

**Southern Africa Trust
(Registration number IT3101/05)
Annual financial statements
for the year ended 31 March 2015**

Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2015

General Information

Country of incorporation and domicile	South Africa
Directors	Collins Magalasi Alice Mogwe Shireen Ebrahim Motara Khabele Matlosa Rudo Chitanga Sergio Calundungo Stigmata Tenga
Registered office	4 Midridge North International Business Gateway 6th Road Midrand South Africa
Business address	4 Midridge North International Business Gateway 6th Road Midrand South Africa
Auditor	BDO South Africa Incorporated Registered Auditor
Company registration number	IT3101/05

Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2015

Index

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

Index	Page
Trustees' Responsibilities and Approval	3
Independent Auditor's Report	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 - 13
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	14

Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2015

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 auditor is 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 judgements and estimates.

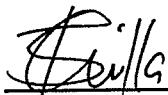
The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board of trustees sets standards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

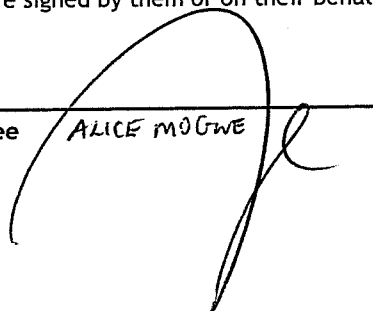
The trustees have reviewed the Trust's cash flow forecast for the year to 31 March 2016 and, in the light of this review and the current financial position, they are satisfied that the Trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Trust's financial statements. The financial statements have been examined by the Trust's external auditors and their report is presented on page 4.

The financial statements set out on pages 5 to 13, which have been prepared on the going concern basis, were approved by the board of trustees on 13/08/2015 and were signed by them or on their behalf:



Trustee



Trustee ALICE MOGWE



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41 Matroosberg Road
Ashlea Gardens Pretoria, 0081
PO Box 95438
Waterkloof, 0145
South Africa

Independent Auditor's Report

To the Trustees of Southern Africa Trust

I have audited the annual financial statements of Southern Africa Trust, as set out on pages 5 to 13, which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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, and for such internal control as the Trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these annual financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I 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 auditor's 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the annual financial statements present fairly, in all material respects, the financial position of Southern Africa Trust as at 31 March 2015, 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 my opinion, I draw attention to the fact that supplementary information set out on page 14 does not form part of the annual financial statements and is presented as additional information. I have not audited this information and accordingly do not express an opinion thereon.

BDO South Africa Inc.

BDO South Africa Incorporated
Bonita de Wet
Director
Registered Auditor

13 August 2015

BDO South Africa Incorporated
Registration number: 1995/002310/21
Practice number: 905526E
VAT number: 4910146685

National Executive: S Dansie • BJ de Wet • HCS Lopes • FD Schneider • SD Shaw • ME Stewart (Chief Executive) • A van der Hoek
Office Managing Director: BJ de Wet • MP McGarrigle

4

The company's principal place of business is at 22 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 2015

Statement of Financial Position as at 31 March 2015

Figures in Rand	Note(s)	2015	2014
Assets			
Non-Current Assets			
Property, plant and equipment	2	686 456	757 556
Current Assets			
Trade and other receivables	3	59 988	127 580
Prepayments		99 085	105 961
Cash and cash equivalents	4	24 690 895	32 007 240
		24 849 968	32 240 781
Total Assets		25 536 424	32 998 337
Equity and Liabilities			
Equity			
Share capital		100	100
Reserves		18 443 107	20 667 998
		18 443 207	20 668 098
Liabilities			
Current Liabilities			
Trade and other payables	6	777 145	1 172 876
Provisions	5	6 316 072	11 157 363
		7 093 217	12 330 239
Total Equity and Liabilities		25 536 424	32 998 337

Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2015

Statement of Comprehensive Income

Figures in Rand	Note(s)	2015	2014
Grant income received	7	31 897 364	37 064 634
Grant income disbursed		(9 974 946)	(15 815 902)
Gross profit		21 922 418	21 248 732
Other income		1 076 807	126 897
Operating expenses		(26 569 289)	(29 255 715)
Operating (loss)		(3 570 064)	(7 880 086)
Interest received		1 345 173	1 179 055
(Loss) for the year		(2 224 891)	(6 701 031)
Other comprehensive income		-	-
Total comprehensive (loss) for the year		(2 224 891)	(6 701 031)

Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2015

Statement of Changes in Equity

Figures in Rand	Share capital	Grants for future disbursement	Accumulated deficit	Total equity
Balance at 01 April 2013	100	27 369 029	-	27 369 129
Loss for the year	-	-	(6 701 031)	(6 701 031)
Other comprehensive income	-	-	-	-
Total comprehensive Loss for the year	-	-	(6 701 031)	(6 701 031)
Transfer from Grants for future disbursement	-	(27 369 029)	27 369 029	-
Transfer to Grants for future disbursement	-	20 667 998	(20 667 998)	-
Total changes	-	(6 701 031)	6 701 031	-
Balance at 01 April 2014	100	20 667 998	-	20 668 098
Loss for the year	-	-	(2 224 891)	(2 224 891)
Other comprehensive income	-	-	-	-
Total comprehensive Loss for the year	-	-	(2 224 891)	(2 224 891)
Transfer from Grants for future disbursement	-	(20 667 998)	20 667 998	-
Transfer to Grants for future disbursement	-	18 443 107	(18 443 107)	-
Total changes	-	(2 224 891)	2 224 891	-
Balance at 31 March 2015	100	18 443 107	-	18 443 207

Note(s)

Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2015

Statement of Cash Flows

Figures in Rand	Note(s)	2015	2014
Cash flows from operating activities			
Cash used in operations	8	(8 499 323)	2 877 610
Interest income		1 345 173	1 179 055
Net cash from operating activities		(7 154 150)	4 056 665
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(162 194)	(501 925)
Total cash movement for the year		(7 316 344)	3 554 740
Cash at the beginning of the year		32 007 240	28 452 499
Total cash at end of the year	4	24 690 896	32 007 239

Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2015

Accounting Policies

1. Presentation of Annual Financial Statements

The financial statements have been prepared in accordance with Note 1 to the financial statements. The 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 and these policies are consistent with the previous periods.

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, or 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.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

The useful lives of items of property, plant and equipment have been assessed as follows:

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, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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 instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

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 2015

Accounting Policies

1.3 Impairment of assets

The Trust assesses at each end of the reporting period 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.

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 profit or loss (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 expense or losses already incurred or for the purpose of immediate financial support with no future related costs are recognised as income in the period in which they become receivable.

Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

Figures in Rand 2015 2014

2. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	803 070	(561 092)	241 978	803 070	(479 344)	323 726
Motor vehicles	685 687	(426 810)	258 877	685 687	(343 944)	341 743
IT equipment	683 652	(498 051)	185 601	521 458	(432 926)	88 532
Marketing materials	92 469	(92 469)	-	92 469	(89 995)	2 474
Audio and visual equipment	64 902	(64 902)	-	64 902	(63 821)	1 081
Total	2 329 780	(1 643 324)	686 456	2 167 586	(1 410 030)	757 556

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	323 726	-	(81 748)	241 978
Motor vehicles	341 743	-	(82 866)	258 877
IT equipment	88 532	162 194	(65 125)	185 601
Marketing materials	2 474	-	(2 474)	-
Audio and visual equipment	1 081	-	(1 081)	-
	757 556	162 194	(233 294)	686 456

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	405 475	-	(81 749)	323 726
Motor vehicles	4 523	414 330	(77 110)	341 743
IT equipment	50 475	87 595	(49 538)	88 532
Marketing materials	2 474	-	-	2 474
Audio and visual equipment	1 081	-	-	1 081
	464 028	501 925	(208 397)	757 556

3. Trade and other receivables

Deposits	59 988	59 988
Other receivables	-	67 592
	59 988	127 580

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	24 690 895	32 007 240
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Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
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5. Provisions

