Annual Financial statements

The Chiva South Africa Foundation Trust

Period ended 28 February 2017

General Information

Country of incorporation and domicile	South Africa
Type of trust	Inter-vivos trust
Trustees	P Syrris H Coovadia N H McKerrow K L Moshal J H Moshal K L Naidoo
Business address	249 Avondale Road Durban 4001
Postal address	P O Box 4652 Durban 4000
Bankers	The Standard Bank of South Africa Limited
Auditors	Grant Thornton Chartered Accountants (S.A.) Registered Auditors South African member of Grant Thornton International
Trust registration number	IT247/2009

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

Grant Thornton

Independent Auditor's Report
To the trustees of of
The Chiva South Africa Foundation Trust

Opinion
We have audited the financial statements of The Chiva South Africa Foundation Trust set out on pages 6 to 12, which comprise the statement of financial position as at 28 February 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Chiva South Africa Foundation Trust as at 28 February 2017, and its financial performance and cash flows for the year then ended in accordance with basis of accounting as set out in Note 1 to the financial statements.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company 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 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 International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the basis as set out in Note 1 to the financial statements and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- Conclude on the appropriateness of the directors' 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 company'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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

GRANT THORNTON
Registered Auditors
Practice number: 905690

Per Grant Thornton
Partner
Registered Auditor
Chartered Accountant (SA)

31 August 2017

Durban
2nd Floor, 4 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
La Lucia
4019

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 auditors are 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 2018 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 annual financial statements set out on page 6 to 12, which have been prepared on the going concern basis, were approved by the trustees on 31 August 2017 and were signed on its behalf by:

Trustee	Trustee

31 August 2017

Trustees' Report

The trustees submit their report for the year ended 28 February 2017.

1. The trust

The trust was formed in terms of a trust settlement by J H Moshal dated 18 February 2009 as amended by a supplementary notarial deed dated 12 March 2009.

2. Review of activities

Main business and operations

The trust is an inter-vivos trust which was formed to carry on the Health Care Public Benefits Activities of providing free services relating to the prevention of HIV infection, the provision of preventative and education programmes relating to HIV / AIDS, the care, counselling or treatment of persons affected with HIV / AIDS, including the care or counselling of their families and dependents in this regard. The trust operates principally in 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.

Net deficit of the trust was R 2 046 763 (2016: profit R 1 932 763), after taxation of R - (2016: R -).

3. Events after the reporting period

The trustees are not aware of any matter or circumstance arising since the end of the financial year.

4. Trustees

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

Name
P Syrris
H Coovadia
N H McKerrow
K L Moshal
J H Moshal
K L Naidoo

5. Auditors

Grant Thornton will continue in office for the next financial period.

Statement of Financial Position

Figures in Rands	Note(s)	2017	2016
Assets			
Non-Current Assets			
Property, plant and equipment	2	20 971	19 509
Current Assets			
Trade and other receivables	3	1 000	3 400
Cash and cash equivalents	4	151 896	2 205 976
		152 896	**2 209 376**
Total Assets		**173 867**	**2 228 885**
Equity and Liabilities			
Equity			
Trust capital	5	1 000	1 000
Accumulated surplus		118 161	2 164 924
		119 161	**2 165 924**
Liabilities			
Current Liabilities			
Trade and other payables	6	54 706	62 961
Total Equity and Liabilities		**173 867**	**2 228 885**

Statement of Comprehensive Income

Figures in Rands	Note(s)	2017	2016
Other income			
Donations received		2 251 296	5 436 780
Interest received	7	42 937	2 374
		2 294 233	**5 439 154**
Operating expenses			
Accomodation costs		(429 822)	(524 258)
Auditors' remuneration		(14 824)	(7 409)
Bank charges		(8 194)	(4 079)
Car hire		(170 708)	(186 707)
Conference and catering costs		-	(18 257)
Consulting and professional fees		(600)	-
Depreciation, amortisation and impairments		(9 223)	(1 501)
Donations		(12 090)	(24 360)
Employee costs		(2 688 276)	(2 066 227)
Evaluations		(3 283)	-
Rentals		(337 845)	-
Insurance		(59 815)	(9 725)
Medical expenses		(3 107)	(2 859)
Other expenses		(6 913)	(128 758)
Printing and stationery		(83 862)	(42 679)
Repairs and maintenance		(37 677)	-
Security		(3 229)	-
Telephone and fax		(137 490)	(77 678)
Travel - local		(219 773)	(321 762)
Visa fees		(29 796)	-
Volunteer meals		(84 469)	(90 132)
		(4 340 996)	**(3 506 391)**
(Deficit) surplus for the year		**(2 046 763)**	**1 932 763**
Other comprehensive income		-	-
Total comprehensive (loss) income for the year		**(2 046 763)**	**1 932 763**

