GREATER STELLENBOSCH DEVELOPMENT TRUST
(REGISTRATION NUMBER IT23/2002)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018

Contents

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

Preparer

The annual financial statements have been prepared by LDP Compliance Proprietary Limited with assistance from L Vos.

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 auditor is 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 2019 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 auditor is 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 auditor's and their report is presented on pages 3 to 4.

The annual financial statements set out on pages 5 to 16, which have been prepared on the going concern basis, were approved by the trustees on .... and were signed on their behalf by:

Trustee

Independent Auditor's Report

To the Trustees of Greater Stellenbosch Development Trust

Qualified Opinion

We have audited the annual financial statements of Greater Stellenbosch Development Trust (the trust) set out on pages 6 to 15, which comprise the statement of financial position as at 28 February 2018, statement of comprehensive income, statement of changes in trust capital and statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the annual financial statements present fairly, in all material respects, the financial position of Greater Stellenbosch Development Trust as at 28 February 2018, and its financial performance and cash flows for the year then ended in accordance with the the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Trust Property Control Act 57 of 1988.

Basis for Qualified Opinion

In common with similar types of organisations, it is difficult for the organisation to institute accounting controls over the issue of donations received and cash collections from the general public as funds to maintain operations, prior to the initial entry of collections in the accounting records. Accordingly, it was impractical for us to extend our examination beyond receipts actually recorded. The completeness, accuracy, occurrence and cut-off of revenue could not be verified, hence we have no other choice than to qualify our opinion on the matter explained above.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the trust in accordance with the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The trustees are responsible for the other information. The other information comprises the Trustees' Report as required by the Trust Property Control Act 57 of 1988, which we obtained prior to this report, and the supplementary information as set out on page 16. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the Annual Financial Statements

The trustees are responsible for the preparation and fair presentation of the annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Trust Property Control Act 57 of 1988, and for such internal control as the trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the trustees are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

LDP Inc.
Registered Auditor
J Goosen
Director

Stellenbosch
Date: ....

10 Helderberg Street
Stellenbosch
7600

Trustees' Report

The trustees have pleasure in submitting their report on the annual financial statements of Greater Stellenbosch Development Trust for the year ended 28 February 2018.

1. Review of activities

The trust is engaged in educational and community development as well as social upliftment in Stellenbosch, South Africa.

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.

2. Going concern

The trustees believe that the trust has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The trustees have satisfied themselves that the trust is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The trustees are not aware of any new material changes that may adversely impact the trust. The trustees are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the trust.

3. Events after the reporting period

In December 2019, an outbreak of novel strain of coronavirus (“COVID-19”) emerged globally. Although it is not possible to reliably estimate the length and severity of this outbreak and its financial impact, the trust could be materially and possibly adversely affected by the risks, or the public perception of the risks, related to the recent outbreak of COVID-19. The current lockdown period, called by authorities, could further negatively impact the trust’s operations. The extent and the impact of COVID-19 on the trust’s operational and financial performance will depend on future developments including the duration and the spread of the outbreak.

The trustees are not aware of any other material event which occurred after the reporting date and up to the date of this report.

4. Accounting policies

Accounting policies are consistent with the previous period.

5. Non-current assets

Additions and disposals during the current period is set out in note 2 to the financial statements.

6. Trustees

The trustees in office at the date of this report are as follows:

Name
B Joorst
CB Ndlebe
I Knoetze
JE Schliemann
JP van Zyl
SD Gxilishe

7. Beneficiaries

The beneficiary of the trust during the accounting year and up to the date of this report shall be all racially and gender disadvantaged persons who were either born or who are resident in the former racially segregated townships that now fall within the boundries of the Municipality of Stellenbosch.

8. Auditor

LDP Incorporated continued in office as the auditor for the trust for 2018.

They will continue in office for the 2019 financial year.

Statement of Financial Position as at 28 February 2018

	Notes	2018 R	2017 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	4 282 860	4 671 351
Other financial assets	3	155 000	-
		4 437 860	**4 671 351**
Current Assets			
Trade and other receivables	4	23 860	-
Cash and cash equivalents	5	6 522	40 840
		30 382	**40 840**
Total Assets		**4 468 242**	**4 712 191**
Trust Capital and Liabilities			
Trust Capital			
Trust capital	6	100	100
Accumulated surplus		4 301 129	4 565 092
		4 301 229	**4 565 192**
Liabilities			
Non-Current Liabilities			
Other financial liabilities	7	163 892	144 000
Current Liabilities			
Trade and other payables	8	3 121	2 999
Total Liabilities		**167 013**	**146 999**
Total Trust Capital and Liabilities		**4 468 242**	**4 712 191**

Statement of Comprehensive Income

	Notes	2018 R	2017 R
Income	9	1 321 834	1 376 418
Operating expenses		(1 585 830)	(1 829 625)
Operating deficit		**(263 996)**	**(453 207)**
Investment revenue	10	33	918
Finance costs	11	-	(1)
Deficit for the year		**(263 963)**	**(452 290)**
Other comprehensive income		-	-
Total comprehensive deficit for the year		**(263 963)**	**(452 290)**

