



giving street kids a future

**LHC FOUNDATION TRUST
(REGISTRATION NUMBER IT 767/02)
TRADING AS I CARE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020**

GENERAL INFORMATION

TRUSTEES

M. L. Addison
M. A. Black
Y. L. Boden
T. I. Mufamadi
J. A. Quirk
T. N. Xulu

BUSINESS ADDRESS

57 Hambridge Drive
Somerset Park
Umhlanga

POSTAL ADDRESS

PO Box 3355
Somerset Park
Durban
4021

BANKERS

Nedbank

TRUST REGISTRATION NUMBER

IT 767/02

NPO NUMBER

022.669

PBO NUMBER

930001893

LEVEL OF ASSURANCE

These financial statements have been audited in compliance with the applicable requirements of the Trust Property Control Act 57 of 1988.

AUDITORS

Harel Davidson Incorporated

PREPARER

The financial statements were independently compiled by:
N. P. Davidson
CA (SA)

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020**

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INDEPENDENT AUDITOR'S REPORT

To the trustees of LHC Foundation Trust

Qualified opinion

We have audited the financial statements of LHC Foundation Trust set out on pages 8 to 18, which comprise the statement of financial position as at 29 February 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the financial statements present fairly, in all material respects, the financial position of LHC Foundation Trust as at 29 February 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Act.

Basis for qualified opinion

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

Other information

The trustees are responsible for the other information. The other information comprises the Trustees' Report as required by the Trust Property Control Act 57 of 1988, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Trust Property Control Act 57 of 1988, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the trust or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Harel Davidson Incorporated
Director - Dorinne Harel CA (SA)
Registered Auditors
23 July 2020

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020
TRUSTEES' RESPONSIBILITIES AND APPROVAL**

The trustees are required by the Trust Property Control Act 57 of 1988, 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.

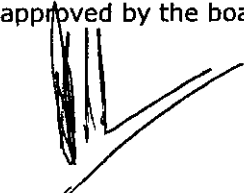
The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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 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 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 pages 3 - 4.

The financial statements set out on pages 8 to 19, which have been prepared on the going concern basis, were approved by the board on 23 July 2020 and were signed on its behalf by:



M. L. Addison



T. I. Mufamadi

LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020
TRUSTEES' REPORT

The trustees have pleasure in submitting their report on the financial statements of LHC Foundation Trust for the year ended 29 February 2020.

1. THE TRUST

The trust was formed in terms of a trust settlement by TSK Investment Trust, dated 01 June 2002.

2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Trust Property Control Act 57 of 1988. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the trust are set out in these financial statements.

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 to 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 9 373 351 (2019: R 6 193 661). 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.

3. GOING CONCERN

The trustees believe that the trust has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The trustees have satisfied themselves that the trust is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The trustees are not aware of any new material changes that may adversely impact the trust. The trustees are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the trust.

The ability of the trust to continue as a going concern is dependent on relaxing of lockdown regulations and recovery of the South African economy after the effects of Covid-19 pandemic as described in note 15.

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020
TRUSTEES' REPORT**

4. SUBSEQUENT EVENTS

On 15 March 2020, the South African Government declared a State of Disaster in response to the Covid-19 pandemic. As a result the country was placed into lockdown which has impacted the economy.

Management have assessed the impact of the Covid-19 pandemic to the trust and have applied measures to reduce it's impact. While these measures are in place the trustees are unable to make a reliable estimate as to the financial impact on the future operations of the trust.

5. TRUSTEES

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

Name

M. L. Addison
M. A. Black
Y. L. Boden
T. I. Mufamadi
J. A. Quirk
T. N. Xulu

6. AUDITORS

Harel Davidson Incorporated continued in office as auditors for the trust for 2020.

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020**

STATEMENT OF FINANCIAL POSITION

| Figures in Rand | Note(s) | 2020 | 2019 |
|-------------------------------------|----------------|------------------|------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 2 | 2 039 874 | 698 653 |
| CURRENT ASSETS | | | |
| Trade and other receivables | 3 | 90 708 | 65 871 |
| Cash and cash equivalents | 4 | 7 247 691 | 4 692 609 |
| | | 7 338 399 | 4 758 480 |
| TOTAL ASSETS | | 9 378 273 | 5 457 133 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Accumulated surplus | | 8 092 815 | 4 135 365 |
| | | 9 242 815 | 5 285 365 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 5 | 38 173 | 91 192 |
| Provisions | 6 | 97 285 | 80 576 |
| | | 135 458 | 171 768 |
| TOTAL EQUITY AND LIABILITIES | | 9 378 273 | 5 457 133 |

