

Grant Thornton

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The Homestead (Projects for Street Children)

(Non-Profit Organisation : 003-217)

Annual Financial Statements
for the year ended 31 March 2013

The Homestead (Projects for Street Children)

(Non-Profit Organisation : 003-217)

Annual Financial Statements for the year ended 31 March 2013

General Information

| | |
|--|--|
| Country of registration and domicile | South Africa |
| Nature of business and principal activities | Projects for street children |
| Management Committee | Tshepo Modise Harvey Vash Mungal-Singh Tammy Hirschsohn Zaitoon Abed Sammy Williams Stuart Hendry Phouzaan Siebritz Nontwenhle Mchunu Sandra Morreira (Ex Officio) |
| Management Staff | Sandra Morreira Resigned Paul Vernon Hooper Petunia Tsweleng Annie van Wyk Soloman Parton Sonja Basson Charmaine Germishuys |
| Organisation address | 150 Strand Street Cape Town 8001 |
| Postal address | PO Box 21538 Kloof Street 8008 |
| Auditors | Grant Thornton Cape Incorporated Registered Auditors Chartered Accountants (S.A.) Grant Thornton South Africa is a member firm of Grant Thornton International Ltd |
| Organisation registration number | Non-Profit Organisation: 003-217 |
| Level of assurance | These annual financial statements have been audited |
| Preparer | The annual financial statements have been independantly compiled by: Soloman Parton |
| Published | 08 August 2013 |

The Homestead (Projects for Street Children)

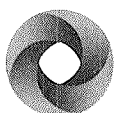
(Non-Profit Organisation : 003-217)

Annual Financial Statements for the year ended 31 March 2013

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The reports and statements set out below comprise the annual financial statements presented to the Management Committee:

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Grant Thornton

An instinct for growth™

Chartered Accountants (SA)

Grant Thornton Cape Inc.
6th Floor, Grant Thornton House
119 Hertzog Boulevard, Foreshore
Cape Town 8001

PO Box 2275, Cape Town, 8000

Dx 158 Cape Town
T +27 (0)21 417 8800
F +27 (0)21 417 8700

www.gt.co.za

Independent Auditors' Report

To the Management Committee of The Homestead (Projects for Street Children)

We have audited the annual financial statements of The Homestead (Projects for Street Children), which comprise the statement of financial position as at 31 March 2013, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on 6 to 21.

Managements' Responsibility for the Annual Financial Statements

The organisation's Management Committee is responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and requirements of the Fund-raising Act no 107 of 1978, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual 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 annual financial statements are free from material misstatement.

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

In common with similar organisations, it is not feasible for the organisation to institute accounting controls over cash collections from donations prior to initial entry of the collections and bequests in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Qualified Opinion

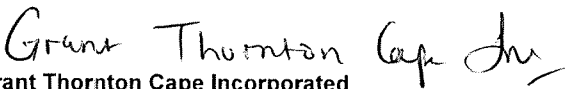
In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of The Homestead (Projects for Street Children) as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Fund-raising Act no 107 of 1978.

Directors
M.H. Abbas
K.M. Bowman
J.G. Gless
I. Hashin
D. Honeyball
H.C. Kilian
B.J. Locozyk
H.J. Salmon
R. Scholtz
I.M. Scott (Managing)
M.S. Wirmott

Independent Auditors' Report

Other Matter

The supplementary information set out on pages 22 to 23 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.


Grant Thornton Cape Incorporated
Chartered Accountants (S.A.)
Registered Auditors

Per: Imtiaaz Hashim
Chartered Accountant (S.A.)
Registered Auditor
Cape Town
08 August 2013

The Homestead (Projects for Street Children)

(Non-Profit Organisation : 003-217)

Annual Financial Statements for the year ended 31 March 2013

Management Committee's Responsibilities and Approval

The Management Committee is required in terms of the Fund-raising Act no 107 of 1978 to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the organisation 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 International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual 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 judgments and estimates.

