
| Profit on sale of fixed assets | 8,314 | - |
| Rent received | - | 18,000 |
| | <u>37,328</u> | <u>43,036</u> |
| | <u>2,297,224</u> | <u>1,390,284</u> |

The supplementary information presented does not form part of the annual financial statements and is unaudited

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Detailed Income Statement

| Figures in R | 2013 | 2012 |
|------------------------------|-----------------------|----------------------|
| Expenditure | | |
| Accounting fees | 52,685 | 45,385 |
| Auditors' remuneration | 32,040 | 29,469 |
| Bank charges | 19,829 | 16,162 |
| Board expenses | 14,938 | 6,839 |
| Cleaning | 2,980 | 7,573 |
| Computer expenses | 4,689 | 6,997 |
| Courier and postage | 1,203 | 786 |
| Depreciation | 43,141 | 36,369 |
| Finance costs | 1,763 | - |
| Fundraising expenses | 141,359 | 55,263 |
| Gifts and entertainment | 7,259 | 1,571 |
| Insurance | 17,943 | 20,507 |
| Legal expense | 22,813 | 3,000 |
| Loss on sale of fixed assets | - | 5,145 |
| Media | 40,878 | 81,216 |
| Motor vehicle expense | 15,546 | 35,251 |
| Office expenses | 6,674 | 14,479 |
| Printing and stationery | 13,853 | 9,765 |
| Recruitment fees | 4,589 | 2,608 |
| Rent paid | 112,663 | 112,682 |
| Repairs and maintenance | 14,243 | 3,645 |
| Salaries | 910,282 | 724,195 |
| Security | - | 3,324 |
| Staff training | 98,896 | 850 |
| Telephone and fax | 13,766 | 12,256 |
| Travel - local | 67,770 | 75,526 |
| Utilities | 2,350 | 9,202 |
| | <u>1,664,152</u> | <u>1,320,065</u> |
| Surplus for the year | <u>633,072</u> | <u>70,219</u> |

The supplementary information presented does not form part of the annual financial statements and is unaudited