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020**

STATEMENT OF COMPREHENSIVE INCOME

| Figures in Rand | | 2020 | 2019 |
|--|---|--------------------|--------------------|
| DONATIONS RECEIVED | 7 | 9 373 351 | 6 193 661 |
| DIRECT PROJECT AND MARKETING COSTS | | (4 829 809) | (3 917 363) |
| GROSS SURPLUS | | 4 543 542 | 2 276 298 |
| OTHER INCOME | | | |
| Interest received | 8 | 280 050 | 132 993 |
| Gains on disposal of assets | | 149 350 | 415 243 |
| | | 429 400 | 548 236 |
| ADMINISTRATION AND OPERATING EXPENSES | | | |
| Administration and management fees | | - | 3 549 |
| Auditors remuneration | 9 | 35 000 | 32 000 |
| Bank charges | | 26 498 | 23 241 |
| Consulting and professional fees | | - | 45 000 |
| Depreciation | | 227 210 | 102 292 |
| Employee costs | | 472 861 | 282 111 |
| IT expenses | | 25 964 | 22 589 |
| Insurance | | 8 499 | 7 672 |
| Motor vehicle expenses | | - | 15 300 |
| Municipal expenses | | 123 524 | 120 852 |
| Office supplies | | 9 018 | 6 862 |
| Printing and stationery | | 8 072 | 7 091 |
| Repairs and maintenance | | 21 000 | 21 184 |
| Staff welfare | | 14 565 | 12 676 |
| Subscriptions | | 12 109 | 13 204 |
| Telephone and fax | | 21 129 | 16 505 |
| Training | | 6 602 | 1 634 |
| Travel | | 3 441 | 3 394 |
| | | 1 015 492 | 737 156 |
| SURPLUS FOR THE YEAR | | 3 957 450 | 2 087 378 |

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020**

STATEMENT OF CHANGES IN EQUITY

| Figures in Rand | Trust capital | Accumulated surplus | Total equity |
|------------------------------------|----------------------|----------------------------|---------------------|
| Balance at 01 March 2018 | 1 150 000 | 2 047 987 | 3 197 987 |
| Changes in equity | | | |
| Surplus for the year | - | 2 087 378 | 2 087 378 |
| Total changes | - | 2 087 378 | 2 087 378 |
| Balance at 01 March 2019 | 1 150 000 | 4 135 365 | 5 285 365 |
| Changes in equity | | | |
| Surplus for the year | - | 3 957 450 | 3 957 450 |
| Total changes | - | 3 957 450 | 3 957 450 |
| Balance at 29 February 2020 | 1 150 000 | 8 092 815 | 9 242 815 |

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020**

STATEMENT OF CASH FLOWS

| Figures in Rand | Note(s) | 2020 | 2019 |
|---|----------------|--------------------|------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 12 | 3 694 113 | 1 703 506 |
| Interest income | | 280 050 | 132 993 |
| NET CASH FROM OPERATING ACTIVITIES | | 3 974 163 | 1 836 499 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 2 | (1 586 426) | (223 069) |
| Sale of property, plant and equipment | 2 | 167 345 | 1 084 943 |
| NET CASH FROM INVESTING ACTIVITIES | | (1 419 081) | 861 874 |
| TOTAL CASH MOVEMENT FOR THE YEAR | | | |
| Cash at the beginning of the year | | 4 692 609 | 1 994 236 |
| TOTAL CASH AT END OF THE YEAR | 4 | 7 247 691 | 4 692 609 |

LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020
ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially measured at cost.

Cost includes 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.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the trust and the cost can be measured reliably. Day to day servicing costs are included in surplus or deficit in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the trust.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Depreciation method | Average useful life |
|------------------------|----------------------------|----------------------------|
| Leasehold improvements | Straight line | 3 years |
| Furniture and fixtures | Straight line | 6 years |
| Motor vehicles | Straight line | 5 years |
| Office equipment | Straight line | 5 years |
| IT equipment | Straight line | 3 years |
| Computer software | Straight line | 2 years |

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020
ACCOUNTING POLICIES**

1.2 FINANCIAL INSTRUMENTS

Initial measurement

These include loans, trade receivables and trade payables. Those debt instruments 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 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 there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through surplus and deficit.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

1.3 IMPAIRMENT OF ASSETS

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

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

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 surplus or deficit.