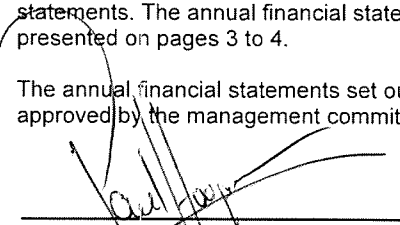
The Management Committee acknowledge that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable the Management Committee to meet these responsibilities, the Management Committee 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 organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Management Committee is 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Management Committee has reviewed the organisation's cash flow forecast for the year to 31 March 2014 and, in the light of this review and the current financial position, they are satisfied that the organisation 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 organisation's annual financial statements. The annual financial statements have been examined by the organisation's external auditors and their report is presented on pages 3 to 4.

The annual financial statements set out on pages 6 to 26, which have been prepared on the going concern basis, were approved by the management committee on 08 August 2013 and were signed on its behalf by:



Paul Vernon Hooper
Director



Zaitoon Abed
Treasurer

The Homestead (Projects for Street Children)

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Annual Financial Statements for the year ended 31 March 2013

Management Committee's Report

The Management Committee submits their report for the year ended 31 March 2013.

1. Review of activities

Main business and operations

The organisation is engaged in programmes for street children and operates in South Africa. The financial statements incorporate all five programmes:

- 1) The Homestead, an intake for street children in the central city.
- 2) Yizani, a drop-in centre in Cape Town.
- 3) Elukhuselweni, a second stage unit for the more settled children.
- 4) Masithethe, a skills training and poverty alleviation programme.
- 5) Community Outreach Programme, early intervention in Khayelitsha and Manenberg.

The operating results and state of affairs of the organisation are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Going concern

The annual 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.

3. Events after the reporting period

The Management Committee are not aware of any matter or circumstance arising since the end of the financial year, that would have a material effect on the annual financial statements for the year ended 31 March 2013.

4. Management Committee

The Management Committee of the organisation during the year and to the date of this report are as follows:

Management Committee

Vash Mungal-Singh
Tshepo Modise Harvey
Tammy Hirschsohn
Zaitoon Abed
Sammy Williams
Stuart Hendry
Phouzaan Siebritz
Nontwenhle Mchunu

Position

Chairperson
Vice-Chairperson
Secretary
Treasurer

Management Staff

Sandra Morreira
Paul Vernon Hooper
Petunia Tsweleng
Annie van Wyk
Soloman Parton
Sonja Basson
Charmaine Geldenhuys

Resigned
Appointed

Position

Director
Director
Early Intervention Projects Manager
Job Creations and Operations Manager
Accounts Manager
Unit Manager Elukhuselweni
Unit Manager Intake Shelter

5. Auditors

Grant Thornton Cape Incorporated will continue in office in accordance with the Fund-raising Act no 107 of 1978.

The Homestead (Projects for Street Children)

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Annual Financial Statements for the year ended 31 March 2013

Management Committee's Report

6. Director's Report

The Homestead's Mission

Launched in Cape Town during 1982 and in response to the hundreds of children living on the street, today The Homestead offers a comprehensive net of prevention, early intervention, outreach, stabilization, residential care, family reunification and job creation programmes for children and children at risk of living, working and begging on the street. The Homestead strives to offer therapeutic, development and education opportunities that set children up for the best possible future.

The Homestead believes that prevention is better than cure and cure means fixing and not hiding the problem. We understand that one cannot care for or protect a child whilst that child remains on the street because the street environment is too harsh, detrimental, exploitative and abusive to children. One therefore needs to focus on moving and keeping children off the street, a huge challenge as traumatized children lock onto street life and require a programme that:

- Provides a comprehensive set of residential, therapeutic, developmental and education care so children transition and stay off the street.
- Addresses the direct support, such as the food and money that the children get from begging, and that affirms their choice to remain on the street.
- Protects vulnerable children from the exploitation that draws them to and locks them into street life
- Goes beyond a simple perceived needs or welfare focused approach. It requires a holistic therapeutic response.
- Collaborates with a wide variety of stakeholders that together present a consistent message and focus on what is in the child's best interests.
- Ensures that the legal care system protects children and does not marginalise them further.
- Works not only with the children but incorporates their families and communities as an integral part of the solution.

