

**Southern Africa Trust  
(Registration number IT3101/05)  
Annual financial statements  
for the year ended 31 March 2012**

# Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2012

## General Information

---

Country of incorporation and domicile	South Africa
Trustees	Denis Kadima Joseph Komakoma Perks Ligoya Reginald Matchaba-Hove Alice Mogwe Riah Phiyega Vusi Gumede Paula Monjane Lucy Muyoyeta
Registered office	Riverwalk Office Park Building C, 3rd Floor 41 Matroosberg Road, Ashlea Gardens Pretoria 0081
Business address	4 Midridge North International Business Gateway 6th Road Midrand South Africa
Auditors	BDO South Africa Incorporated Registered Auditors
Company registration number	IT3101/05

# Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2012

## Index

---

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

Index	Page
Report of the Independent Auditors	3
Trustees' Responsibilities and Approval	4
Statement of Financial Position	5
Statement of Comprehensive Income	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Accounting Policies	9 - 10
Notes to the Annual Financial Statements	11 - 12

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

Detailed Income Statement	13
Grants income Received	14



121 Boshoff Street  
New Muckleneuk, 0181  
PO Box 1470  
Pretoria, 0001  
Tel: +27 12 346 1430  
Fax: +27 12 346 4191/2502

Riverwalk Office Park, Building C  
41 Matroosberg Road  
Ashlea Gardens, Pretoria, 0081  
PO Box 95436  
Waterkloof, 0145  
Docex 205 Pretoria  
South Africa  
Tel: +27 12 433 0160  
Fax: +27 12 346 8233  
www.bdo.co.za

## Report of the Independent Auditors

---

To the trustees of Southern Africa Trust

We have audited the annual financial statements of Southern Africa Trust, which comprise the statement of financial position as at 31 March 2012, 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, as set out on pages 5-12.

### 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 note 1 to the financial statements. This responsibility includes: designing, implementing and maintaining internal control 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.

### Auditor's 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 audit opinion.

### Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Southern Africa Trust as at 31 March 2012, and its financial performance and its cash flows for the year then ended in accordance with note 1 to the financial statements.

### Supplementary information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on pages 13 to 14 does not form part of the annual financial statement and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

*BDO South Africa Inc*

BDO South Africa Incorporated

Per: Bonita de Wet

Pretoria  
17 August 2012

BDO South Africa Incorporated  
Registration number: 1995/002310/21  
Practice number: 905526E  
VAT number: 4910148685

National Executive: OA Barbeau • JC Blignaut • AR Edge • JFK Munnik • JHM Spencer (Chief Executive) • ME Stewart • A van der Hoek • UY van Eck  
Office Senior Director: AR Edge  
Office Managing Director: JC Blignaut

The company's principal place of business is at 13 Wellington Road, Parktown, Johannesburg where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO Southern African Co-ordination (Pty) Ltd, a South African company, which in turn is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

# Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2012

## 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 note 1 to the financial statements. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with note 1 to the financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

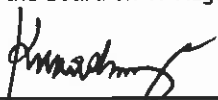
The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board of trustees sets standards 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.

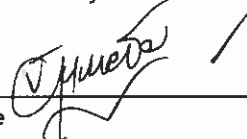
The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial 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 31 March 2013 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 3.

The annual financial statements set out on page 5 to 13, which have been prepared on the going concern basis, were approved by the board on 17 August 2012 and were signed on its behalf by:

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee

# Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2012

## Statement of Financial Position

Figures in Rand	Notes	2012	2011
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	681,408	814,818
<b>Current Assets</b>			
Trade and other receivables		453,646	139,855
Cash and cash equivalents	3	12,900,523	14,195,793
		<b>13,354,169</b>	<b>14,335,648</b>
<b>Total Assets</b>		<b>14,035,577</b>	<b>15,150,466</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Trust capital		100	100
Grants for future disbursement		11,817,360	14,373,571
		<b>11,817,460</b>	<b>14,373,671</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		1,638,200	309,257
Provisions	4	579,917	467,538
		<b>2,218,117</b>	<b>776,795</b>
<b>Total Equity and Liabilities</b>		<b>14,035,577</b>	<b>15,150,466</b>

# Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2012

## Statement of Comprehensive Income

Figures in Rand	Notes	2012	2011
Grant income received	5	26,255,552	35,707,377
Grant income disbursed		(7,946,438)	(9,309,727)
Revenue		18,309,114	26,397,650
Other income		59,119	212,546
Operating expenses		(21,735,184)	(21,937,069)
Operating surplus (deficit)		(3,366,951)	4,673,127
Investment revenue		810,739	641,510
Surplus (deficit) for the year		(2,556,212)	5,314,637

## Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2012

### Statement of Changes in Equity

	Trust capital	Grants for future disbursement	Accumulated Deficit	Total equity
<b>Figures in Rand</b>				
Balance at 01 April 2010	100	9,058,934	-	9,059,034
Changes in equity				
Total comprehensive income for the year	-	-	5,314,637	5,314,637
Transfer from Grants for future disbursement	-	14,373,571	(14,373,571)	-
Transfer to Grants for future disbursement	-	(9,058,934)	9,058,934	-
Total changes	-	5,314,637	-	5,314,637
Balance at 01 April 2011	100	14,373,571	-	14,373,671
Changes in equity				
Total comprehensive loss for the year	-	-	(2,556,212)	(2,556,212)
Transfer from Grants for future disbursement	-	(14,373,571)	14,373,571	-
Transfer to Grants for future disbursement	-	11,817,360	(11,817,360)	-
Total changes	-	(2,556,211)	-	(2,556,211)
Balance at 31 March 2012	100	11,817,360	-	11,817,460



# Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2012

## Statement of Cash Flows

Figures in Rand	Notes	2012	2011
<b>Cash flows from operating activities</b>			
Cash used in operations	6	(1,968,749)	3,914,535
Interest income		810,739	641,510
<b>Net cash from operating activities</b>		<b>(1,158,010)</b>	<b>4,556,045</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(137,260)	(278,932)
Sale of property, plant and equipment		-	8,323
<b>Net cash from investing activities</b>		<b>(137,260)</b>	<b>(270,609)</b>
<b>Total cash movement for the year</b>		<b>(1,295,270)</b>	<b>4,285,436</b>
Cash at the beginning of the year		14,195,793	9,910,357
<b>Total cash at end of the year</b>	3	<b>12,900,523</b>	<b>14,195,793</b>

# Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2012

## Accounting Policies

---

### 1. Presentation of Annual Financial Statements

The annual 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 company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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
Furniture and fixtures	10 years
Motor vehicles	5 years
Audio and visual equipment	5 years
IT equipment	3 years
Marketing materials	3 years

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

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 and measurement

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 liabilities are recognised on the trust's statement of financial position when the trust becomes party to the contractual provisions of the instrument.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

##### 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.

# Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2012

## Accounting Policies

---

### 1.3 Impairment of assets

The trust assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the trust estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 1.4 Grants

Grants are recognised when there is reasonable assurance that:

- the trust will comply with the conditions attaching to them; and
- the grants will be received.

Grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate. Unutilised grants are transferred to a separate reserve.

A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Grants related to income are presented as a credit in the income statement (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

### 1.5 Revenue

Donor grants are recognised as income over the period necessary to match them to the related cost on a systematic basis. Grants received as compensation for expenses or losses already incurred or for the purpose of immediate financial support with no future related costs are recognised as income in the period which they become receivable.

# Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2012

## Notes to the Annual Financial Statements

Figures in Rand

2012

2011

### 2. Property, plant and equipment

	2012			2011		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	803,070	(315,847)	487,223	759,718	(251,417)	508,301
Motor vehicles	271,356	(266,833)	4,523	271,356	(239,698)	31,658
IT equipment	433,863	(265,074)	168,789	354,369	(138,483)	215,886
Marketing Materials	92,469	(77,974)	14,495	92,469	(52,854)	39,615
Audio and visual equipment	64,902	(58,524)	6,378	64,902	(45,544)	19,358
<b>Total</b>	<b>1,665,660</b>	<b>(984,252)</b>	<b>681,408</b>	<b>1,542,814</b>	<b>(727,996)</b>	<b>814,818</b>

#### Reconciliation of property, plant and equipment - 2012

	Opening Balance	Additions	Depreciation	Total
Furniture and fixtures	508,301	57,767	(78,845)	487,223
Motor vehicles	31,658	-	(27,135)	4,523
IT equipment	215,886	79,493	(126,590)	168,789
Marketing Materials	39,615	-	(25,120)	14,495
Audio and visual equipment	19,358	-	(12,980)	6,378
	<b>814,818</b>	<b>137,260</b>	<b>(270,670)</b>	<b>681,408</b>

