



**LHC FOUNDATION TRUST
(REGISTRATION NUMBER IT 767/02)
TRADING AS I CARE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2014**



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

LHC FOUNDATION TRUST FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014

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

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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 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 a summary of significant accounting policies and other explanatory notes, and the trustees' report, 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 Standard for Small and Medium-sized Entities. 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 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.

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
18 June 2014

LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014
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.

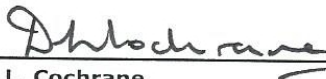
The trustees have reviewed the trust's cash flow forecast for the year to 28 February 2015 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

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:



G. J. Retief



D. L. Cochrane

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014
TRUSTEES' REPORT**

The trustees submit their report for the year ended 28 February 2014.

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 5,227,920 (2013: R 4,775,491). 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 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 2014

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
G. J. Retief

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 2014**

STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note(s)	2014	2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2	1 504 574	1 672 735
CURRENT ASSETS			
Trade and other receivables	3	70 017	92 559
Cash and cash equivalents	4	1 664 879	1 127 193
		1 734 896	1 219 752
Total Assets		3 239 470	2 892 487
EQUITY AND LIABILITIES			
EQUITY			
Trust capital		1 150 000	1 150 000
Accumulated surplus		2 001 913	1 603 580
		3 151 913	2 753 580
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	87 557	138 907
Total Equity and Liabilities		3 239 470	2 892 487

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014**

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2014	2013
Revenue	6	5 227 920	4 775 491
Direct project and marketing costs		(3 984 047)	(3 723 551)
Gross surplus		1 243 873	1 051 940
Other income		-	33 961
Administration and operating expenses		(907 452)	(913 074)
Operating surplus	7	336 421	172 827
Investment revenue	12	62 108	39 196
Finance costs		(196)	(76)
Surplus for the year		398 333	211 947

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014**

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Trust capital	Accumulated surplus	Total equity
Balance at 01 March 2012	1 150 000	1 391 633	2 541 633
Changes in equity			
Surplus for the year	-	211 947	211 947
Total changes	-	211 947	211 947
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 28 February 2014	1 150 000	2 001 913	3 151 913

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014**

STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	538 187	1 027 542
Interest income		62 108	39 196
Finance costs		(196)	(76)
Net cash from operating activities		600 099	1 066 662
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(62 413)	(996 232)
Sale of property, plant and equipment	2	-	72 006
Net cash from investing activities		(62 413)	(924 226)
Total cash movement for the year		537 686	142 436
Cash at the beginning of the year		1 127 193	984 757
Total cash at end of the year	4	1 664 879	1 127 193

LHC FOUNDATION TRUST FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities,. 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 may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period 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 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 2014
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 2014**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2014 2013

2. PROPERTY, PLANT AND EQUIPMENT

	2014			2013		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	1 071 955	-	1 071 955	1 071 955	-	1 071 955
Furniture and fixtures	63 759	(43 756)	20 003	45 162	(37 632)	7 530
Motor vehicles and forklifts	1 214 464	(807 579)	406 885	1 171 526	(612 919)	558 607
Office equipment	13 602	(10 914)	2 688	12 726	(9 161)	3 565
IT equipment	23 247	(20 205)	3 042	23 247	(17 273)	5 974
Computer software	40 723	(40 722)	1	40 723	(40 722)	1
Leasehold improvements	137 849	(137 849)	-	137 849	(112 746)	25 103
Total	2 565 599	(1 061 025)	1 504 574	2 503 188	(830 453)	1 672 735

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Land	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

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Depreciation	Total
Land	402 255	669 700	-	-	1 071 955
Furniture and fixtures	14 720	-	(3)	(7 187)	7 530
Motor vehicles and forklifts	456 705	322 585	(42 350)	(178 333)	558 607
Office equipment	4 471	-	(1)	(905)	3 565
IT equipment	4 850	3 947	(1)	(2 822)	5 974
Computer software	1	-	-	-	1
Leasehold improvements	71 052	-	-	(45 949)	25 103
	954 054	996 232	(42 355)	(235 196)	1 672 735

