

THEMBALITSHA FOUNDATION NPC

Non Profit Company

Registration Number: 1997/003064/08

ANNUAL FINANCIAL STATEMENTS

31 December 2016

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CONTENTS	Page
General information	1
Statement of directors' responsibility and approval	2
Independent auditor's report	3 - 4
Directors' report	5
Statement of financial position	6
Statement of comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the annual financial statements	10 - 17
Detailed statement of comprehensive income	18 - 19

**THEMBALITSHA FOUNDATION NPC
ANNUAL FINANCIAL STATEMENTS
31 December 2016**

GENERAL INFORMATION

Country of incorporation and domicile South Africa

Nature of business and principal activities Charity Organisation
Non-profit company (NPC)

Directors J F G Miller
F R Christie
A C Geard
J A Scholtz (Chairman)
J L Truter
N D Mbuyazi
M Fölscher
A Dickason

Business and registered address Unit A, Smart Centre
4 Lourensford Road
Somerset West
7130

Postal address P O Box 1795
Somerset West
7129

Bankers Nedbank Limited
Cape Town

Auditors Deloitte & Touche

Company registration number 1997/003064/08

Income tax reference number 9297/014/03/8

Value added tax reference number 4530240862

THEMBALITSHA FOUNDATION NPC

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa 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 foundation as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS). The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the foundation and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the foundation and all employees are required to maintain the highest ethical standards in ensuring the foundation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the foundation is on identifying, assessing, managing and monitoring all known forms of risk across the foundation. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

Although the executive directors are primarily responsible for the financial affairs of the foundation, they are supported by the foundation's independent non-executive directors.

The external auditors are responsible for independently reviewing and reporting on the foundation's annual financial statements. The annual financial statements have been examined by the foundation's external auditors and their report is presented on pages 3 and 4.

The annual financial statements set out on pages 5 to 17 and the statement of detailed comprehensive income set out on pages 18 and 19, were approved by the board on 31 May 2017 and were signed on its behalf by:



Director

INDEPENDENT AUDITOR'S REPORT To the National Executive Committee of Thembalitsha Foundation (Non Profit Company)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Thembalitsha Foundation set out on pages 6 to 17, which comprise the statement of financial position as at 31 December 2016 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the 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 Thembalitsha Foundation as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

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.

Other Information

The directors are responsible for the other information. The other information comprises Statement of Directors' Responsibility and Approval and the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE NATIONAL EXECUTIVE COMMITTEE OF THEMBALITSHA FOUNDATION NPC
(continued)**

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 International Financial Reporting Standards and the requirements of the Companies Act of South Africa, 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.

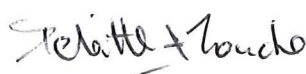
Auditor's Responsibilities for the Audit of the Financial Statements

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.
- 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.



Deloitte & Touche
Registered Auditors

Per JAR Welch
Partner
31 May 2017

**THEMBALITSHA FOUNDATION NPC
DIRECTOR'S REPORT
31 December 2016**

The directors submit their report for the year ended 31 December 2016.

Incorporation

The foundation was incorporated on 3 March 1997 and obtained its certificate to commence business on the same day.

Review of activities

The foundation is engaged in charity organisation and operates principally in South Africa. The operating results and state of affairs of the foundation are fully set out in the attached financial statements and do not in our opinion require any further comment. Net profit for the foundation was R1 717 668 (2015: loss R136 060), after taxation of Rnil (2015: Rnil).

Going concern

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

Events subsequent to year end

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

Non-current assets

There has been no change in the policy relating to the use of non-current assets and additions to the value of R383 728 (2015: R405 635) were made during the accounting period under review.

Directors

The directors of the foundation at the date of this report are as follows:

J F G Miller	M Fölscher
N D Mbuyazi	A C Geard
F R Christie	J A Scholtz (Chairman)
J L Truter	A Dickason

Secretary and audit committee

The foundation is exempt in terms of the Companies Act and Memorandum of Incorporation from appointing a company secretary and audit committee.

Preparation of the annual financial statements

The annual financial statements were prepared by Clifford Dickason, Professional Accountant (SA) 29854.