#### Reconciliation of property, plant and equipment - 2011

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	555,484	28,316	-	(75,499)	508,301
Motor vehicles	85,929	-	-	(54,271)	31,658
IT equipment	75,842	250,616	(4,463)	(106,109)	215,886
Marketing Materials	70,437	-	-	(30,822)	39,615
Audio and visual equipment	32,339	-	-	(12,981)	19,358
	<b>820,031</b>	<b>278,932</b>	<b>(4,463)</b>	<b>(279,682)</b>	<b>814,818</b>

### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand		3,793	5,073
Bank balances		12,896,730	14,190,720
		<b>12,900,523</b>	<b>14,195,793</b>

# Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2012

## Notes to the Annual Financial Statements

Figures in Rand

	2012	2011
<b>4. Provisions</b>		
Reconciliation of provisions - 2012		
	Opening Balance	Additions
Leave pay provision	467,538	112,379
	<b>579,917</b>	
Reconciliation of provisions - 2011		
	Opening Balance	Utilised during the year
Leave pay provision	655,065	(187,527)
	<b>467,538</b>	
<b>5. Grant income received</b>		
Department for International Development (DFID)	16,350,457	27,350,049
Oxfam Novib	101,256	-
Oxfam GB	22,804	72,531
Trust Africa	399,621	214,118
Swiss Agency for Development and Cooperation	67,950	272,000
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	237,608	-
Bill and Melinda Gates Foundation	7,802,583	7,219,855
Centre for Development Innovation (Change Alliance)	77,453	-
Flemish Government	265,155	561,882
Ford Foundation	873,993	16,942
Austrian Embassy	56,672	-
	<b>26,255,552</b>	<b>35,707,377</b>
<b>6. Cash used in operations</b>		
Loss before taxation	(2,556,212)	5,314,637
Adjustments for:		
Depreciation and amortisation	270,671	279,683
Loss on sale of assets	-	(3,861)
Interest received	(810,739)	(641,510)
Movements in provisions	112,379	(187,527)
Changes in working capital:		
Trade and other receivables	(313,791)	(71,814)
Trade and other payables	1,328,943	(775,073)
	<b>(1,968,749)</b>	<b>3,914,535</b>

# Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2012

## Detailed Income Statement

Figures in Rand	Notes	2012	2011
Grants income received		14,438,192	21,399,302
Grant income for future disbursement		11,817,360	14,308,075
<b>Revenue</b>			
Grants income disbursed	5	26,255,552	35,707,377
<b>Revenue</b>		(7,946,438)	(9,309,727)
		18,309,114	26,397,650
<b>Other income</b>			
Reimbursement - Gates Foundation		-	203,452
Other income		59,119	-
Interest received		810,739	641,510
Gains on disposal of assets		-	3,861
Profit on exchange differences		-	5,233
		869,858	854,056
<b>Operating expenses</b>			
Auditors remuneration		(68,400)	(92,950)
Bank charges		(57,400)	(58,755)
Communications and marketing		(203,388)	(545,593)
Depreciation, amortisation and impairments		(270,671)	(279,683)
Employee costs		(12,466,703)	(13,148,517)
Governance		(85,265)	(194,665)
Loss on exchange differences		(9,848)	-
Meetings, workshops and conferences		(3,680,700)	(1,296,666)
Office running costs		(1,889,046)	(2,207,569)
Organisational performance information		-	(1,048)
Publications		(5,670)	(255,644)
Research and development costs		(25,000)	(917,533)
Special events		(2,997)	(136,803)
Technical Support		(1,396,172)	(1,709,052)
Travel		(1,573,924)	(1,092,591)
		(21,735,184)	(21,937,069)
<b>Surplus/(Deficit) for the year</b>		(2,556,212)	5,314,637

# Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2012

## Grants income Received

### 1. Grants income received

	2012	2011
Department of International Development (DFID)	16,350,457	27,350,049
Austrian Embassy	56,672	-
Ford foundation	873,993	16,942
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	237,608	-
Oxfam GB	22,804	72,531
Oxfam Novib	101,256	-
Trust Africa	399,621	214,118
Swiss Agency for Development and Cooperation	67,950	272,000
Bill and Melinda Gates Foundation	7,802,583	7,219,855
Flemish Government	265,115	561,882
Centre for Development Innovation (Change Alliance)	77,453	-
<b>Operating profit</b>	<b>26,255,512</b>	<b>35,707,377</b>