

THE SHINE TRUST

(Registration number IT 624/2007)

**Annual Financial Statements
for the year ended 31 December 2019**

Compiled Financial Statements

Prepared: C. Goodchild-Brown

Position: Accountant

THE SHINE TRUST

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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

M Sithole
GGN Auret
DLD Turpin
KL Ntsekhe
MM Weissenberg

REGISTERED OFFICE

Unit 2,
Devonshire Court
20 Devonshire Road
Wynberg
7800

BANKERS

Standard Bank

CHARTERED ACCOUNTANT

C. Goodchild-Brown
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 Compiler

To the Trustees of the The Shine Trust

I 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 2019, 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.

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

I have applied my 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). I have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

I believe that the evidence obtained in the compilation is sufficient and appropriate as a basis for my conclusion.

Conclusion

Based on my findings, nothing has come to my attention that causes me to believe the annual financial statements of The Shine Trust aren't fairly presented in all material aspects.



Per: C. Goodchild-Brown

Chartered Accountant

26 May 2020

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 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 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 accountant is responsible for reporting on the annual financial statements. The compilation report is presented on page 2.

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 4 to 12 were approved by the trustees on 26 May 2020 and were signed on their behalf by:



KL Ntsekhe



GGN Auret

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Financial Statements for the year ended 31 December 2019

Statement of Financial Position

Figures in R	Note(s)	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	3	244,116	431,128
Current Assets			
Inventories	4	154,090	156,361
Trading investments	5	4,500,000	-
Trade and other receivables	6	134,062	56,409
Cash and cash equivalents	7	8,637,492	10,770,723
		13,425,644	10,983,493
Total Assets		13,669,760	11,414,621
Trust Funds and Liabilities			
Trust Fund			
Accumulated surplus	8	11,255,210	10,520,546
Non-Current Liabilities			
Deferred revenue	9	2,307,475	793,000
		2,307,475	793,000
Current Liabilities			
Provisions	10	107,075	101,075
		107,075	101,075
Total Funds and Liabilities		13,669,760	11,414,621

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Financial Statements for the year ended 31 December 2019

Statement of Comprehensive Income

Figures in R		2019	2018
Revenue	11	7,818,912	7,483,476
Operating costs		(7,783,504)	(7,225,563)
Operating surplus		35,408	257,913
Finance income	12	699,256	734,347
Finance costs		-	(105)
Net surplus for the year		734,664	992,155

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Financial Statements for the year ended 31 December 2019

Statement of Changes in Trust Funds

Figures in R

	Accumulated surplus	Total
Balance at 1 January 2018	9,528,391	9,528,391
Total comprehensive surplus for the year		
Surplus for the year	992,155	992,155
Total comprehensive surplus for the year	992,155	992,155
Balance at 31 December 2018	10,520,546	10,520,546
Balance at 1 January 2019	10,520,546	10,520,546
Total comprehensive surplus for the year		
Surplus for the year	734,664	734,664
Total comprehensive surplus for the year	734,664	734,664
Balance at 31 December 2019	11,255,210	11,255,210

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Statement of Cash Flows

Figures in R	Note(s)	2019	2018
Cash flows from operating activities			
Surplus for the year		734,664	992,155
<i>Adjustments for:</i>			
Finance costs		-	105
Depreciation - Tangible assets		185,981	204,839
Investment income		(699,256)	(734,347)
Loss on disposal of property, plant and equipment		1,029	-
Deferred revenue		1,514,475	(1,536,690)
Operating cash flow before working capital changes		1,736,893	(1,073,938)
<i>Working capital changes</i>			
Increase in financial asset		(4,500,000)	-
Decrease in inventories		2,271	2,271
(Increase)/decrease in trade and other receivables		(77,652)	40,569
Increase/(decrease) in trade and other payables		6,000	(148,472)
Cash utilised in operating activities		(2,832,488)	(1,179,570)
Investment income		699,256	734,347
Finance costs		-	(105)
Net cash from operating activities		(2,133,232)	(445,328)
Cash flows from investing activities			
Property, plant and equipment acquired	3	-	(26,548)
Proceeds on disposals of property, plant and equipment		1	-
Net cash generated by/(utilised in) investing activities		1	(26,548)
Decrease in cash and cash equivalents		(2,133,231)	(471,876)
Cash and cash equivalents at beginning of the year		10,770,723	11,242,599
Cash and cash equivalents at end of the year	7	8,637,492	10,770,723

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Financial Statements for the year ended 31 December 2019

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 when received.

2.2 Property, plant and equipment

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

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

Summary of significant accounting policies continued...

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 Trade and other receivables

Trade receivables are recognised at the transaction price.

2.5 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

2.6 Trade payables

Trade payables are recognised at the transaction price.

