True North Consulting NPC
(Registration number 2003/020144/08)
Annual Financial Statements
for the year ended 28 February 2014

General Information

Country of incorporation and domicile	South Africa
Directors	Mrs V. Kumm Mr W. Stadler Mr C. Stiekema
Registered office	Cnr Berg Street & Vrygrond Avenue Vrygrond Community Centre Vrygrond Cape Town 7945
Business address	The Vrygrond Centre 16 Berg Street Vrygrond 7945
Postal address	PO Box 39281 Capricorn Square 7948
Bankers	Standard Bank
Auditors	Cecil Kilpin & Co. Chartered Accountants (S.A.) Registered Auditors
Secretary	Mrs V. Kumm
Company registration number	2003/020144/08

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

Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Cecil Kilpin & Co.
Chartered Accountants (SA)
Established 1902

Independent Auditors' Report

To the members of True North Consulting NPC

We have audited the annual financial statements of True North Consulting NPC, as set out on pages 6 to 14, which comprise the statement of financial position as at 28 February 2014, 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.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

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 fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with similar organisations, it is not feasible to institute accounting contols over cash collections from donations prior to the entry of such collections into the accounting records, therefore it is impractical to extend our examinations beyond that of receipts actually recorded.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of True North Consulting NPC as at 28 February 2014, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Companies Act 71 of 2008.

Cecil Kilpin & Co.
Registered Auditors
Per partner: S Schonegevel

Century City
Date: _________________________

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, 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 company 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 judgements and estimates.

The directors 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 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 company and all employees are required to maintain the highest ethical standards in ensuring the company’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. 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 company’s cash flow forecast for the year to 28 February 2015 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 3.

The annual financial statements set out on pages 5 to 14, which have been prepared on the going concern basis, were approved by and signed on its behalf by:

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Mrs V. Kumm **Mr W. Stadler**

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Mr C. Stiekema

Date: ________________________

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of True North Consulting NPC for the year ended 28 February 2014.

1. Nature of business

To mobilise and implement an Early Childhood Development (ECD) strategy in underprivileged communities by teaching, supporting,equipping and connecting ECD stakeholders to prepare all children 0-5 for grade 'R" and ultimately setting the foundation for their life-long learning, focussing holistically on: health and safety, ECD teacher trraining, leadership and management development, parent and community engagement and building new pre-schools.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

3. Directors

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

Directors
Mrs V. Kumm
Mr W. Stadler
Mr C. Stiekema

There have been no changes to the directorate for the period under review.

4. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Auditors

Cecil Kilpin & Co. are newly appointed auditors.

6. Secretary

The company secretary is Mrs V. Kumm.

Postal address	PO Box 39281 Capricorn Square 7948
Business address	The Vrygrond Centre 16 Berg Street Vrygrond 7945

Statement of Financial Position as at 28 February 2014

	Note(s)	2014 R	2013 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	35,557	10,901
Current Assets			
Trade and other receivables	3	23,829	74,891
Cash and cash equivalents	4	3,131,217	346,115
		3,155,046	**421,006**
Total Assets		**3,190,603**	**431,907**
Equity and Liabilities			
Equity			
Retained income		2,191,782	423,787
Liabilities			
Current Liabilities			
Trade and other payables	5	998,821	8,120
Total Equity and Liabilities		**3,190,603**	**431,907**

Statement of Comprehensive Income

	Note(s)	2014 R	2013 R
Other income		3,627,325	1,376,882
Operating expenses		(1,896,670)	(1,397,034)
Operating surplus (deficit)		**1,730,655**	**(20,152)**
Investment revenue		37,340	8,031
Surplus / (deficit) for the year		**1,767,995**	**(12,121)**
Other comprehensive income		-	-
Total comprehensive surplus (deficit) for the year		**1,767,995**	**(12,121)**

Statement of Changes in Equity

	Retained income R	Total equity R
Balance at 01 March 2012	**435,908**	**435,908**
Loss for the year	(12,121)	(12,121)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(12,121)**	**(12,121)**
Balance at 01 March 2013	**423,787**	**423,787**
Profit for the year	1,767,995	1,767,995
Other comprehensive income	-	-
Total comprehensive income for the year	**1,767,995**	**1,767,995**
Balance at 28 February 2014	**2,191,782**	**2,191,782**

Note(s)

Statement of Cash Flows

	Note(s)	2014 R	2013 R
Cash flows from operating activities			
Cash generated from (used in) operations	7	2,781,974	(90,436)
Interest income		37,340	8,031
Net cash from operating activities		**2,819,314**	**(82,405)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(34,212)	(12,690)
Total cash movement for the year		**2,785,102**	**(95,095)**
Cash at the beginning of the year		346,115	441,210
Total cash at end of the year	4	**3,131,217**	**346,115**

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, and the Companies Act 71 of 2008. The annual 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.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Financial assets measured at cost and amortised cost

The company assesses its financial assets measured at cost and amortised cost for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for financial assets measured at cost and amortised cost is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting period that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

Residual values and useful lives of property, plant and equipment

The residual values and useful lives of assets are based on management estimates.

