



giving streetkids a future

**LHC FOUNDATION TRUST
(REGISTRATION NUMBER IT 767/02)
TRADING AS I CARE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015**



Harel Davidson Incorporated
Chartered Accountants (S.A.)
Registered Auditors

LHC FOUNDATION TRUST FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015

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INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEES OF LHC FOUNDATION TRUST

We have audited the financial statements of LHC Foundation Trust, which comprises statement of financial position as at 28 February 2015, 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 as set out on pages 5 to 15.

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 Standards, and in the manner required by the Companies Act, 71 of 2008. 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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 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 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

It is not feasible for the organisation to institute accounting controls over cash collections prior to the initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of LHC Foundation Trust as at 28 February 2015, 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 in the manner required by the Act .

Supplementary Information

We draw your attention to the fact that supplementary information set out on pages 16 to 17 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Harel Davidson Inc.

**Harel Davidson Incorporated
N. P. Davidson
25 June 2015**

LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015
TRUSTEES' RESPONSIBILITIES AND APPROVAL

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 financial statements.

The 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.

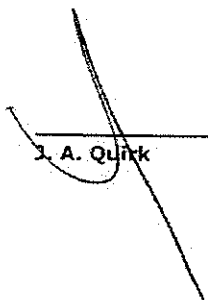
The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board sets standards for internal 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 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 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 29 February 2016 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 external auditors are responsible for independently auditing and reporting on the trust's financial statements. The financial statements have been examined by the trust's external auditors and their report is presented on page 2-3.

The financial statements set out on pages 5 to 17, which have been prepared on the going concern basis, were approved by the board on and were signed on its behalf by:



J. A. Quirk



T. J. Mufamadi

LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015
TRUSTEES' REPORT

The trustees submit their report for the year ended 28 February 2015.

1. The trust

The trust was formed in terms of a deed of donations and trust by the TSK Investment Trust dated 1 June 2002.

2. Review of activities

Main business and operations

The operations of the Trust are intended to provide a meaningful and long term solution to the growing number of children living on the streets, as well as address the social problems associated with these children.

Since the commencement of its operations, the Trust has received a growing level of support from the public and its trustees are confident that this support will contribute significantly towards helping it achieve its objectives.

The objectives of the Trust are more fully set out in its Deed of Donation and Trust which is included on its website (www.icare.co.za).

During the year the Trust pursued its objectives of contributing to the upliftment of the lives of street and homeless children by providing financial, material and spiritual upliftment to the children on the streets as well as to a number of homes and shelters which support these children.

The operating results and state of affairs of the trust are fully set out in the attached financial statements.

Material support, which is provided through the Trust's "social surpluses" campaign, was received from a number of businesses and private individuals. The value of these 'in-kind' donations received with regard to this aspect of the Trust's operations has not been reflected in the financial statements of the Trust although the expenses associated with the collection and distribution of this material support are included.

Total donations received by the Trust for the year were R 5,120,870 (2014: R 5,227,920). Included in these donations received in the current year are certain amounts which though included in current income have been donated to defray future expenditure of both a capital and income nature. Therefore the current year accumulated surplus represents this income carried forward to cover this expenditure which will be incurred in the forthcoming financial year. The operating results and state of affairs of the trust are fully set out in the attached financial statements and do not in our opinion require any further comment.

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015
TRUSTEES' REPORT**

3. 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.

The ability of the trust to continue as a going concern is dependent on a number of factors. The most significant of these is that the trustees continue to procure funding for the ongoing operations for the trust.

4. Events after the reporting period

The trustees are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the financial statements.

5. Trustees

The trustees of the trust during the year and to the date of this report are as follows:

Name

D. L. Cochrane
T. S. Lubede
Z. Luswazi
T. I. Mufamadi
J. A. Quirk
M. A. Black
J. S. Moonien
G. J. Retief

Resigned 04 June 2014

6. Auditors

Harel Davidson Incorporated will continue in office for the next financial period.