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020**

ACCOUNTING POLICIES

1.4 DONATIONS RECEIVED

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 29 FEBRUARY 2020
Figures in Rand

2020

2019

2. PROPERTY, PLANT AND EQUIPMENT

| | 2020 | | | 2019 | | |
|------------------------|------------------|--------------------------|------------------|------------------|--------------------------|----------------|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Computer software | 40 723 | (40 722) | 1 | 40 723 | (40 722) | 1 |
| Furniture and fixtures | 77 132 | (71 994) | 5 138 | 77 132 | (68 600) | 8 532 |
| IT equipment | 72 197 | (41 512) | 30 685 | 32 747 | (32 746) | 1 |
| Land and buildings | 710 165 | - | 710 165 | 402 255 | - | 402 255 |
| Leasehold improvements | 235 948 | (235 946) | 2 | 235 948 | (235 946) | 2 |
| Motor vehicles | 2 076 188 | (782 307) | 1 293 881 | 1 315 682 | (1 027 822) | 287 860 |
| Office equipment | 27 979 | (27 977) | 2 | 27 979 | (27 977) | 2 |
| Total | 3 240 332 | (1 200 458) | 2 039 874 | 2 132 466 | (1 433 813) | 698 653 |

Reconciliation of property, plant and equipment - 2020

| | Opening balance | Additions | Disposals | Depreciation | Closing balance |
|------------------------|-----------------|------------------|-----------------|------------------|------------------|
| Computer software | 1 | - | - | - | 1 |
| Furniture and fixtures | 8 532 | - | - | (3 394) | 5 138 |
| IT equipment | 1 | 39 449 | - | (8 765) | 30 685 |
| Land and buildings | 402 255 | 307 910 | - | - | 710 165 |
| Leasehold improvements | 2 | - | - | - | 2 |
| Motor vehicles | 287 860 | 1 239 067 | (17 995) | (215 051) | 1 293 881 |
| Office equipment | 2 | - | - | - | 2 |
| | 698 653 | 1 586 426 | (17 995) | (227 210) | 2 039 874 |

Reconciliation of property, plant and equipment - 2019

| | Opening balance | Additions | Disposals | Depreciation | Closing balance |
|------------------------|------------------|----------------|------------------|------------------|-----------------|
| Computer software | 1 | - | - | - | 1 |
| Furniture and fixtures | 13 860 | - | - | (5 328) | 8 532 |
| IT equipment | 1 | - | - | - | 1 |
| Land and buildings | 1 071 955 | - | (669 700) | - | 402 255 |
| Leasehold improvements | 21 592 | - | - | (21 590) | 2 |
| Motor vehicles | 140 165 | 223 069 | - | (75 374) | 287 860 |
| Office equipment | 2 | - | - | - | 2 |
| | 1 247 576 | 223 069 | (669 700) | (102 292) | 698 653 |

Details of properties

Property 1

| | | |
|---|----------------|----------------|
| - Purchase price: 7 August 2007 | 180 000 | 180 000 |
| - Additions since purchase or valuation | 222 255 | 222 255 |
| - Additions since purchase or valuation | 307 910 | - |
| | 710 165 | 402 255 |

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the trust.

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020**

NOTES TO THE FINANCIAL STATEMENTS

| Figures in Rand | 2020 | 2019 | |
|---|----------------------------|------------------|--------------|
| 3. TRADE AND OTHER RECEIVABLES | | | |
| Deposits | 58 838 | 56 125 | |
| Loans to employees | 7 041 | 710 | |
| Prepaid expense | 10 522 | - | |
| VAT | 14 307 | 9 036 | |
| | 90 708 | 65 871 | |
| 4. CASH AND CASH EQUIVALENTS | | | |
| Cash and cash equivalents consist of: | | | |
| Call account | 2 644 822 | 4 382 137 | |
| Cash on hand | 7 099 | 2 596 | |
| Current accounts | 259 565 | 307 876 | |
| Educational trust account | 1 221 219 | - | |
| Investment account | 3 114 986 | - | |
| | 7 247 691 | 4 692 609 | |
| 5. TRADE AND OTHER PAYABLES | | | |
| Accruals | - | 48 566 | |
| Audit fees | 35 300 | 32 300 | |
| Other payables | 2 873 | 10 326 | |
| | 38 173 | 91 192 | |
| 6. PROVISIONS | | | |
| Reconciliation of provisions - 2020 | | | |
| | Opening balance | Additions | Total |
| Provisions for employee benefits | 80 576 | 16 709 | 97 285 |
| Reconciliation of provisions - 2019 | | | |
| | Opening balance | Additions | Total |
| Provisions for employee benefits | 47 576 | 33 000 | 80 576 |
| 7. REVENUE | | | |
| Donations received - other | 4 087 646 | 5 253 886 | |
| Donations received - Government Social Development | 888 964 | 739 775 | |
| Donations received - Government Sports and Recreation | 210 000 | 200 000 | |
| Donations received - Ethekekwini Tender | 4 186 741 | - | |
| | 9 373 351 | 6 193 661 | |
| 8. INVESTMENT REVENUE | | | |
| Interest revenue | | | |
| Bank | 280 050 | 132 993 | |