1.2 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.

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

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Accounting Policies

1.2 Property, plant and equipment (continued)

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.

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**
Office equipment	3 years
IT equipment	3 years

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the initial cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

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.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price. This includes transaction costs, except for financial instruments which are measured at fair value through profit or loss.

Financial instruments at amortised cost

Debt instruments, as defined in the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At the end of each reporting 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

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

All financial assets whose fair value cannot otherwise be measured reliably, and which do not meet the criteria to be designated as an instruments measured at amortised cost, are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

1.4 Leases

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

Accounting Policies

1.4 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 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 on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense in the period in which they are incurred.

Any contingent rents are expensed in the period they are incurred.

1.5 Impairment of assets

The company assesses at each reporting date whether there is any indication that an asset may be impaired.

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.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.6 Provisions and contingencies

Provisions are recognised when:

- the company has an obligation at the reporting date as a result of a past event;
- it is probable that the company will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

Contingent assets and contingent liabilities are not recognised.

1.7 Revenue

Revenue, comprising of donations and project funding from various donors, is measured at the fair value of the consideration received or receivable exclusive of Value Added Tax. Revenue is recognised as it accrues to the entity in the normal course of business.

1.8 Borrowing costs

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

Notes to the Annual Financial Statements

	2014 R	2013 R

2. Property, plant and equipment

	2014			2013		
	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Office equipment	48,683	(48,683)	-	48,683	(48,683)	-
Computer software	52,121	(16,564)	35,557	17,909	(7,008)	10,901
Total	**100,804**	**(65,247)**	**35,557**	**66,592**	**(55,691)**	**10,901**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Computer software	10,901	34,212	(9,556)	35,557

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Other changes, movements	Total
Computer software	-	12,690	(1,789)	10,901

3. Trade and other receivables

	2014	2013
Trade receivables	22,428	-
Deposits	1,401	-
VAT	-	74,891
	23,829	**74,891**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2014	2013
Cash on hand	469	-
Bank balances	3,130,748	346,115
	3,131,217	**346,115**

5. Trade and other payables

	2014	2013
Other payables	941	1,718
Staff loans	1,816	-
Trade payables	996,064	6,402
	998,821	**8,120**

6. Auditors' remuneration

	2014	2013
Fees	41,436	20,245

Notes to the Annual Financial Statements

	2014 R	2013 R

7. Cash generated from (used in) operations

	2014 R	2013 R
Profit (loss) before taxation	1,767,995	(12,121)
Adjustments for:		
Depreciation and amortisation	9,556	1,789
Interest received - investment	(37,340)	(8,031)
Changes in working capital:		
Trade and other receivables	51,062	(74,891)
Trade and other payables	990,701	2,818
	2,781,974	**(90,436)**

8. Donations

	2014 R	2013 R
Donations: Acucap	-	170,000
Donations: Australia trip funding	-	3,432
Donations: C Mills	5,000	6,000
Donations: Catholic Church	-	7,500
Donations: Chic Mamas	165,000	71,746
Donations: Chic Mamas Gold Day	84,780	-
Donations: Common Good	10,000	-
Donations: Community Chest	-	237,360
Donations: DG Murray Trust	1,364	-
Donations: ED Services Cost Recovery	51,091	-
Donations: Edmore Fence	-	5,000
Donations: Enth Degree	10,000	10,000
Donations: G G Pienaar	-	10,000
Donations: Home Choice	500,000	100,000
Donations: Imagine Investments	100,000	110,000
Donations: Individual Donations	69,164	-
Donations: M van Graan	-	6,550
Donations: Mattress Drive	-	9,598
Donations: Other	12,364	-
Donations: Pearson Foundation	2,486,556	205,803
Donations: Projects Abroad	1,548	4,644
Donations: SANSPAR	-	10,000
Donations: State Street Foundation	-	350,668
Donations: The Learning Trust	80,458	-
Donations: Unrestricted	-	1,382
Donations: Whoop	-	4,500
Donations: Wish List	-	2,699
Donations: X Cheqeur	50,000	50,000
	3,627,325	**1,376,882**

9. Taxation

The entity is registered as a Non-Profit Company in terms of the Companies Act 71, 2008 of South Africa. The entity is exempt from the payment of income tax in terms of Section 18A of the Income Tax Act . In addition, section 10 (1)(cN) of the Income Tax Act exempts receipts and accruals derived from unrelated business undertakings and trading activities to the greater of 5% of total receipts and accruals, or R200,000 during the relevant year of assessment.