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note(s)	2015	2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2	1 446 387	1 504 574
CURRENT ASSETS			
Trade and other receivables	3	80 242	70 017
Cash and cash equivalents	4	2 014 418	1 664 879
		2 094 660	1 734 896
Total Assets		3 541 047	3 239 470
EQUITY AND LIABILITIES			
EQUITY			
Trust capital		1 150 000	1 150 000
Accumulated surplus		2 328 323	2 001 913
		3 478 323	3 151 913
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	62 724	87 557
Total Equity and Liabilities		3 541 047	3 239 470

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2015	2014
Revenue	6	5 120 870	5 227 920
Direct project and marketing costs		(4 004 459)	(3 984 047)
Gross surplus		1 116 411	1 243 873
Other income		8 374	-
Administration and operating expenses		(881 558)	(907 452)
Operating surplus	7	243 227	336 421
Investment revenue	12	83 183	62 108
Finance costs		-	(196)
Surplus for the year		326 410	398 333

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Trust capital	Accumulated surplus	Total equity
Balance at 01 March 2013	1 150 000	1 603 580	2 753 580
Changes in equity			
Surplus for the year	-	398 333	398 333
Total changes	-	398 333	398 333
Balance at 01 March 2014	1 150 000	2 001 913	3 151 913
Changes in equity			
Surplus for the year	-	326 410	326 410
Total changes	-	326 410	326 410
Balance at 28 February 2015	1 150 000	2 328 323	3 478 323

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	356 279	538 187
Interest income		83 183	62 108
Finance costs		-	(196)
Net cash from operating activities		439 462	600 099
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(126 374)	(62 413)
Sale of property, plant and equipment	2	36 451	-
Net cash from investing activities		(89 923)	(62 413)
Total cash movement for the year		349 539	537 686
Cash at the beginning of the year		1 664 879	1 127 193
Total cash at end of the year	4	2 014 418	1 664 879

LHC FOUNDATION TRUST FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the International Financial Reporting Standards. The 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 Property, plant and equipment

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 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
Leasehold property	3 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment	3 years
Computer software	2 years

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.

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.

1.2 Financial instruments

Initial measurement

Financial instruments maybe designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loan and trade and other payables 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

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.

Financial instruments at fair value

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

LHC FOUNDATION TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015

ACCOUNTING POLICIES

1.3 Impairment of assets

The trust assesses at each reporting period date whether there is any indication that an asset may be impaired. If any such indication exists, the trust 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 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 (selling price less costs to complete and sell, in the case of inventories), 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.

1.4 Revenue

Income from donations and grants, including capital grants, is included in incoming resources when these are received as follows :

- When donors specify that donations and grants given to the Trust be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the Trust becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.
- Donations received in kind are not recognised as income as they cannot be measured reliably.

When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when received.

Other revenue earned by the trust is recognised on the following basis :

- Interest income - as it accrues.

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2015 2014

2. PROPERTY, PLANT AND EQUIPMENT

	2015			2014		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land and buildings	1 071 955	-	1 071 955	1 071 955	-	1 071 955
Furniture and fixtures	68 158	(50 619)	17 539	63 759	(43 756)	20 003
Motor vehicles and forklifts	1 164 464	(922 319)	242 145	1 214 464	(807 579)	406 885
Office equipment	27 979	(14 432)	13 547	13 602	(10 914)	2 688
IT equipment	32 747	(23 923)	8 824	23 247	(20 205)	3 042
Computer software	40 723	(40 722)	1	40 723	(40 722)	1
Leasehold improvements	235 948	(143 572)	92 376	137 849	(137 849)	-
Total	2 641 974	(1 195 587)	1 446 387	2 565 599	(1 061 025)	1 504 574

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	1 071 955	-	-	-	1 071 955
Furniture and fixtures	20 003	4 397	-	(6 861)	17 539
Motor vehicles and forklifts	406 885	-	(28 387)	(136 353)	242 145
Office equipment	2 688	14 379	-	(3 520)	13 547
IT equipment	3 042	9 500	-	(3 718)	8 824
Computer software	1	-	-	-	1
Leasehold improvements	-	98 098	-	(5 722)	92 376
	1 504 574	126 374	(28 387)	(156 174)	1 446 387

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Land and buildings	1 071 955	-	-	1 071 955
Furniture and fixtures	7 530	18 597	(6 124)	20 003
Motor vehicles and forklifts	558 607	42 939	(194 661)	406 885
Office equipment	3 565	877	(1 754)	2 688
IT equipment	5 974	-	(2 932)	3 042
Computer software	1	-	-	1
Leasehold improvements	25 103	-	(25 103)	-
	1 672 735	62 413	(230 574)	1 504 574

Details of properties

Property 1

Title deed T038190/07 comprising :
Portions 241, 246 and 248 of the farm Lower Illovo No 17126
Registration Division ET, Province of KwaZulu-Natal in extent 309,
361 and 509 square metres respectively.