**LHC FOUNDATION TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020**

NOTES TO THE FINANCIAL STATEMENTS

| Figures in Rand | 2020 | 2019 |
|--|------------------|------------------|
| 9. AUDITOR'S REMUNERATION | | |
| Fees | 35 000 | 32 000 |
| 10. OPERATING SURPLUS | | |
| Operating surplus for the year is stated after accounting for the following: | | |
| Operating lease charges | | |
| Premises | | |
| • Contractual amounts | 189 460 | 276 291 |
| Motor vehicles | | |
| • Contractual amounts | 696 885 | 310 885 |
| | 886 345 | 587 176 |
| Property, plant and equipment | 149 350 | 415 243 |
| Depreciation on property, plant and equipment | 227 210 | 102 292 |
| Employee costs | 472 861 | 282 111 |
| 11. TAXATION | | |
| No provision has been made for 2020 tax as the trust is registered as a Public Benefit Organisation and therefore is exempt from Income Tax. | | |
| 12. CASH GENERATED FROM OPERATIONS | | |
| Surplus before taxation | 3 957 450 | 2 087 378 |
| Adjustments for: | | |
| Depreciation and amortisation | 227 210 | 102 292 |
| Surplus on sale of assets | (149 350) | (415 243) |
| Interest received | (280 050) | (132 993) |
| Movements in provisions | 16 709 | 33 000 |
| Changes in working capital: | | |
| Trade and other receivables | (24 837) | 8 070 |
| Trade and other payables | (53 019) | 21 002 |
| | 3 694 113 | 1 703 506 |
| 13. STAFF COSTS | | |
| Salaries and wages | | |
| Salaries and wages included in direct project costs | 2 430 166 | 2 078 127 |
| Salaries and wages included in marketing costs | 387 705 | 576 924 |
| Salaries and wages included in administration costs | 446 688 | 261 247 |
| | 3 264 559 | 2 916 298 |

**LHC FOUNDATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS

| Figures in Rand | 2020 | 2019 |
|------------------------|-------------|-------------|
|------------------------|-------------|-------------|

14. 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 relaxing of lockdown regulations and recovery of the South African economy after the effects of Covid-19 pandemic as described in note 15.

15. EVENTS AFTER THE REPORTING PERIOD

On 15 March 2020, the South African Government declared a State of Disaster in response to the Covid-19 pandemic. As a result the country was placed into lockdown which has impacted the economy.

Management have assessed the impact of the Covid-19 pandemic to the trust and have applied measures to reduce it's impact. While these measures are in place the trustees are unable to make a reliable estimate as to the financial impact on the future operations of the trust.

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SCHEDULE OF DIRECT PROJECTS AND MARKETING COSTS

| Figures in Rand | Note(s) | 2020 | 2019 |
|---|---------|------------------|------------------|
| DIRECT PROJECT AND MARKETING COSTS | | | |
| ACE school | | 313 859 | 79 824 |
| Collection and distribution of physical donations and support | | 112 550 | 99 858 |
| General distribution | | 13 556 | 13 450 |
| Hope Centre costs | | 1 609 661 | 1 378 368 |
| Houses - iCare running costs | | 666 274 | 575 998 |
| Johannesburg - iCare costs | | (47 004) | 28 420 |
| Khutaza Rehabilitation Project | | 886 345 | 587 176 |
| Marketing costs | | 624 342 | 582 338 |
| Skills development project | | 166 403 | 156 264 |
| Staff training | | 26 598 | 10 250 |
| Street outreach project | | 452 535 | 405 417 |
| Volunteer program | | 4 690 | - |
| | | 4 829 809 | 3 917 363 |