Auditors

Deloitte & Touche

**THEMBALITSHA FOUNDATION NPC
STATEMENT OF FINANCIAL POSITION
31 December 2016**

	<u>Notes</u>	<u>2016</u> R	<u>2015</u> R
ASSETS			
Non-current assets			
Property, plant and equipment	2	9 602 839	9 587 374
Current assets			
Trade and other receivables		108 984	27 887
Cash and cash equivalents	3	4 280 859	2 493 695
Total assets		<u>13 992 681</u>	<u>12 108 956</u>
EQUITY AND LIABILITIES			
Retained income		9 186 100	7 468 432
Capital Fund		4 200 000	4 200 000
Current liabilities			
Trade and other payables	5	606 581	440 524
Total equity and liabilities		<u>13 992 681</u>	<u>12 108 956</u>

THEMBALITSHA FOUNDATION NPC
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2016

	<u>2016</u> R	<u>2015</u> R
Donations and grants	16 615 520	14 304 095
Other income	305 669	544 000
Operating expenses	(15 452 441)	(15 084 117)
	<hr/>	<hr/>
Operating profit/(loss)	1 468 748	(236 022)
Investment revenue	173 931	28 715
Profit on disposal of fixed assets	74 990	71 247
	<hr/>	<hr/>
Profit/(loss) for the year	<u><u>1 717 668</u></u>	<u><u>(136 060)</u></u>

**THEMBALITSHA FOUNDATION NPC
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016**

	<u>Share capital</u> R	<u>Capital fund</u> R	<u>Retained income</u> R	<u>Total equity</u> R
Balance at 31 December 2014	-	4 200 000	7 604 492	11 804 492
Loss for the year	-	-	(136 060)	(136 060)
Balance at 31 December 2015	-	4 200 000	7 468 432	11 668 432
Profit for the year	-	-	1 717 668	1 717 668
Balance at 31 December 2016	-	4 200 000	9 186 100	13 386 100

**THEMBALITSHA FOUNDATION NPC
STATEMENT OF CASH FLOWS
for the year ended 31 December 2016**

	<u>Notes</u>	<u>2016</u> R	<u>2015</u> R
Cash flows from operating activities			
Cash generated/(utilised) from operations	7	1 901 961	(393 318)
Interest income		173 931	28 715
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		2 075 892	(364 603)
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(383 728)	(405 635)
Proceeds on disposal		95 000	80 700
		<hr/>	<hr/>
Net cash outflow from investing activities		(288 728)	(324 935)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		1 787 164	(689 538)
Cash and cash equivalents at beginning of the year		2 493 695	3 183 233
		<hr/>	<hr/>
Cash and cash equivalents at end of the year	3	4 280 859	2 493 695
		<hr/> <hr/>	<hr/> <hr/>

THEMBALITSHA FOUNDATION NPC
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
31 December 2016

1. ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. 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 year.

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 foundation; and the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire 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 are carried at cost less accumulated depreciation and any impairment losses.

Item:	Average useful life:
Buildings	25 years
Computer equipment	3 years
Furniture and fittings	6 years
Motor vehicles	5 years
Office equipment	5 years

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

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 shall be depreciated separately. Items purchased with a cost of less than R7 000 are immediately expensed in the year in which acquired.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The surplus or deficit arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The surplus or deficit 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.

THEMBALITSHA FOUNDATION NPC
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 December 2016

1. ACCOUNTING POLICIES (continued)

1.2 Financial instruments

Initial recognition

The foundation classifies financial instruments, or their component parts, on initial recognition as a financial asset or a financial liability in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the foundation's statement of financial position when the foundation becomes party to the contractual provisions of the instrument.

Accounts receivable

Accounts receivable are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Accounts payable

Accounts payable are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the foundation's accounting policy for borrowing costs.

1.3 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

THEMBALITSHA FOUNDATION NPC
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 December 2016

1. ACCOUNTING POLICIES (continued)

1.3 Leases (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of amortisation on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This asset or liability is not discounted.

1.4 Impairment of assets

The Association assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the foundation 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 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 surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

**THEMBALITSHA FOUNDATION NPC
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 December 2016**

1. ACCOUNTING POLICIES (continued)

1.5 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.6 Provisions and contingencies

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation and is recognised when:

- the foundation has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

1.7 Government and other grants

Government and other grants are recognised when there is reasonable assurance that:

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

Government and other grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate for, on a systematic basis.

1.8 Accounting estimates and judgement

In determining the financial results, the directors have applied their judgement in assessing the useful lives and residual values of property, plant and equipment.

1.9 New and revised accounting standards

There are no new or revised accounting standards or interpretations which are likely to have a material effect on the foundation's financial results or statements.