- Purchase price: 7 August 2007	180 000	180 000
- Additions - 2008	11 742	11 742
- Additions - 2009	151 441	151 441
- Additions - 2011	59 072	59 072
	402 255	402 255

Property 2

Erf 376 Brixton situated at 91 Caroline Street, Brixton in the province of Gauteng

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2015	2014
2. PROPERTY, PLANT AND EQUIPMENT (continued)		
- Purchase price: 4 July 2012	650 000	650 000
- Additions since purchase or valuation	19 700	19 700
	669 700	669 700
3. TRADE AND OTHER RECEIVABLES		
Deposits	52 426	52 476
Other receivables	18 363	9 579
VAT	9 453	7 962
	80 242	70 017
4. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	11 985	3 592
Bank balances	2 002 433	1 661 287
	2 014 418	1 664 879
5. TRADE AND OTHER PAYABLES		
Accrued audit fees	16 637	21 637
Sundry creditors	23 643	16 687
Trade payables	22 444	49 233
	62 724	87 557
6. REVENUE		
Donations received other	5 120 870	5 227 920
7. OPERATING SURPLUS		
Operating surplus for the year is stated after accounting for the following:		
Surplus on sale of property, plant and equipment	8 064	-
Depreciation on property, plant and equipment	156 174	230 574
8. TAXATION		
No provision has been made for income tax as the Trust is registered as a Public Benefit Organisation and therefore is exempt from Income Tax.		

LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015
NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2015	2014
9. CASH GENERATED FROM OPERATIONS		
Surplus before taxation	326 410	398 333
Adjustments for:		
Depreciation and amortisation	156 174	230 574
Surplus on sale of assets	(8 064)	-
Interest received	(83 183)	(62 108)
Finance costs	-	196
Changes in working capital:		
Trade and other receivables	(10 225)	22 542
Trade and other payables	(24 833)	(51 350)
	356 279	538 187
10. AUDITORS' REMUNERATION		
Fees	17 000	14 340
11. TRUST CAPITAL		
Initial donation	1 000 000	1 000 000
Additions to property, plant and equipment	150 000	150 000
	1 150 000	1 150 000
12. INVESTMENT REVENUE		
Interest revenue		
Bank	83 183	62 108
13. STAFF COSTS		
Salaries and wages		
Salaries and wages included in direct project costs	2 140 688	1 977 520
Salaries and wages included in marketing costs	365 113	344 454
Salaries and wages included in administration costs	455 724	416 752
	2 961 525	2 738 726

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015**

Detailed Statement of Financial Performance

Figures in Rand	2015	2014
Revenue		
Donations received - other	5 120 870	5 227 920
Direct project and marketing costs		
Direct project and marketing costs (refer page 17)	(4 004 459)	(3 984 047)
Gross surplus	1 116 411	1 243 873
Other income		
Other income	310	-
Interest received	12 83 183	62 108
Gains on disposal of assets	8 064	-
	91 557	62 108
Administration and operating expenses		
Administration and management fees	4 586	2 818
Auditors remuneration	10 17 000	14 340
Bank charges	30 560	30 876
Depreciation, amortisation and impairments	156 174	230 574
Employee costs	455 724	416 752
IT expenses	17 465	15 923
Insurance	5 022	3 223
Motor vehicle expenses	13 335	2 407
Municipal expenses	82 376	75 151
Office Supplies	7 080	5 275
Penalties	-	2 934
Printing and stationery	15 913	15 136
Repairs and maintenance	23 655	17 233
Staff welfare	1 537	3 250
Subscriptions	4 032	20 814
Telephone and fax	26 358	28 353
Travel - local	20 741	22 393
	881 558	907 452
Operating surplus	7 326 410	398 529
Finance costs	-	(196)
Surplus for the year	326 410	398 333

LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015
SCHEDULE OF DIRECT PROJECT AND MARKETING COSTS

Figures in Rand	Note(s)	2015	2014
DIRECT PROJECT AND MARKETING COSTS			
ACE school		69 914	59 578
Collection and distribution of physical donations and support		30 234	109 079
Fund-raising commission paid		112 612	148 835
General distribution		78 457	72 950
Gospel ministry		90 994	82 823
Hope Centre costs		1 285 147	1 188 081
Houses - I Care running costs		505 103	505 790
Johannesburg - I Care costs		757 428	761 883
Khutaza Rehabilitation Project		444 830	449 926
Marketing costs		263 911	210 895
Pre rehab expenses		-	6 800
Skills development project		51 018	15 330
Staff training		16 293	16 644
Street outreach project		298 518	355 433
DIRECT PROJECT AND MARKETING COSTS FOR THE YEAR		4 004 459	3 984 047