Organisational Structure

The Management Committee, consisting of nine members elected annually at the AGM, has fiduciary responsibility for the organisation and meets monthly to scrutinise financial reports and oversee operations. The Director is responsible for management of the organisation. The Homestead's keeps its staff complement small, whilst remaining within the requirements of the labour law regarding hours of work. In total there are 47 full-time and 3 part-time staff members, the majority of whom work directly with the children on a shift basis. All of our child care staff are in the process of acquiring qualifications in Child and Youth Care.

The Homestead's Projects

This report provides an overview of the organisation's achievements in 2012/13.

The Homestead Prevention and Early Intervention Project:

The Homestead offers Prevention and Early Intervention programmes (PEI) in the most poverty stricken and gang infested communities surrounding Cape Town, communities who historically have pushed children towards the street. The Homestead PEI programmes also engage children, who live, work or beg on the street, both in the communities of origin and in the central business districts of Cape Town. The Homestead PEI programmes consist of:

1. The Homestead Drop-in Centres:

The Homestead has three Drop-in centres, one each in Khayelitsha, Manenberg and Woodstock. Drop-in centres offer vulnerable children an alternative to street life by offering the basics of hygiene, nutrition, clean clothes, basic support, numeracy and literacy skills, life skills, recreation and a safe space away from the streets filled with gangs, drugs and exploitation. Drop-in centres aim to reduce the vulnerability of the children through specialised support including substance abuse counselling, school attendance support, family preservation programmes, as well as parental guidance. More often than not it is this support, along with a pair of school shoes and a warm meal that keeps vulnerable children in their families, attending school and off the streets. The Homestead Drop-in Centres:

- Offer support and care when and where children are most vulnerable, for instance after school, during school holidays, when gang activity is at its worst, and also by us being in their communities, we reduce the child's vulnerability and offer them protection from a harsh reality of exploitation and abuse.
- Allow us to reach children that were previously ignored and to provide a base from which we can work with hard to reach children, for instance the children who live and work on the Khayelitsha taxi rank, and very hardened, street-wise children who abuse substances.
- Drop-in Centres allow us to offer a consistent and structured intervention programme both for vulnerable community children as well as for hardened street children. Often the centre will work with the children living on the street in the morning and with the vulnerable community children in the afternoon.
- Drop-in centres have a high impact, for instance our Manenberg Drop-in centre is based in the middle of the most

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Management Committee's Report

dangerous gangland in Cape Town. This centre works with about 20 children a day, more during the school holidays which equates to this centre helping 138 new children and their families each year as well as engaging with about 175 children each year on the local streets. Similarly The Homestead Khayelitsha Drop-in Centre works with 30 to 40 children each day and sometimes even up to 55 children during the Holiday period. This means hundreds of children are being protected and turned around from the street each year by The Homestead drop-in centres.

2. The Homestead Street Outreach Programme:

Outreach work on the streets of Cape Town has developed along with our ability to successfully keep and get children off the street. In the year 2000 Cape Town had 786 children living on the streets, 340 of whom were in the Cape Town city bowl. The Homestead was instrumental in drastically reducing this number so that today we are down to less than 20 children on the city bowl streets, as well as pockets of about 10 to 15 children living on the street in scattered areas around Cape Town. Children however continue to pour onto the street, highlighted by the high numbers of children attending The Homestead Drop-in centres, as well as from the fact that The Homestead Intake shelter is still turning around between 100 and 130 children a year from the central city streets. This is all made possible by the intense work of the Homestead Outreach Workers who are the front line of getting and keeping children off the street. The role of The Homestead Outreach worker is to:

- Identify, develop contact with and guide children living, working and begging on the street, as well as vulnerable community children who seem to be drifting towards the street, towards the appropriate Homestead programme.
- Have ongoing contact with hardened children living on the street, working with them in The Homestead drop-in centres and coordinating a holistic response to try and unlock such children from the street and get them into a stable, therapeutic environment.
- Collaborate with business, government departments, the police, City improvement districts and others to help identify and monitor children coming onto the street as well as the exploitation and support that keeps children on the street and out of care.
- Ensure that children on the street are legally protected, that their families are identified and worked with, and that where necessary a legal process is begun to ensure such children are properly cared for and protected.

