

THE SHINE TRUST

(Registration number IT 624/2007)

**Annual Financial Statements
for the year ended 31 December 2017**

Compiled Financial Statements

Prepared: Angelique Walker

Position: Manager

Reviewed: Clive Goodchild-Brown

Position: Partner

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

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GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

TYPE OF TRUST AND NATURE OF BUSINESS

Non-profit organisation that seeks to create a culture of reading in South African schools, homes, workplaces and communities, thereby improving literacy outcomes for young children from low-income communities.

TRUSTEES

KB Torres
GGN Auret
HD George
DLD Turpin
KF Price-Lindsay
KL Ntsekhe
MM Weissenberg
AM Simpson

7800

BANKERS

Standard Bank

CHARTERED ACCOUNTANT

Bridge the Gap Consulting
Unit B11 Westlake Square
1 Westlake Drive
Tokai
7945

TRUST REGISTRATION NUMBER

IT 624/2007

PUBLIC BENEFIT ORGANISATION NUMBER

930 025 382

NON-PROFIT ORGANISATION NUMBER

060-696

Report of the Accounting Officer

To the Trustees of the The Shine Trust

We have compiled the accompanying financial statements of The Shine Trust based on information you have provided. These financial statements comprise the statement of financial position of The Shine Trust as at 31 December 2017, the statement of comprehensive income, the statement of changes in trust funds and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

We performed this engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards for Small- and Medium-sized Entities (IFRS for SMEs). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

We believe that the evidence we obtained in our compilation is sufficient and appropriate to provide a basis for our conclusion.

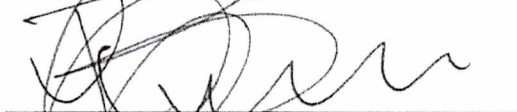
Responsibility

Our responsibility involves reporting our findings to the Trustees of The Shine Trust. This includes obtaining evidence supporting the amounts presented in the annual financial statements. The evidence obtained is supportive of the systems of internal control, the accounting policies adopted and managements estimates of amounts in the annual financial statements. We believe the evidence obtained is sufficient and appropriate for our conclusions as stated.

Conclusion

Based on our findings, nothing has come to our attention that causes us to believe that the annual financial statements of The Shine Trust are not prepared, in all material respects, in accordance with International Financial Reporting Standards for Small and Medium-sized Entities.

Bridge the Gap Consulting



Per: Clive Stuart Goodchild-Brown
Chartered Accountant

22 May 2017

Unit B11 Westlake Square
1 Westlake Drive
Tokai
7945

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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 satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations of the trust, and explain the transactions and financial position of the business of the trust at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the trust and supported by reasonable and prudent judgements and estimates.

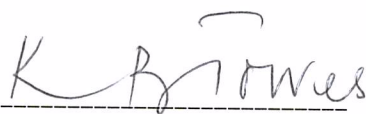
The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the trustees set standards for internal 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 trustees 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 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the trustees have no reason to believe that the trust will not be a going concern in the foreseeable future. The financial statements support the viability of the trust.

The professional accountants are responsible for reporting on the annual financial statements. The compilation report is presented on page 3.

The annual financial statements have been prepared on the going concern basis and are not subject to any material changes to the present financial status. The annual financial statements as set out on pages 5 to 13 were approved by the trustees on 22 May 2017 and were signed on their behalf by:


KB Torres


GGN Auret

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Financial Statements for the year ended 31 December 2017

Statement of Financial Position

Figures in R	Note(s)	2017	2016
Assets			
Non-Current Assets			
Property, plant and equipment	3	609,421	358,058
Current Assets			
Inventories	4	158,632	170,634
Trade and other receivables	5	96,977	219,922
Cash and cash equivalents	6	11,242,599	9,681,221
		11,498,208	10,071,777
Total Assets		12,107,629	10,429,835
Trust Funds and Liabilities			
Trust Fund			
Accumulated surplus	7	9,528,392	7,213,253
Non-Current Liabilities			
Deferred revenue	8	2,329,690	2,971,845
		2,329,690	2,971,845
Current Liabilities			
Provisions		100,500	93,000
Trade and other payables		149,047	151,737
		249,547	244,737
Total Funds and Liabilities		12,107,629	10,429,835

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Financial Statements for the year ended 31 December 2017

