The National Education Collaboration Trust
Registration number: IT 2559/13

AUITED FINANCIAL STATEMENTS
for the 18 months ended 31 December 2014

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	A trust registered as a non-profit organisation to strengthen partnerships among business, civil society, government and labour in South Africa to achieve the education goals of the country's National Development Plan. The trust strives both to support and influence the agenda for the reform of basic education.
Trustees	Mr. Sizwe Errol Nxasana Ms. Angelina Motshekga Ms. Ntombifuthi Temperance Mtoba Mr. Basil Lawrence Manuel Mr. Nkosana Dolopi Mr. Mark James Lamberti Mr. Parmosivea Bobby Soobrayan (resigned on 12 May 2014) Mr. Brian De Lacy Figaji Mr. Godwin Khosa
Registered office	Ground Floor, Block D Lakefield Office Park 272 West Avenue Centurion 0163
Business address	Ground Floor, Block D Lakefield Office Park 272 West Avenue Centurion 0163
Auditors	Ernst and Young Inc Registered auditors
Company registration number	IT2559/13
Bankers	First National Bank
Preparer	Peter Kimingi, Professional Accountant (SA) Chief Financial Officer

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APPROVAL OF FINANCIAL STATEMENTS

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 18 months ended 31 December 2014 and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards 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. This includes 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. The Trust endeavours to minimise risks 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 budget and cash resources for the year to 31 December 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 reviewing 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 4.

The financial statements set out on pages 7 to 22, which have been prepared on the going concern basis, were approved by the Board of Trustees on 19 May 2015 and were signed on its behalf by:

Chairperson	**Chairman**
Risk and Audit Committee	**Board of Trustees**

Johannesburg

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE NATIONAL EDUCATION COLLABORATION TRUST

We have audited the financial statements for the 18 months ended 31 December 2014 of the National Education Collaboration Trust set out on pages 7 to 22, which comprise the statement of financial position as at 31 December 2014; the statement of comprehensive income, statement of changes in funds and statement of cash flows for the 18 months then ended; and the notes, comprising a summary of significant accounting policies and other explanatory information.

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 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.

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 about 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 auditor's 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the National Education Collaboration Trust at 31 December 2014 and its financial performance and cash flows for the 18 months then ended, in accordance with the International Financial Reporting Standards.

Ernst & Young Inc.

Ernst & Young Inc.
Director – Charles Mazhindu
Registered Auditor
Chartered Accountant (SA)
Date

REPORT OF THE TRUSTEES

The trustees present their report which forms part of the audited financial statements of the Trust for the 18 months ended 31 December 2014.

Incorporation

The Trust was registered on 12 July 2013 as a non-profit organisation to strengthen partnerships among business, civil society, government and labour in South Africa to achieve the education goals of the country's National Development Plan. It strives both to support and influence the agenda for the reform of basic education.

Business and operations

The Trust's collaborative initiatives for education reform and improved school results are guided by the Education Collaboration Framework (ECF) and fall into six themes.

- Professionalisation of the teaching service;
- Supporting courageous leadership;
- Improving government capacity to deliver;
- Improving the resourcing of education;
- Involving parents and communities in education;
- Enhancing support for learners and promoting their wellbeing.

These themes are translated into action through five broad programmes which are listed below.

- District interventions;
- Systemic interventions;
- Innovation programme;
- Local projects;
- Education dialogue.

Financial results

The operating results and state of affairs of the Trust are fully set out in the accompanying financial statements. This is the Trust's first set of financial statements and covers a period of 18 months.

The Trust's operations recorded a surplus of income over expenditure after interest of R6 225 500.

The financial results are set out on pages 7 to 22 and do not, in our opinion, require any further comment.

Tax status

The Trust was granted exemption from income tax by the South African Revenue Services as a Public Benefit Organisation (PBO) in terms of sections 30 and 10(1)(cN) and 18A of the Income Tax Act. As a Non-Profit Organisation, no distribution to members is permitted.

Events subsequent to the year end

There have been no material facts or circumstances that have come to the attention of the trustees between the accounting date and the date of this report that have had an impact on the amounts in the financial statements.