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Financial Statements for the year ended 31 December 2019

Notes to the Annual Financial Statements

Figures in R	2019	2018
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3. Property, plant and equipment

	Cost	Accumulated depreciation	2019 Carrying value	Cost	Accumulated depreciation	2018 Carrying value
<i>Owned assets</i>						
Motor vehicles	385,634	(257,089)	128,545	385,634	(160,681)	224,953
Furniture and fittings	57,328	(56,297)	1,031	57,328	(53,662)	3,666
Leasehold Improvements	119,687	(119,686)	1	119,687	(119,686)	1
Computer equipment	206,725	(185,499)	21,226	328,966	(275,759)	53,207
Moveable structure	373,252	(279,939)	93,313	373,252	(223,951)	149,301
Assets < R7000	33,768	(33,768)	-	33,768	(33,768)	-
	1,206,413	(962,297)	244,116	1,328,654	(897,526)	431,128

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	2019 Carrying value at end of year
<i>Owned assets</i>					
Motor vehicles	224,953	-	-	(96,408)	128,545
Furniture and fittings	3,666	-	-	(2,634)	1,032
Leasehold Improvements	1	-	-	-	1
Computer equipment	53,207	-	(1,030)	(30,951)	21,226
Moveable structure	149,301	-	-	(55,988)	93,313
Assets < R7000	-	-	-	-	-
	431,128	-	(1,030)	(185,981)	244,117

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2018 Carrying value at end of year
<i>Owned assets</i>					
Motor vehicles	321,361	-	-	(96,408)	224,953
Furniture and fittings	7,798	-	-	(4,132)	3,666
Leasehold Improvements	8,952	-	-	(8,950)	2
Computer equipment	66,020	26,548	-	(39,361)	53,207
Moveable structure	205,289	-	-	(55,988)	149,301
Assets < R7000	-	-	-	-	-
	609,420	26,548	-	(204,839)	431,129

4. Inventories

Inventories comprise:

Stock - Games	154,090	156,361
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Financial Statements for the year ended 31 December 2019

Notes to the Annual Financial Statements

Figures in R	2019	2018
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5. Trading investments

Nedbank Group	4,500,000	-
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As noted in 2.3, these funds have been invested with the aim of managing our funds for the short, medium and long terms, ensuring the long term sustainability of the organisation.

6. Trade and other receivables

Prepayments	72,812	5,159
Deposits	51,250	51,250
Staff loans	10,000	-
	<u>134,062</u>	<u>56,409</u>

7. Cash and cash equivalents

Favourable cash balances

Cash on hand	5,957	312
Bank balances	7,510,762	9,731,864
Investment balances	1,120,773	1,038,547
	<u>8,637,492</u>	<u>10,770,723</u>

As noted in 2.3, certain of these funds have been invested with the aim of managing our funds for the short, medium and long terms, ensuring the long term sustainability of the organisation.

8. Accumulated surplus

Surplus for the year	734,664	992,155
Accumulated surplus at beginning of the year	10,520,546	9,528,391
Accumulated surplus at end of the year	<u>11,255,210</u>	<u>10,520,546</u>

9. Deferred revenue

ABAX Development Trust	350,000	380,000
Allan and Gill Gray Philanthropy Initiative	1,658,000	-
DG Murray Trust	150,000	-
Grindrod Family Centenary Trust	-	200,000
Rolf-Stephan Nussbaum Foundation	-	150,000
Much Asphalt	-	63,000
Jephcott Charitable Trust	149,475	-
	<u>2,307,475</u>	<u>793,000</u>

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Notes to the Annual Financial Statements

Figures in R	2019	2018
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10. Provisions

	Insurance	Audit Fee	Total
Carrying amount at the beginning of the year	84,575	16,500	101,075
Increase in provision	6,000	-	6,000
Carrying amount at end of the year	90,575	16,500	107,075

11. Revenue

An analysis of income is as follows:

Restricted donations	6,564,306	5,890,885
Unrestricted donations	801,707	1,178,933
Training	452,899	413,658
	<u>7,818,912</u>	<u>7,483,476</u>

12. Finance income

Interest income

Interest received	699,256	734,347
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Detailed Income Statement

Figures in R	2019	2018
Revenue		
Restricted donations	6,564,306	5,890,885
Unrestricted donations	801,707	1,178,933
Training	452,899	413,658
	<u>7,818,912</u>	<u>7,483,476</u>
Other income		
Investment income	<u>699,256</u>	<u>734,347</u>
Expenditure		
Audit and accounting fees	140,523	101,876
Bank charges	21,991	24,201
Communication, Fundraising and PR	323,064	322,131
Consulting fees	489,738	744,498
Depreciation - Tangible assets	185,981	204,839
Finance costs	-	105
Insurance	21,529	19,951
Literacy facilitators	316,458	208,149
Literacy resources	519,595	647,953
Literacy travel	224,443	129,675
Loss on sale of fixed assets	1,029	-
Office expenses	77,709	97,214
Personnel costs	4,989,169	4,282,783
Rent and services	393,136	376,957
Telephone and internet	79,139	65,336
	<u>7,783,504</u>	<u>7,225,668</u>
Net surplus	<u>734,664</u>	<u>992,155</u>