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

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2014	2013
2. PROPERTY, PLANT AND EQUIPMENT (continued)		
Property 2		
Erf 376 Brixton situated at 91 Caroline Street, Brixton in the province of Gauteng		
- 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	52 476	50 922
Other receivables	9 579	8 127
VAT	7 962	33 510
	70 017	92 559
4. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	3 592	13 013
Bank balances	1 661 287	1 114 180
	1 664 879	1 127 193
5. TRADE AND OTHER PAYABLES		
Trade payables	49 233	51 533
Sundry creditors	16 687	66 077
Accrued audit fees	21 637	21 297
	87 557	138 907
6. REVENUE		
Donations received other	5 227 920	4 350 186
National Lottery Distribution Trust Fund donation	-	425 305
	5 227 920	4 775 491
7. OPERATING SURPLUS		
Operating surplus for the year is stated after accounting for the following:		
Surplus on sale of property, plant and equipment	-	29 651
Depreciation on property, plant and equipment	230 574	235 196
Employee costs	416 752	410 303
8. TAXATION		
Major components of the tax expense		
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 2014**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2014	2013
9. CASH GENERATED FROM OPERATIONS		
Surplus before taxation	398 333	211 947
Adjustments for:		
Depreciation and amortisation	230 574	235 196
Surplus on sale of assets	-	(29 651)
Interest received	(62 108)	(39 196)
Finance costs	196	76
Changes in working capital:		
Trade and other receivables	22 542	637 540
Trade and other payables	(51 350)	11 630
	538 187	1 027 542
10. AUDITORS' REMUNERATION		
Fees	14 340	13 500
11. TRUST CAPITAL		
Settlement / Settlers donation / Founders donation		
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	62 108	39 196
13. STAFF COSTS		
Salaries and Wages		
Salaries and wages included in direct project costs	1 787 244	1 625 606
Salaries and wages included in marketing costs	426 188	496 689
Salaries and wages included in administration costs	385 263	530 379
	2 598 695	2 652 674

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014**

Detailed Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013
Revenue			
Donations received - other		5 227 920	4 350 186
National Lottery Distribution Trust Fund donation		-	425 305
	6	5 227 920	4 775 491
Direct project and marketing costs			
Direct project and marketing costs (refer page 17)		(3 984 047)	(3 723 551)
		1 243 873	1 051 940
Gross surplus			
Other income			
Other income		-	4 310
Interest received	12	62 108	39 196
Gains on disposal of assets		-	29 651
		62 108	73 157
Administration and operating expenses			
Administration and management fees		2 818	-
Auditors remuneration	10	14 340	13 500
Bank charges		30 876	31 970
Consulting and professional fees		-	2 155
Depreciation, amortisation and impairments		230 574	235 196
Employee costs		416 752	410 303
Gifts		-	280
IT expenses		15 923	40 389
Insurance		3 223	23 601
Motor vehicle expenses		2 407	6 218
Municipal expenses		75 151	64 100
Office Supplies		5 275	3 289
Penalties		2 934	-
Printing and stationery		15 136	12 980
Repairs and maintenance		17 233	18 654
Staff welfare		20 814	9 798
Subscriptions		3 250	838
Telephone and fax		28 353	34 015
Training		-	900
Travel - local		22 393	4 888
		907 452	913 074
Operating surplus	7	398 529	212 023
Finance costs		(196)	(76)
Surplus for the year		398 333	211 947

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014**

SCHEDULE OF DIRECT PROJECT AND MARKETING COSTS

Figures in Rand	Note(s)	2014	2013
DIRECT PROJECT AND MARKETING COSTS			
ACE school		59 578	82 819
Collection and distribution of physical donations and support		109 079	10 169
Fund-raising commission paid		148 835	99 955
General distribution		72 950	106 718
Gospel ministry		82 823	66 613
Hope Centre costs		1 188 081	542 489
Houses - I Care running costs		505 790	532 348
Johannesburg - I Care costs		761 883	768 394
Khutaza Rehabilitation Project		449 926	379 824
Marketing costs		210 895	402 821
Pre rehab expenses		6 800	1 879
Skills development project		15 330	22 862
Staff training		16 644	-
Street outreach project		355 433	706 660
		3 984 047	3 723 551
DIRECT PROJECT AND MARKETING COSTS FOR THE YEAR		3 984 047	3 723 551