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.

Trustees

The trustees of the Trust for the period under review were as follows:

Mr. Sizwe Errol Nxasana (Chairman)
Ms. Angelina Motshekga
Ms. Ntombifuthi Temperance Mtoba
Mr. Basil Lawrence Manuel
Mr. Nkosana Dolopi
Mr. Mark James Lamberti
Mr. Parmosivea Bobby Soobrayan[1]
Mr. Brian De Lacy Figaji
Mr. Godwin Khosa (Chief Executive Officer)

[1] Resigned on 12 May 2014

STATEMENT OF FINANCIAL POSITION
as at 31 December 2014

ASSETS	Notes	2014 R
Non current Assets		**1 516 756**
Property, plant & equipment	2	1 473 941
Intangible assets	3	42 815
Current Assets		**60 851 964**
Government and SETAs Grants receivable	7	18 982 985
Other receivables	4	8 041 176
Cash and cash equivalents	5	33 827 803
Total assets		**62 368 720**

FUNDS AND LIABILITIES		
Funds		**6 225 500**
Accumulated Funds		6 225 500
Non Current Liabilities		**11 128 628**
Deferred Income	8	11 000 000
Finance lease liability	9	128 628
Current Liabilities		**45 014 592**
Finance lease liability	9	31 578
Accounts payable	9	23 509 837
Other payables	9	474 775
Accruals and provisions	9	20 998 402
Total funds and liabilities		**62 368 720**

STATEMENT OF COMPREHENSIVE INCOME
for the 18 months ended 31 December 2014

	Notes	18 months ended 31 December 2014 R
INCOME		
Government & SETAs		77 982 985
Business		36 249 867
Foundations and Trusts		2 300 000
Labour		293 317
	11	**116 826 169**
EXPENDITURE	11	**111 587 824**
Programme expenses	21	102 103 891
Administration expenses	21	9 483 933
Operating Surplus	11	**5 238 345**
Finance income	12	1 008 073
Finance cost		(20 918)
Surplus		**6 225 500**
Other comprehensive income		-
Total comprehensive surplus for the 18 months ended 31 December 2014		**6 225 500**

STATEMENT OF CHANGES IN FUNDS
for the 18 months ended 31 December 2014

	2014
	R
Balance as at 12 July 2013	-
Total comprehensive income for the 18 months period	6 225 500
Balance as at 31 December 2014	**6 225 500**

STATEMENT OF CASH FLOWS
for the 18 months ended 31 December 2014

	Notes	2014 R
Cash flows from operating activities		
Cash receipts from funders		100 799 571
Cash paid to suppliers and employees		(66 361 550)
Cash generated from operations		34 438 021
Interest income	12	1 008 073
Interest expense		(20 918)
Net cash from operating activities	13	35 425 176
Cash flows from investing activities		
Purchase of property, plant and equipment		(1 701 746)
Purchase of intangible assets		(55 833)
Net cash used in investing activities		(1 757 579)
Cash flows from financing activities		
Leased assets		160 206
Net cash from financing activities		160 206
Net increase in cash and cash equivalents		33 827 803
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period		**33 827 803**

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Basis of preparation:

The financial statements have been prepared on the historical cost basis, except as modified by measuring financial instruments at fair value.

1.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue mainly comprises:

Government grants

Government grants are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that they will be received and that the Trust will comply with the conditions attached to them. Grants that compensate the Trust for expenses incurred are recognised as revenue in the statement of comprehensive income on a systematic basis in the same periods in which the expenses are incurred.

Donations

Donations are recognised in the statement of comprehensive income in full when received. Donations in-kind are recognised where there are contractual arrangements with donors to the extent that the services have been rendered.

Finance income

Finance income comprises interest income on funds invested.

1.2 Project accounting and expense allocation

Project costs that are clearly identifiable are allocated directly against project funds in terms of the project's contractual obligations.

1.3 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Some of the assets are held by the lead agencies for the exclusive use in the delivery of the Trust's education programmes. Depreciation is provided on the straight-line basis over the useful lives as follows:

- Computer equipment 3 years
- Office equipment 3 years
- Furniture and fittings 8 years

Property, plant and equipment acquired are accounted for by the trust and depreciated over their useful lives.