THEMBALITSHA FOUNDATION NPC
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 December 2016

1. ACCOUNTING POLICIES (continued)

1.9 Revenue

Designated funds are recognised as income on receipt, or where reliably measurable, when receivable. Designated funds received in excess of expenditure as required by the governing agreements is deferred and matched with expenses in the period in which they occur.

Training income is recognised over the period that training is provided with reference to the stage of completion of the service. Other income is recognised at fair value when it is received or becomes receivable.

Interest is recognised using the effective interest rate method.

1.10 Borrowing costs

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

2. PROPERTY, PLANT AND EQUIPMENT

2016	<u>Opening balance</u> R	<u>Additions</u> R	<u>Disposals</u> R	<u>Closing balance</u> R
<u>Cost</u>				
Land	8 595 040	-	-	8 595 040
Furniture and fittings	975 694	35 761	-	1 011 454
Motor vehicles	1 527 733	299 500	(277 193)	1 550 040
Office equipment	315 570	1 315	-	316 885
Computer software	400 824	47 153	-	447 997
	<hr/>	<hr/>	<hr/>	<hr/>
	11 814 861	383 728	(277 193)	11 921 396
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<u>Opening Balance</u> R	<u>Depreciation</u> R	<u>Disposals</u> R	<u>Closing balance</u> R
<u>Accumulated depreciation</u>				
Land	-	-	-	-
Furniture and fittings	585 041	102 193	-	687 235
Motor vehicles	1 093 160	169 547	(257 183)	1 005 524
Office equipment	216 155	43 023	-	259 179
Computer software	333 130	33 489	-	366 620
	<hr/>	<hr/>	<hr/>	<hr/>
	2 227 487	348 253	(257 183)	2 318 558
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value	<hr/> <hr/>			<hr/> <hr/>
	9 587 374			9 602 839

THEMBALITSHA FOUNDATION NPC
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 December 2016

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2015	Opening balance	Additions	Disposals	Closing balance
	R	R	R	R
Cost				
Land	8 530 018	65 022	-	8 595 040
Furniture and fittings	917 590	62 965	(4 861)	975 694
Motor vehicles	1 355 998	171 736	-	1 527 733
Office equipment	290 367	47 353	(22 150)	315 570
Computer software	342 265	58 559	-	400 824
	<hr/>	<hr/>	<hr/>	<hr/>
	11 436 238	405 635	(27 011)	11 814 861
	<hr/>	<hr/>	<hr/>	<hr/>
	Opening Balance	Depreciation	Disposals	Closing balance
	R	R	R	R
Accumulated depreciation				
Land	-	-	-	-
Furniture and fittings	492 946	95 626	(3 530)	585 041
Motor vehicles	922 720	170 441	-	1 093 160
Office equipment	187 293	42 891	(14 028)	216 155
Computer software	296 459	36 671	-	333 130
	<hr/>	<hr/>	<hr/>	<hr/>
	1 899 418	345 629	(17 559)	2 227 487
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value	9 536 820			9 587 374
	<hr/>			<hr/>

2016
R

2015
R

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Petty cash	10 966	5 460
Bank balances	4 269 892	2 488 235
	<hr/>	<hr/>
	4 280 859	2 493 695
	<hr/>	<hr/>

4. SHARE CAPITAL

The foundation has no share capital as it is a non-profit company in terms of Schedule 1 of the Companies Act 71 of 2008.

THEMBALITSHA FOUNDATION NPC
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 December 2016

	<u>2016</u> R	<u>2015</u> R
5. TRADE AND OTHER PAYABLES		
Accrued expenses	-	3 742
Deferred income	170 000	200
Wright Memorial Trust	436 581	436 582
	<hr/>	<hr/>
	606 581	440 524
	<hr/> <hr/>	<hr/> <hr/>
6. TAXATION		
No provision has been made for 2016 normal tax as the foundation is not liable for taxation in terms of Section 10(1)(cN) of the South African Income Tax Act.		
7. CASH GENERATED/(UTILISED) FROM OPERATIONS		
Profit/(loss) before interest	1 468 748	(236 023)
Adjustments for:		
Depreciation	348 253	345 629
Changes in working capital:		
Trade and other receivables	(81 097)	24 000
Trade and other payables	166 058	(526 924)
	<hr/>	<hr/>
	1 901 961	(393 318)
	<hr/> <hr/>	<hr/> <hr/>
8. DIRECTORS' EMOLUMENTS		
Executive		
For services as directors	1 112 821	1 108 059
	<hr/> <hr/>	<hr/> <hr/>

