

Annual financial statements

The Chiva South Africa Foundation Trust

Period ended 29 February 2016

# The Chiva South Africa Foundation Trust

(Registration number IT247/2009)

Annual Financial Statements for the year ended 29 February 2016

## General Information

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

# The Chiva South Africa Foundation Trust

(Registration number IT247/2009)

Annual Financial Statements for the year ended 29 February 2016

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

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

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We have audited the accompanying financial statements of The Chiva South Africa Foundation Trust, which comprise the trustees' report, the statement of financial position as at 29 February 2016, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 12.

### **Trustees' Responsibility for the Financial Statements**

The trust's trustees are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

### **Auditors' 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 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 financial statements present fairly, in all material respects, the financial position of the trust as of 29 February 2016, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa.

**GRANT THORNTON**  
Chartered Accountants (SA)  
Registered Auditors

30 June 2016  
2<sup>nd</sup> Floor, 4 Pencarrow Crescent  
Pencarrow Park  
La Lucia Ridge Office Estate  
4019

# The Chiva South Africa Foundation Trust

(Registration number IT247/2009)

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## Trustees' Responsibilities and Approval

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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 2017 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 30 June 2016 and were signed on its behalf by:

  
Trustee

  
Trustee

30 June 2016

# The Chiva South Africa Foundation Trust

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## Trustees' Report

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The trustees submit their report for the year ended 29 February 2016.

### 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 surplus of the trust was R 1 932 763 (2015: loss R 30 454), after taxation of R - (2015: 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  
H Coovadia  
N H McKerrow  
K L Moshal  
J H Moshal  
K L Naidoo

# The Chiva South Africa Foundation Trust

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Annual Financial Statements for the year ended 29 February 2016

## Statement of Financial Position

Figures in Rands	Note(s)	2016	2015
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	19 509	-
<b>Current Assets</b>			
Trade and other receivables	3	3 400	476 000
Cash and cash equivalents	4	2 205 976	1 393
		<b>2 209 376</b>	<b>477 393</b>
<b>Total Assets</b>		<b>2 228 885</b>	<b>477 393</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Trust capital	5	1 000	1 000
Accumulated surplus		2 164 924	232 161
		<b>2 165 924</b>	<b>233 161</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	6	62 961	244 232
<b>Total Equity and Liabilities</b>		<b>2 228 885</b>	<b>477 393</b>

# The Chiva South Africa Foundation Trust

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Annual Financial Statements for the year ended 29 February 2016

## Statement of Comprehensive Income

Figures in Rands	Note(s)	2016	2015
<b>Other income</b>			
Donations received		5 436 780	3 483 144
Interest received	7	2 374	3 713
		<b>5 439 154</b>	<b>3 486 857</b>
<b>Operating expenses</b>			
Accommodation costs		(524 258)	(535 403)
Auditors' remuneration		(7 409)	(8 949)
Bank charges		(4 079)	(2 571)
Car hire		(186 707)	(218 423)
Computer expenses		-	(2 161)
Conference and catering costs		(18 257)	(165 552)
Depreciation, amortisation and impairments		(1 501)	-
Donations		(24 360)	(18 730)
Employee costs		(2 066 227)	(1 691 203)
Insurance		(9 725)	(10 395)
Medical expenses		(2 859)	(2 761)
Other expenses		(128 758)	(4 310)
Postage		-	(49)
Printing and stationery		(42 679)	(18 225)
Repairs and maintenance		-	(10 709)
Telephone and fax		(77 678)	(49 772)
Travel - local		(321 762)	(674 509)
Visa fees		-	(16 754)
Volunteer meals		(90 132)	(86 835)
		<b>(3 506 391)</b>	<b>(3 517 311)</b>
<b>Surplus (deficit) for the year</b>		<b>1 932 763</b>	<b>(30 454)</b>
Other comprehensive income		-	-
<b>Total comprehensive income (loss) for the year</b>		<b>1 932 763</b>	<b>(30 454)</b>
<b>Total comprehensive deficit attributable to:</b>			
Owners of the parent		1 932 763	(30 454)



# The Chiva South Africa Foundation Trust

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Annual Financial Statements for the year ended 29 February 2016