Statement of Comprehensive Income

Figures in R		2017	2016
Revenue	9	8,232,192	7,519,714
Operating costs		(6,630,268)	(6,167,390)
Operating surplus		1,601,924	1,352,324
Finance income	10	713,215	562,894
Net surplus for the year		2,315,139	1,915,218

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Statement of Changes in Trust Funds

Figures in R	Accumulated surplus	Total
Balance at 1 January 2016	5,298,035	5,298,035
Total comprehensive surplus for the year		
Surplus for the year	1,915,218	1,915,218
Total comprehensive surplus for the year	1,915,218	1,915,218
Balance at 31 December 2016	7,213,253	7,213,253
Balance at 1 January 2017	7,213,253	7,213,253
Total comprehensive surplus for the year		
Surplus for the year	2,315,139	2,315,139
Total comprehensive surplus for the year	2,315,139	2,315,139
Balance at 31 December 2017	9,528,392	9,528,392

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Financial Statements for the year ended 31 December 2017

Statement of Cash Flows

Figures in R	Note(s)	2017	2016
Cash flows from operating activities			
Surplus for the year		2,315,139	1,915,218
<i>Adjustments for:</i>			
Depreciation - Tangible assets		173,519	111,009
Investment income		(713,215)	(562,894)
Deferred revenue		(642,155)	(361,755)
Operating cash flow before working capital changes		1,133,288	1,101,578
<i>Working capital changes</i>			
Decrease in inventories		12,002	9,084
Decrease/(increase) in trade and other receivables		122,942	(172,158)
Increase/(decrease) in trade and other payables		4,810	(21,457)
Cash generated by operating activities		1,273,042	917,047
Investment income		713,215	562,894
Net cash from operating activities		1,986,257	1,479,941
Cash flows from investing activities			
Property, plant and equipment acquired	3	(424,879)	(56,631)
Net cash utilised in investing activities		(424,879)	(56,631)
Increase in cash and cash equivalents		1,561,378	1,423,310
Cash and cash equivalents at beginning of the year		9,681,221	8,257,911
Cash and cash equivalents at end of the year	6	11,242,599	9,681,221

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Financial Statements for the year ended 31 December 2017

Accounting Policies

1. General information

The Shine Trust is a trust founded in South Africa. The type of trust and its principal activities is that of a Non-profit organisation that seeks to create a culture of reading in South African schools, homes, workplaces and communities, thereby improving literacy outcomes for young children from low-income communities. .

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

2.1 Revenue recognition

Revenue represents donations, interest received and fees for training provided. Donations designated for specific purposes and projects are brought into income when the Trust becomes entitled to such income, generally as and when the related expenditure is incurred. Other donations are recognised when received.

2.1.1 Interest income

Interest income is recognised using the effective interest rate method.

2.2 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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 charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

Furniture and fittings	16.67%
Leasehold Improvements	16.67%
Computer equipment	33.33%
Computer software	50.00%
Moveable structure	15.00%
Assets < R7000	100.00%

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Accounting Policies

2.3 Reserves

The Shine Trust believes in the imperative of building a reserve fund to ensure the sustainability of the Trust. This, in the view of the board of trustees, should equate to twelve months' operational funding. The current financial position of the Trust indicates that these goals are being met.

As referred to above, it is Shine's intention to manage its reserves strategically with a specific focus on managing our funds for the short, medium and long terms, ensuring the long term sustainability of the organisation.

2.4 Prior period account reclassification

The disclosure description of the following expenses has been changed/renamed:

Prior year classification	New classification	2016
Salaries & Wages	Personnel costs	3,118,097
Staff welfare, training and development	Personnel costs	48,019
Repairs & maintenance	Rent & services	54,842
Postage and delivery	Office expenses	19,540
Fundraising, Marketing and PR	Communication, Fundraising and PR	233,771
Professional fees	Consulting fees	125,903

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Financial Statements for the year ended 31 December 2017

Notes to the Annual Financial Statements

Figures in R	2017	2016
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3. Property, plant and equipment