The carrying value of equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or such cash generating units are written down to their recoverable amount.

The residual value and useful life of all property, plant and equipment is reviewed and adjusted, if necessary, at each reporting date.

1.4 Intangible assets

Intangible assets comprise computer software. Computer software is initially recognised at cost. Computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation on computer software is calculated on a straight-line basis over the useful lives of the assets.

- Computer software 3 years

The residual values and useful lives of all intangibles are reviewed and adjusted if necessary at each reporting date.

1.5 Impairment of assets

The Trust assesses, at the end of each reporting period, whether there is any indication that an asset may be impaired.

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. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value, less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of comprehensive income. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation, other than goodwill, is recognised immediately in the statement of comprehensive income. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Reversals of impairment

An impairment loss in respect of financial assets carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

1.6 Financial instruments

i) Financial assets

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised costs using the effective interest rate method, less any impairment losses. Receivables are recognised on the statement of financial position when the Trust has become party to the contractual provisions of the instrument.

Receivables comprise other receivables and cash and cash equivalents.

Other receivables

Other receivables are recognised initially at fair value of consideration receivable and subsequently measured at amortised cost using effective interest rate method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and instruments which are readily convertible, within 90 days, to known amounts of cash and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, all of which are available for the Trust unless otherwise stated.

ii) Financial liabilities

Financial liabilities are recognised on the statement of financial position when the Trust has become party to the contractual provisions of the instrument.

The Trust's principal financial liabilities comprise the following:

Other payables

Other payables are recognised initially at fair value of consideration payable, net of transaction cost and subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any transaction costs and any discount or premium on settlements.

Donor funds designated for projects

These comprise funds received in advance from donors for use in projects where services have not been rendered or where conditions attached to them have not yet been complied with.

1.7 Leases

i) Leased assets

Finance leases
Assets held by the Trust under leases which transfer to the Trust substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Operating leases
Assets held under other leases are classified as operating leases and are not recognised in the Trust's statement of financial position.

ii) Lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.8 Provisions and contingencies

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of events for which it is probable that an outflow of economic benefits will occur and where a reliable estimate can be made of the amount of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If the entity has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

1.9 Employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under the short term bonus incentive scheme if the Trust has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.10 Related parties

Parties are considered to be related to the organisation if they have the ability, directly or indirectly, to control, jointly control or exercise significant influence in making financial and operating decisions, or vice versa.

Related parties also include key management personnel which are those persons having authority and responsibility for planning, directing and controlling the activities of the organisation, directly or indirectly. Close family members of key management personnel are considered to be those family members who may be expected to influence or be influenced by key management individuals in their dealings with the organisation.

2. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment R	Office equipment R	Furniture & Fittings R	Total R
Cost	656 732	362 608	682 406	**1 701 746**
Accumulated depreciation	(111 392)	(60 810)	(55 603)	**(227 805)**
Carrying amount at 31 December 2014	**545 340**	**301 798**	**626 803**	**1 473 941**
Reconciliation of assets				
Carrying amount at 16 July 2013	**-**	**-**	**-**	**-**
Additions	666 478	362 608	682 406	1 711 492
Depreciation	(113 828)	(60 810)	(55 603)	(230 241)
Disposals	(9 746)	-	-	(9 746)
Depreciation on disposals	2 436	-	-	2 436
Carrying amount at 31 December 2014	**545 340**	**301 798**	**626 803**	**1 473 941**

Included under property, plant and equipment is office equipment with a carrying amount of R150 907 in respect of assets held under finance leases.