## Statement of Changes in Equity

<b>Figures in Rands</b>	<b>Trust capital</b>	<b>Accumulated surplus</b>	<b>Total equity</b>
<b>Balance at 1 March 2014</b>	<b>1 000</b>	<b>262 615</b>	<b>263 615</b>
Changes in equity			
Total comprehensive income for the year	-	(30 454)	(30 454)
Total changes	-	(30 454)	(30 454)
<b>Balance at 1 March 2015</b>	<b>1 000</b>	<b>232 161</b>	<b>233 161</b>
Changes in equity			
Total comprehensive income for the year	-	1 932 763	1 932 763
Total changes	-	1 932 763	1 932 763
<b>Balance at 29 February 2016</b>	<b>1 000</b>	<b>2 164 924</b>	<b>2 165 924</b>

# The Chiva South Africa Foundation Trust

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Annual Financial Statements for the year ended 29 February 2016

## Statement of Cash Flows

Figures in Rands	Note(s)	2016	2015
<b>Cash flows from operating activities</b>			
Cash generated from (used in) operations	9	2 223 219	(7 906)
Interest income		2 374	3 713
<b>Net cash from operating activities</b>		<b>2 225 593</b>	<b>(4 193)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(21 010)	-
<b>Total cash movement for the year</b>		<b>2 204 583</b>	<b>(4 193)</b>
Cash at the beginning of the year		1 393	5 585
<b>Total cash at end of the year</b>	4	<b>2 205 976</b>	<b>1 392</b>

# The Chiva South Africa Foundation Trust

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Annual Financial Statements for the year ended 29 February 2016

## Accounting Policies

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### 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 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.

# The Chiva South Africa Foundation Trust

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Annual Financial Statements for the year ended 29 February 2016

## Notes to the Annual Financial Statements

Figures in Rands 2016 2015

### 2. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
IT equipment	28 510	(9 001)	19 509	7 500	(7 500)	-
Motor vehicles	205 501	(205 501)	-	205 501	(205 501)	-
Office equipment	13 500	(13 500)	-	13 500	(13 500)	-
<b>Total</b>	<b>247 511</b>	<b>(228 002)</b>	<b>19 509</b>	<b>226 501</b>	<b>(226 501)</b>	<b>-</b>

#### Reconciliation of property, plant and equipment - 2016

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

#### Reconciliation of property, plant and equipment - 2015

	Opening Balance	Depreciation	Total
IT equipment	1 250	(1 250)	-
Motor vehicles	51 391	(51 391)	-
Office equipment	5 400	(5 400)	-
	<b>58 041</b>	<b>(58 041)</b>	<b>-</b>

### 3. Trade and other receivables

Loans to fellow group companies	1 000	476 000
Loans to employees	2 400	-
	<b>3 400</b>	<b>476 000</b>

### 4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	2 205 976	1 393
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### 5. Trust capital

#### Founders donation

Balance at end of period	1 000	1 000
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### 6. Trade and other payables

Trade payables	62 961	244 232
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### 7. Investment revenue

#### Interest revenue

Bank	2 374	3 713
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### 8. Taxation

No provision has been made for 2016 tax as the trust is exempt from taxation.

# The Chiva South Africa Foundation Trust

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## Notes to the Annual Financial Statements

Figures in Rands	2016	2015
<b>9. Cash generated from (used in) operations</b>		
Surplus (deficit) before taxation	1 932 763	(30 454)
<b>Adjustments for:</b>		
Depreciation and amortisation	1 501	-
Interest received	(2 374)	(3 713)
<b>Changes in working capital:</b>		
Trade and other receivables	472 600	-
Trade and other payables	(181 271)	26 261
	<b>2 223 219</b>	<b>(7 906)</b>

### 10. Related parties

Relationships  
Trustees

H Coovadia  
N H McKerrow  
K L Moshal  
J H Moshal  
K L Naidoo

Entities  
Other

Quad Triangle Proprietary Limited  
The Jakamar Trust

#### Related party balances

##### Amounts included in Trade receivable (Trade Payable) regarding related parties

Quad Triangle Proprietary Limited	1 000	1 000
Quad Triangle Proprietary Limited	-	(211 619)
The Jakamar Trust	-	475 000