THEMBALITSHA FOUNDATION NPC
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 December 2016

	<u>2016</u> R	<u>2015</u> R
9. FINANCIAL RISK MANAGEMENT		
Financial instruments		
The entities financial instruments consist mainly of cash deposits, trade and other receivables and payables.		
Financial instruments by category:		
The carrying value of the entities financial instruments by category is as follows:		
Trade and sundry receivables	108 984	27 887
Bank and cash balances	4 280 859	2 493 695
	<hr/>	<hr/>
Total financial assets	4 389 843	2 521 582
	<hr/> <hr/>	<hr/> <hr/>
Trade and other payables	606 581	440 524
	<hr/> <hr/>	<hr/> <hr/>
Total financial liabilities	606 581	440 524
	<hr/> <hr/>	<hr/> <hr/>

The carrying value of the group financial instruments approximate fair value.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity. The entity in the current year does not have any significant credit risk relating to any single counterparty or trade debtor accounts. The credit risk on liquid funds is limited as the counterparties are banks with credit ratings assigned by international credit rating agencies.

Treasury risk management

Management of the liquidity structure of the foundation's assets, liabilities and commitments is dependent on the ongoing support of donors and the receipt of grants.

The foundation only deposits cash surpluses with major banks of high credit standing.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors. It is however noted that given the nature of the foundation, the liquidity of the organisation is dependent on the ongoing support of donors and the receipt of grants.

Fair values

The carrying amounts of the following financial instruments approximate their fair value: cash, investments, trade receivables and payables, other receivables and payables.

10. RELATED PARTY TRANSACTIONS

Details of directors' emoluments have been disclosed in note 8.

There are no other significant related party transactions.

**THEMBALITSHA FOUNDATION NPC
 DETAILED STATEMENT OF COMPREHENSIVE INCOME
 for the year ended 31 December 2016**

	<u>2016</u> R	<u>2015</u> R
Income	17 095 119	14 876 810
Donations/grants	15 274 736	14 304 095
Lotto funding	1 340 784	-
Other income	305 669	544 000
Interest received	173 931	28 715
Operating expenses	15 452 441	15 084 117
Administration fee	-	796 000
Advertising/marketing/promotions	154 085	192 584
Bank charges	48 403	45 196
Catering and groceries	675 550	878 943
Computer expenses	164 861	96 139
Consulting and professional fees	435 087	785 204
Depreciation	348 253	345 629
Educational equipment and development	279 174	-
Employee costs	9 003 490	9 215 619
Fundraising expenses	125 934	33 851
Insurance	183 171	153 325
Lease rental	256 650	184 486
Lotto expenditure	1 024 160	-
Medical & pharmaceutical expenses	32 263	26 849
Printing and stationery	395 245	409 636
Repairs and maintenance	502 134	546 494
Security	235 710	132 356
Staff training	149 123	60 836
Telephone and fax	310 031	285 312
Travel	242 087	304 565
Utilities	887 030	591 093
Operating profit/(loss) including interest	1 642 678	(207 307)
Profit on disposal of fixed assets	74 990	71 247
Profit/(loss) for the year	1 717 668	(136 060)

**THEMBALITSHA FOUNDATION NPC
DETAILED STATEMENT OF COMPREHENSIVE INCOME (continued)
for the year ended 31 December 2016**