Statement of Changes in Equity

Figures in Rands	Trust capital	Accumulated surplus	Total equity
Balance at 1 March 2015	**1 000**	**232 161**	**233 161**
Changes in equity			
Total comprehensive income for the year	-	1 932 763	1 932 763
Total changes	-	1 932 763	1 932 763
Balance at 1 March 2016	**1 000**	**2 164 924**	**2 165 924**
Changes in equity			
Total comprehensive deficit for the year	-	(2 046 763)	(2 046 763)
Total changes	-	(2 046 763)	(2 046 763)
Balance at 28 February 2017	**1 000**	**118 161**	**119 161**

Statement of Cash Flows

Figures in Rands	Note(s)	2017	2016
Cash flows from operating activities			
Cash (used in) generated from operations	9	(2 086 332)	2 223 217
Interest income		42 937	2 374
Net cash from operating activities		**(2 043 395)**	**2 225 591**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(10 684)	(21 010)
Total cash movement for the year		**(2 054 079)**	**2 204 581**
Cash at the beginning of the year		2 205 976	1 393
Total cash at end of the year	4	**151 897**	**2 205 974**

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 below. The annual financial statements have been prepared on the historical cost basis.

1.1 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, 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 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**
Motor vehicles	3 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.2 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

1.3 Revenue

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

Donations are recognised in surpluses or deficit when they are received.

Notes to the Annual Financial Statements

Figures in Rands	2017	2016

2. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
IT equipment	39 194	(18 223)	20 971	28 510	(9 001)	19 509
Motor vehicles	205 501	(205 501)	-	205 501	(205 501)	-
Office equipment	13 500	(13 500)	-	13 500	(13 500)	-
Total	**258 195**	**(237 224)**	**20 971**	**247 511**	**(228 002)**	**19 509**

Reconciliation of property, plant and equipment - 2017

	Opening Balance	Additions	Depreciation	Total
IT equipment	19 509	10 684	(9 222)	20 971

Reconciliation of property, plant and equipment - 2016

	Opening Balance	Additions	Depreciation	Total
IT equipment	-	21 010	(1 501)	19 509

3. Trade and other receivables

	2017	2016
Loans to fellow group companies	1 000	1 000
Loans to employees	-	2 400
	1 000	**3 400**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2017	2016
Bank balances	126 866	2 205 976
Cash on hand	30	-
Short-term deposits	25 000	-
	151 896	**2 205 976**

The company has a facilities for a forward exchange contract PFE for R160 000 and a card facility for R20 000 with Standard Bank (2016: there were no facilities).

5. Trust capital

Founders donation

	2017	2016
Balance at end of period	1 000	1 000

6. Trade and other payables

	2017	2016
Accrued audit fees	11	10
Trade payables	54 695	62 951
	54 706	**62 961**

Notes to the Annual Financial Statements

Figures in Rands	2017	2016

7. Investment revenue

Interest revenue		
Bank	42 937	2 374

8. Taxation

No provision has been made for 2017 tax as the trust is exempt from taxation.

9. Cash (used in) generated from operations

(Deficit) surplus before taxation	(2 046 763)	1 932 763
Adjustments for:		
Depreciation and amortisation	9 223	1 501
Interest received	(42 937)	(2 374)
Changes in working capital:		
Trade and other receivables	2 400	472 600
Trade and other payables	(8 255)	(181 273)
	(2 086 332)	**2 223 217**

10. Related parties

Relationships	
Trustees	P Syrris H Coovadia N H McKerrow K L Moshal J H Moshal K L Naidoo
Entities	Quad Triangle Proprietary Limited
Other	The Jakamar Trust

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties		
Quad Triangle Proprietary Limited	1 000	1 000

Related party transactions

Donations (received) / paid to related parties		
The Jakamar Trust	776 000	-