3. INTANGIBLE ASSETS

	Computer Software R
Cost	55 833
Accumulated amortisation	(13 018)
Carrying amount at 31 December 2014	**42 815**
Reconciliation of assets	
Carrying amount at 16 July 2013	-
Additions	55 833
Amortisation	(13 018)
Carrying amount as at 31 December 2014	**42 815**

4. OTHER RECEIVABLES

	2014 R
Prepayments and deposits	275 821
VAT	7 672 529
Other receivables	82 826
Staff debtors	10 000
	8 041 176

Other receivables includes R7 672 530 owed to the Trust by the South African Revenue Service (SARS) arising from VAT returns filed in 2014. Since the Trust does not issue tax invoices (except zero-rated invoices on Government Grants), it is always in a net VAT refundable position. Out of the outstanding amount, R2 091 532.86 had been audited and approved by SARS for refund as at 31 December 2014, while R2 082 715.53 related to the November 2014 return that was undergoing a SARS audit as at the date of this report. The balance of R2 079 614.40 relates to December 2014 that was not due for filing as at 31 December 2014 and R1 511 493.11 relates to amounts rejected by SARS. The rejected amounts were resubmitted to SARS for reprocessing in 2015.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	2014
	R
Short-term deposits	30 425 471
Balances with banks and cash on hand	3 402 332
	33 827 803

6. FINANCIAL ASSETS

Current financial assets include:

	2014
	R
Prepayments and deposits	275 821
Other receivables	82 826
Staff debtors	10 000
	368 647

7. GOVERNMENT GRANTS RECEIVABLE

In 2014 the Department of Basic Education (DBE) and the Education Training and Development Practices Sector Education and Training Authority (EDTP SETA) committed to contribute towards specific education programmes. The DBE's commitment was R100 million towards the Trust's education-specific programmes, while the EDTP SETA committed to meet the payroll costs of interns deployed to schools by the Trust.

As at 31 December 2014, the following amounts were accrued by the Trust as the expenditure had been incurred on the specific education programmes, but the respective funding had not been received by the Trust:

	2014
	R
Department of Basic Education	18 620 985
EDTP SETA	362 000
	18 982 985

8. DEFERRED INCOME

Deferred income relates to funds received by the trust in 2014 where the contractual agreements specifically stated that the funds would be utilised for activities to be conducted in 2015.

As at 31 December 2014, the following donor funds were deferred by the Trust:

	2014
	R
Standard Bank	7 500 000
ABSA Bank	3 500 000
	11 000 000

9. FINANCIAL LIABILITIES

Non current financial liabilities	**2014**
Financial liabilities measured at amortised costs:	**R**
Finance lease liability	128 628
Current financial liabilities	
Financial liabilities measured at amortised costs:	**R**
Accounts payables	23 509 837
Accruals and provisions	20 998 402
Short term finance lease obligation	31 578
Other payables	474 775
	45 014 592

Included in the financial liabilities measured at amortised costs are the following finance lease obligations:

2014	**Up to 1 year**	**2 to 5 years**	**Total**
	R	**R**	**R**
Minimum lease payments	49 786	155 289	205 075
Finance costs	(18 208)	(26 661)	(44 869)
Present value	**31 578**	**128 628**	**160 206**

Accruals and provisions

2014	**Accruals**	**Leave provision**	**Total**
	R	**R**	**R**
Charged to income statement	20 871 819	126 583	20 998 402

10. TAXATION

The Trust has been approved as a public benefit organisation and the South African Revenue Services has granted the Trust exemption from Income Tax and duties in terms of Section 18A, Section 10(1)(cN) and Section 30 of the Income Tax Act and in respect of activities in the Ninth Schedule Part 1 and Part 2.

11. EXCESS/SHORTFALL OF INCOME OVER EXPENDITURE

11.1 Restricted excess of income over expenditure

	2014		
	R	R	R
	Revenue	Expenditure	Excess/shortfall
Restricted: Government, Labour and SETA Grants	78 276 302	(78 276 302)	-
Non-restricted programmes' funds	38 549 867	(33 311 522)	5 238 345
	116 826 169	**(111 587 824)**	**5 238 345**

Government, Labour and SETA Grants are funds designated for programme-specific activities as per the contractual agreements with the DBE and EDTP SETA.