Statement of Changes in Trust Capital

	Trust capital R	Accumulated surplus R	Total equity R
Balance at 01 March 2016	**100**	**5 017 382**	**5 017 482**
Deficit for the year	-	(452 290)	(452 290)
Other comprehensive income	-	-	-
Total comprehensive deficit for the year	**-**	**(452 290)**	**(452 290)**
Balance at 01 March 2017	**100**	**4 565 092**	**4 565 192**
Deficit for the year	-	(263 963)	(263 963)
Other comprehensive income	-	-	-
Total comprehensive deficit for the year	**-**	**(263 963)**	**(263 963)**
Balance at 28 February 2018	**100**	**4 301 129**	**4 301 229**
Note	6		

Statement of Cash Flows

	Notes	2018 R	2017 R
Cash flows from operating activities			
Cash generated from operations	13	100 757	(65 077)
Interest income		33	918
Finance costs		-	(1)
Net cash used in operating activities		**100 790**	**(64 160)**
Cash flows from investing activities			
Net movement in financial assets		(155 000)	-
Net cash used in investing activities		**(155 000)**	**-**
Cash flows from financing activities			
Movement of other financial liabilities		19 892	44 000
Net cash from / (used in) financing activities		**19 892**	**44 000**
Total cash movement for the year		**(34 318)**	**(20 160)**
Cash at the beginning of the year		40 840	61 000
Total cash at end of the year	5	**6 522**	**40 840**

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.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Financial assets measured at cost and amortised cost

The trust assesses its financial assets measured at cost and amortised cost for impairment at each reporting period date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the trust makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

1.2 Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of 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.

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

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	**Average useful life**
Land	Indefinite
Buildings	20 years
Furniture and fixtures	6 years
Office equipment	5 years
IT equipment	3 years

The residual value, depreciation method and the useful life of each asset are reviewed at each annual reporting period if there are indicators present that there is a change from the previous estimate.

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 and have significantly different patterns of consumption of economical benefits is depreciated separately over its useful life.

Accounting Policies

1.3 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Financial assets measured at amortised cost;
- Financial liabilities measured at amortised cost.

A financial instrument is classified on the date of recognition. Classification depends on the nature of the instrument and purpose for which the instrument was obtained or incurred.

Recognition

The company shall recognise a financial asset or a financial liability when the company becomes a party to the contractual provisions of the instrument.

Initial and subsequent measurement per category

- Financial assets measured at amortised cost

Debt instruments issued by the company as well as cash and cash equivalents are classified as financial assets measured at amortised cost. These include loans to directors, cash and cash equivalents, trade debtors, certain other receivables and other loans receivable. These instruments are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost, using the effective interest method.

- Financial liabilities measured at amortised cost.

Debt instruments held by the company are classified as financial liabilities measures at amortised cost. These include loans from shareholders, loans payable, bank overdraft, trade creditors and certain other payables. These instruments are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost, using the effective interest method.

Impairment of financial instruments measured at cost less impairment or amortised cost

At the end of each reporting period, the company shall assess whether there is objective evidence of impairment of any financial assets that are measured at cost less impairment or amortised cost. If there is objective evidence of impairment, the company shall recognise an impairment loss in profit or loss immediately.

If, in a subsequent period, the amount of accumulated impairment losses previously recognised decrease, and the decrease can be related objectively to an event occurring after the impairment was recognised, the company shall reverse the previously recognised impairment losses.

Amortised cost and effective interest rate method

The amortised cost of a financial asset or financial liability is calculated as follows:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- minus any repayments of the principal;
- plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and maturity amount; and
- minus, in the case of a financial asset, any reduction for impairment or uncollectibility.

A financial instrument that has no stated repayment terms and/or interest rate is classified as current and is measured at its undiscounted amount.

The effective interest rate method is a method calculating the amortised cost of a financial instrument and of allocating interest income and interest expense over the relevant period.

Interest expense is recognised on the basis of the effective interest rate method and is included in finance cost. Interest income is recognised on the basis of the effective interest rate method and is included in investment income.

Accounting Policies

1.3 Financial instruments (continued)

Derecognition

- Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

- Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company’s obligations are discharged, cancelled or they expire.

1.4 Tax

Tax expenses

The trust is exempt from taxation in terms of Section 10(1)(cN) of the Income Tax Act.

1.5 Income

Donations whether of cash or assets, shall be recognised as income in the period it is received or receivable when and only all of the following conditions has been satisfied:
(a) the entity obtains control of the donations or the right to receive the donation;
(b) it is probable that the economic benefits comprising the donation will flow to the entity; and
(c) the amount of the donation can be measured reliably.