	Cost	Accumulated depreciation	2017 Carrying value	Cost	Accumulated depreciation	2016 Carrying value
<i>Owned assets</i>						
Motor vehicles	385,634	(64,272)	321,362	-	-	-
Furniture and fittings	57,328	(49,530)	7,798	57,328	(45,398)	11,930
Leasehold Improvements	119,687	(110,735)	8,952	119,687	(97,675)	22,012
Computer equipment	319,609	(253,589)	66,020	280,363	(218,773)	61,590
Computer software	30,019	(30,019)	-	30,019	(28,769)	1,250
Moveable structure	373,252	(167,963)	205,289	373,252	(111,976)	261,276
Assets < R7000	33,768	(33,768)	-	33,768	(33,768)	-
	1,319,297	(709,876)	609,421	894,417	(536,359)	358,058

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions / Fair value gains	Classified as held for sale / Disposals	Depreciation / Impairments	2017 Carrying value at end of year
<i>Owned assets</i>					
Motor vehicles	-	385,634	-	(64,272)	321,362
Furniture and fittings	11,930	-	-	(4,132)	7,798
Leasehold Improvements	22,012	-	-	(13,061)	8,951
Computer equipment	61,590	39,246	-	(34,816)	66,020
Moveable structure	261,276	-	-	(55,988)	205,288
Assets < R7000	-	-	-	-	-
	358,058	424,879	-	(173,519)	609,418

3.1

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2016 Carrying value at end of year
<i>Owned assets</i>					
Furniture and fittings	17,164	-	-	(5,234)	11,930
Leasehold Improvements	36,661	1,424	-	(16,073)	22,012
Computer equipment	36,347	51,570	-	(26,327)	61,590
Computer software	5,000	-	-	(3,750)	1,250
Moveable structure	317,264	-	-	(55,988)	261,276
Assets < R7000	-	3,637	-	(3,637)	-
	412,436	56,631	-	(111,009)	358,058

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Notes to the Annual Financial Statements

Figures in R	2017	2016
4. Inventories		
Inventories comprise:		
Stock - Games	158,632	170,634
5. Trade and other receivables		
Prepayments	45,727	17,157
Deposits	51,250	47,765
Monies outstanding for training work done	-	155,000
	96,977	219,922
6. Cash and cash equivalents		
Favourable cash balances		
Bank balances	11,242,599	9,681,221
Additional details		
As noted in 2.3, certain of these funds will be invested with the aim of managing our funds for the short, medium and long terms, ensuring the long term sustainability of the organisation.		
7. Accumulated surplus		
Surplus for the year	2,315,139	1,915,218
Accumulated surplus at beginning of the year	7,213,253	5,298,035
Accumulated surplus at end of the year	9,528,392	7,213,253
8. Deferred revenue		
ABAX Development Trust	350,000	300,000
Annie Lennox Foundation	898,690	851,845
Coronation Fund Managers	-	50,000
Deutsche Bank South Africa Foundation	600,000	550,000
Oppenheimer Memorial Trust	350,000	350,000
Other	61,000	550,000
Rolf Stephan Nussbaum Foundation	-	250,000
Volkswagen Community Trust	70,000	70,000
	2,329,690	2,971,845

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Notes to the Annual Financial Statements

Figures in R	2017	2016
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9. Revenue

An analysis of income is as follows:

Restricted donations	6,382,669	5,994,231
Unrestricted donations	1,304,848	1,307,733
Training	544,675	217,750
	<u>8,232,192</u>	<u>7,519,714</u>

10. Finance income

Interest income		
Interest received	713,215	562,894

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Detailed Income Statement

Figures in R	2017	2016
Revenue		
Restricted donations	6,382,669	5,994,231
Unrestricted donations	1,304,848	1,307,733
Training	544,675	217,750
	<u>8,232,192</u>	<u>7,519,714</u>
Other income		
Investment income	<u>713,215</u>	<u>562,894</u>
Expenditure		
Audit and accounting fees	95,279	111,831
Bank charges	26,199	20,628
Communication, Fundraising and PR	165,917	233,771
Consulting fees	350,582	450,671
Depreciation - Tangible assets	173,519	111,009
Insurance	14,047	6,000
Literacy facilitators	210,987	339,153
Literacy resources	959,430	1,063,905
Literacy travel	251,711	195,097
Office expenses	109,695	86,571
Personnel costs	3,855,615	3,166,116
Rent and services	347,469	303,604
Telephone and internet	69,818	79,034
	<u>6,630,268</u>	<u>6,167,390</u>
Net surplus	<u><u>2,315,139</u></u>	<u><u>1,915,218</u></u>