Reconciliation of provisions - 2015

	Opening balance	Additions	Utilised during the year	Total
Thirteenth Cheque provision	-	1 000	-	1 000
Partner's grant provision	10 288 255	-	(4 666 444)	5 621 811
Leave pay provision	869 108	-	(175 847)	693 261
	11 157 363	1 000	(4 842 291)	6 316 072

Reconciliation of provisions - 2014

	Opening balance	Additions	Total
Partner's grant provision	-	10 288 255	10 288 255
Leave pay provision	290 272	578 836	869 108
	290 272	10 867 091	11 157 363

The Partner's grant provision represents management's best estimate of the Trust's liability relating to Partner's grants approved but not yet paid.

6. Trade and other payables

Trade payables	274 664	348 699
Other payables	80 830	498 576
Accrued expense	421 651	325 601
	777 145	1 172 876

7. Grant income received

Grant income received	31 897 364	37 064 634
Grant income received reconciliation:		
African Grant Makers Network Membership Fees	205 324	-
Baring Foundation	-	20 883
CS Mott Foundation	1 833 115	767 325
Department for International Development	26 683 408	34 070 393
Deutsche Gesellschaft für Internationale Zusammenarbeit	-	110 000
Ford Foundation	1 042 050	-
Gates African Grant Makers Network	1 056 860	-
Institute for International Education	-	28 138
OSISA	-	146 037
Oxfam Novib	710 676	-
Rockerfeller Foundation	-	974 034
Trust Africa	365 931	947 825
	31 897 364	37 064 635

Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
8. Cash used in operations		
Loss before taxation	(2 224 891)	(6 701 031)
Adjustments for:		
Depreciation and amortisation	233 295	208 396
Interest received - investment	(1 345 173)	(1 179 055)
Movements in provisions	(4 841 291)	10 867 091
Changes in working capital:		
Trade and other receivables	67 592	(37 332)
Prepayments	6 876	205 177
Trade and other payables	(395 731)	(485 636)
	(8 499 323)	2 877 610

Southern Africa Trust

(Registration number IT3101/05)

Annual Financial Statements for the year ended 31 March 2015

Detailed Income Statement

Figures in Rand	Note(s)	2015	2014
Grants income received			
Grant income received		13 405 858	16 396 636
Grant income for disbursement		18 491 506	20 667 998
	7	<u>31 897 364</u>	<u>37 064 634</u>
Grant income disbursed			
Grant income disbursed		(9 974 946)	(15 815 902)
Gross profit		<u>21 922 418</u>	<u>21 248 732</u>
Other income			
Other income		1 076 807	126 897
Interest received		1 345 173	1 179 055
		<u>2 421 980</u>	<u>1 305 952</u>
Operating expenses			
Auditors remuneration		(141 833)	(106 898)
Bad debts		-	(156 252)
Bank charges		(92 505)	(84 200)
Communications and marketing		(253 757)	(344 233)
Delivery expenses		(18 043)	(7 040)
Depreciation, amortisation and impairments		(233 295)	(208 396)
Employee costs		(13 370 583)	(12 522 612)
Governance		(617 415)	(238 791)
Lease rentals on property		(1 107 635)	(886 822)
Legal expenses		(13 818)	-
Loss on exchange differences		(42 347)	(49)
Magazines, books and periodicals		-	(67 218)
Meetings, workshops and conferences		(3 994 730)	(5 392 053)
Office running costs		(816 178)	(761 849)
Postage		(556)	645
Printing and stationery		(98 563)	(157 453)
Security		(10 163)	(9 542)
Special events		(16 986)	(31 652)
Subscriptions		(6 191)	(5 756)
Technical support		(4 035 556)	(5 774 135)
Training		(8 826)	(63 270)
Translation fees		-	(77 129)
Travel		(1 513 842)	(2 220 865)
Utilities		(176 467)	(140 145)
		<u>(26 569 289)</u>	<u>(29 255 715)</u>
(Loss) for the year		<u>(2 224 891)</u>	<u>(6 701 031)</u>