	TOTAL	Elimination	Head	School of	Graceland	Global	Mama	ECD	Themba	NACOSA	Themba	Village of	Agape	Adelaide	Hope @	
	R	Journal	Office	Hope	R	Fund	Themba	R	Care	R	Grabouw	Hope	R	R	Paul	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	Cluver
Income																
Donations / Grants	15 274 736	(100 000)	3 137 923	4 787 504	377 959	672 894	310 483	1 113 892	1 714 517	76 922	183 932	1 292 017	445 039	505 500	756 152	
Lotto Funding	1 340 784	(940 479)	1 340 784	320 515	150 000	-	-	-	317 898	-	76 860	75 206	-	-	-	
Other Income Administration Contributions	-	(647 000)	647 000	-	-	-	-	-	-	-	-	-	-	-	-	
Other Income	305 669	(40 314)	18 286	145 125	65 175	-	14 967	477	890	-	54 142	40 240	-	6 680	-	
TF - Rental Income SOH Profit/Loss on disposal of fixed assets	-	(396 000)	396 000	-	-	-	-	-	-	-	-	-	-	-	-	
Interest Received	173 931	-	173 931	-	-	-	-	-	-	-	-	-	-	-	-	
	17 095 119	(2 123 793)	5 713 924	5 253 144	593 134	672 894	325 450	1 114 369	2 033 305	76 922	314 934	1 407 465	445 039	512 180	756 152	
Operating expenses																
Advertising/Marketing/Promotions	154 085	-	67 241	6 345	565	-	1 895	-	1 130	-	175	565	4 512	11 688	59 970	
Bank Charges	48 403	-	15 921	5 165	4 527	475	1 546	-	3 078	146	1 182	4 669	3 455	1 536	6 703	
Catering, Groceries and Consumables	675 550	(65 520)	62 174	156 060	44 179	69 226	55 570	-	117 821	-	34 693	102 378	33 455	23 129	42 386	
Computer Expenses	164 861	29 597	35 361	51 010	1 800	-	-	3 044	21 032	-	4 395	18 195	-	80	347	
Consulting/Professional Fees	435 087	-	51 583	2 300	971	-	-	-	2 700	-	-	-	-	-	377 532	
Depreciation Educational Equipment and Development	348 253	-	39 864	80 197	14 088	-	-	42 968	99 715	-	3 961	57 023	-	966	9 471	
Travel	279 174	34 707	-	239 394	80	-	-	-	-	-	-	3 233	1 760	-	-	
242 087	-	67 918	18 348	18 348	3 159	2 100	1 655	29 732	30 675	-	1 200	48 305	5 100	33 897	-	
Insurance	183 171	-	18 641	35 365	5 800	-	-	27 956	43 303	-	962	43 554	233	1 324	6 032	
Administration Fees	-	(647 000)	-	97 000	48 000	-	48 000	106 000	96 000	-	48 000	96 000	12 000	32 000	64 000	
Rental - SOH Medical & Pharmaceutical Expenses	32 263	-	-	64	182	-	-	14 800	12 073	-	461	3 825	859	-	-	
Repairs and Maintenance	502 134	-	27 930	161 661	1 777	-	55	46 728	36 396	-	4 837	73 894	91 106	57 750	-	
Printing and Stationery	395 245	-	40 792	209 110	27 309	-	1 159	11 648	70 563	-	533	22 943	864	10 323	-	
Lease Rental	256 650	-	97 563	-	-	-	17 160	71 274	250	-	63 762	-	6 000	640	-	
Lotto Expenditure	1 024 160	(53 957)	1 024 160	29 577	-	-	-	-	-	-	24 380	-	-	-	-	
Employee Costs	9 003 490	(925 620)	2 716 322	2 339 094	307 439	434 134	173 885	688 631	1 545 464	64 682	255 434	1 033 047	155 438	169 689	45 852	
Security	235 710	-	5 328	79 433	9 251	-	-	-	4 000	-	-	120 909	4 978	11 811	-	
Funding Expenses	125 934	-	28 971	-	3 332	-	4 217	1 000	5 928	-	-	82 486	-	-	-	
Staff Training & Welfare	149 123	-	53 459	67 374	5 546	-	535	4 924	7 278	-	458	7 850	572	126	-	
Telephone & Fax Expenses	310 031	-	62 585	100 515	12 221	42 841	2 469	14 447	23 073	10 565	561	28 976	-	8 836	2 941	
Utilities	887 030	-	17 400	497 213	5 246	-	-	37 096	89 548	-	-	86 557	135 850	18 121	-	
Project Distributions	-	(100 000)	-	-	-	-	-	-	-	-	-	-	-	-	100 000	
	15 452 441	(2 123 793)	4 433 213	4 571 223	495 472	548 777	308 144	1 100 249	2 210 027	75 393	444 995	1 834 409	457 183	381 917	715 233	
Operational profit/ (loss)	1 642 678	-	1 280 711	681 921	97 662	124 117	17 305	14 121	(176 722)	1 529	(130 061)	(426 944)	(12 144)	130 263	40 919	
Profit on disposal of fixed assets	74 990	-	-	75 000	-	-	-	-	(10)	-	-	-	-	-	-	
Profit/(loss) for the year	1 717 668	-	1 280 711	756 921	97 662	124 117	17 305	14 121	(176 732)	1 529	(130 061)	(426 944)	(12 144)	130 263	40 919	