11.2 Excess of finance income over finance costs

The excess of income over expenditure is stated before taking into account the following:

	2014
	R
Finance income	1 008 073
Finance costs	(20 918)
	987 155

12. INTEREST RECEIVED

Current and call accounts	1 008 073
	1 008 073

13. RECONCILIATION OF EXCESS INCOME OVER EXPENDITURE TO CASH GENERATED BY OPERATIONS

	2014
	R
Excess of income over expenditure	**5 238 345**
Interest received	1 008 073
Interest expense	(20 918)
Adjustment for non cash items	
Depreciation and amortisation	243 260
Loss on disposal	(76)
Operating cash inflow before working capital changes	**6 468 683**
Cash generated on working capital	**28 956 492**
Decrease/(Increase) in Government and SETA Grants receivable	(18 982 985)
Decrease/(Increase) in receivables	(8 041 176)
Increase/(decrease) in payables	55 980 654
Net cash from operating activities	**35 425 176**

14. OPERATING LEASE EXPENSE

The Trust rents offices under a non-cancellable 5 year operating lease which commenced on 1 December 2013 and expires on 30 November 2018 and which has base rentals at a fixed rate of R48 354 per month.

Future commitments of the operating lease are summarised as follows

	2014 R
Not later than one year	632 470
Later than 1 year and less than 5 years	2 259 898
	2 892 368

15. RELATED PARTY TRANSACTIONS

The amounts disclosed below are recognised as expense during the reporting period and related to key management personnel.

Key management personnel	
Short term employee benefits	4 437 627

16. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Depreciation of property, plant and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Computer equipment 3 years
- Office equipment 3 years
- Furniture and fittings 8 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(b) Amortisation of intangibles

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

17. FINANCIAL RISK MANAGEMENT

The Trust's activities expose it to a variety of financial risks. These risks include credit risk and liquidity risk. The Trust's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Trust's financial performance.

Risk management is carried out by the Risk and Audit Committee as well as by management. The Board identifies, evaluates and hedges financial risks in close co-operation with the Trust's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas such as interest rate risk, credit risk and investment of excess liquidity.

i) Interest rate risk

The Trust's interest rate risk arises from short-term investments. Financial assets with variable interest rates expose the Trust to cash flow interest rate risk. The Trust's exposure to interest rate risk is managed closely by the Risk and Audit Committee. All investments are approved by this committee to minimise such risk. The Trust analyses its interest rate exposure on a dynamic basis.

ii) Liquidity risk

Liquidity risk arises on financial liabilities if the Trust is unable to convert its financial assets into cash in order to settle its financial obligations.

Prudent liquidity risk management implies maintaining sufficient cash. Management monitors rolling forecasts of the Trust's liquidity reserve comprised of cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the Trust in accordance with practice set by the Board.

The following are contractual maturities of financial liabilities, including estimated interest payments and exclude the impact of netting agreements:

	Carrying amount R	Contractual cash flows R	Less than 1 year R
2014			
Accounts payable	23 509 837	23 509 837	23 509 837
Accruals and provisions	21 473 177	21 473 177	21 473 177
Finance leases	31 578	31 578	31 578
	45 014 592	**45 014 592**	**45 014 592**

iii) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to outstanding receivables (excluding VAT and prepayments). For receivables, management assesses the quality of the donors, taking into account their financial position, past experience and other factors beforehand.

The trust considers its maximum exposure to credit risk to be as follows:

	2014
	R
Government & SETA Grants	18 982 985
Other receivables	92 826
	19 075 811

18. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

Below is a list of the current standards and interpretations that have been issued, but may not be effective. This list excludes those standards/interpretations that are not expected to apply to the Trust. Application of the standards will not have an impact on the Trust's financial statements:

Standard	Details of amendment	Annual periods beginning on or after
IAS 32	The IASB issued an amendment to clarify the meaning of "currently has a legally enforceable right to set off the recognised amounts" (IAS 32.42(a)).	1 January 2014
IFRS 9	IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets.	1 January 2015

19. 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 Trust has recognised a surplus of R6 225 500.

20. EVENTS SUBSEQUENT TO THE PERIOD END

There have been no material facts or circumstances that have come to the attention of the trustees between the accounting date and the date of this report that have had an impact on the amounts in the financial statements.