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

1.6 Borrowing costs

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

Notes to the Annual Financial Statements

	2018	2017
	R	R

2. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	1 500	(1 499)	1	1 500	(1 499)	1
Office equipment	18 700	(18 699)	1	18 700	(18 699)	1
IT equipment	13 294	(13 293)	1	13 294	(11 433)	1 861
Land and buildings	7 732 630	(3 449 773)	4 282 857	7 732 630	(3 063 142)	4 669 488
Total	**7 766 124**	**(3 483 264)**	**4 282 860**	**7 766 124**	**(3 094 773)**	**4 671 351**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Depreciation	Total
Furniture and fixtures	1	-	1
Office equipment	1	-	1
IT equipment	1 861	(1 860)	1
Land and buildings	4 669 488	(386 631)	4 282 857
	4 671 351	**(388 491)**	**4 282 860**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Depreciation	Total
Furniture and fixtures	1	-	1
Office equipment	1	-	1
IT equipment	4 343	(2 482)	1 861
Land and buildings	5 056 120	(386 632)	4 669 488
	5 060 465	**(389 114)**	**4 671 351**

Details of properties

Erf 27, Khayamandi, T 60519/2002

	2018	2017
- Purchase price:	150 000	150 000
- Additions since purchase or valuation	7 582 630	7 582 630
- Accumulated depreciation	(3 449 773)	(3 063 142)
	4 282 857	**4 669 488**

3. Other financial assets

	2018	2017
At amortised cost		
Vision Afrika NPO	155 000	-

The unsecured loan bears interest as agreed by parties from time to time and has no fixed terms of repayment. No capital payments are required in the next 12 months.

	2018	2017
Non-current assets		
At amortised cost	155 000	-

Notes to the Annual Financial Statements

	2018 R	2017 R

4. Trade and other receivables

Trade receivables	23 860	-

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	6 522	40 840

6. Trust capital

Trust capital		
Balance at beginning of year	100	100

7. Other financial liabilities

At amortised cost

JP van Zyl	163 892	144 000

The unsecured loan bears interest as agreed by parties from time to time and has no fixed terms of repayment. No capital payments are required in the next 12 months.

Non-current liabilities		
At amortised cost	163 892	144 000

8. Trade and other payables

Value-added taxation	3 121	2 591
Employees tax liability	-	408
	3 121	**2 999**

9. Income

Donations from Macias Restis Charitable Trust	750 000	750 000
Donations from German sponsors	285 000	586 418
Other donations and miscellaneous income	286 834	40 000
	1 321 834	**1 376 418**

The trust has a commitment to pay donations to Sakh'lkamva. All donations received for Sakh'lkamva was paid over before year end.

10. Investment revenue

Interest revenue		
Bank	33	918

11. Finance costs

Interest paid	-	1

Notes to the Annual Financial Statements

	2018 R	2017 R

12. Taxation

No provision has been made for 2018 tax as the trust is registered as a non-proft organisation and therefore is exempt from taxation in terms of section 10(1)(cN) of the Income Tax Act.

13. Cash generated from (used in) operations

	2018 R	2017 R
Deficit before taxation	(263 963)	(452 290)
Adjustments for:		
Depreciation	388 492	389 113
Interest received	(33)	(918)
Finance costs	-	1
Changes in working capital:		
Trade and other receivables	(23 860)	-
Trade and other payables	121	(983)
	100 757	**(65 077)**

14. Related parties

Relationships	
Trustees	B Joorst CB Ndlebe I Knoetze JE Schliemann JP van Zyl SD Gxilishe
Entities where trustees have a significant influence	Vision Afrika NPO

Related party balances

	2018 R	2017 R
Loan accounts - Owing (to) by related parties		
Vision Afrika NPO	155 000	-
JP van Zyl	(163 892)	(144 000)
Amount included in Trade receivables regarding related party		
Vision Afrika NPO	23 860	-

Related party transactions

	2018 R	2017 R
Distributions paid to related party		
Vision Afrika NPO	750 000	437 500

15. Comparative figures

Certain comparative figures have been reclassified for presentation purposes.

16. Going concern

The trustees believe that the trust has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The trustees have satisfied themselves that the trust is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The trustees are not aware of any new material changes that may adversely impact the trust. The trustees are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the trust.

Greater Stellenbosch Development Trust
(Registration number IT23/2002)
Annual Financial Statements for the year ended 28 February 2018

Statement of Financial Performance

	Notes	2018 R	2017 R
Income			
Donations from Macias Restis Charitable Trust		750 000	750 000
Donations from German sponsors		285 000	586 418
Other donations and miscellaneous income		286 834	40 000
	9	**1 321 834**	**1 376 418**
Other income			
Interest received	10	33	918
Operating expenses			
Accounting fees		8 775	17 210
Bank charges		7 976	9 510
Beneficiary project expenses		7 100	-
Consulting and professional fees		-	312 500
Depreciation		388 492	389 113
Donations		-	13 000
Employee costs		77 124	105 043
IT expenses		1 980	2 958
Innovation in the classroom		1 031 466	861 141
Insurance		9 003	8 240
Marketing		10 440	2 988
Municipal expenses		29 375	45 175
Postage		-	150
Repairs and maintenance		4 060	11 611
Security		6 288	2 817
Telephone and fax		3 751	48 169
		1 585 830	**1 829 625**
Operating deficit		**(263 963)**	**(452 289)**
Finance costs	11	-	(1)
Deficit for the year		**(263 963)**	**(452 290)**

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