3. After School Care and Support programmes:

The Homestead runs a specialised programme at a Site C school for 35 to 40 vulnerable children, pupils who have been identified by teachers and other pupils as traumatised, having difficulties and requiring immediate or ongoing therapeutic support. The Homestead ensures these children have a meal, are kept safe and complete therapeutic and life skills programmes necessary to help them cope with their very difficult family and community realities. The Homestead After School Programme also works directly with the child's families and refers both the child and their families out to specialised services when necessary. The success and impact of this programme, in helping to stabilise and protect vulnerable children, means more schools are requesting this service and that the current school wants The Homestead to expand the programme for pupils from their lower grades. This is a high impact Homestead programme that will undergo intense growth over the next few years.

4. Family preservation Programmes:

All children want to be at home with their families if at all possible. The Homestead family preservation programme aims to try and keep or return vulnerable children to their homes and for this we need families to be a safe, caring environment. The Homestead family preservation programme consists of home visits, parent training and guidance, basic support such as food parcels, referral of mothers to The Homestead job creation project and linking parents with child care grants, housing, schooling, health services and so on. All The Homestead programmes have a family empowerment and preservation focus and work with children and their families as one.

The Homestead Residential Programme:

One cannot effectively work with hard to reach, extremely vulnerable, traumatised or street connected children without an appropriate residential programme that allows for the child to be stabilised, healed and developed in a safe, consistent, therapeutic and empowering space. The Homestead residential programme does not warehouse children; it focuses on transition off the street and/or away from vulnerability, abuse, exploitation and neglect. The Homestead Residential Programme consists of The Homestead Intake Shelter and The Homestead Child and Youth Care centre in Khayelitsha:

5. The Homestead Intake Shelter

The Homestead intake shelter based in District 6, Woodstock, is the link between the street and a bright future for many children each year, a programme that works with up to 30 children at a time and turns between 100 and 130 children a year away from the street. Once settled and stabilised 37% of the children are successfully reunified directly back with their families and 64% are moved on to alternative care. The Homestead intake shelter offers specialised staff to provide 24 hour, 365 days a year care, protection, therapy and development with the ability to receive, stabilise and settle street connected children, that is children who are emotionally unsettled, traumatised, socially disconnected, who abuse substances and who are used to living without routine or daily structure. The programme includes:

- Reception that understands that such children were traumatised prior to admission, that provides proper

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Management Committee's Report

orientation no matter the time of admission, that includes the basics of a shower, new clothes, a tooth brush and something to eat, and a proper introduction to the whole programme including: their nice clean bed; the shelter and it's the general rules, who to turn to for help and the daily routine; and a link to a current child who looks after the new admission and introduces him to the other children.

- A settle-in period where the child is slowly introduced to the structure of the centre and so they can build assurance within a safe environment protected from physical, social and emotional harm. This includes a development assessment, including an initial assessment within the first 24 hours, a home visit (where possible), a preliminary Individual Development Plan within 2 weeks and links to community resources such as boxing, karate, dancing, yoga and so on. Once settled the child is: admitted to Learn to live, an independent school offering specialised numeracy and literacy programmes; undergoes drug abuse counselling; and, if necessary, referral to a specialised drug treatment centre or out-patient therapy programme. The children are encouraged to participate in the religious practice of their choice.
- After two months at The Homestead Intake shelter, the child begins to prepare for long term placement, such as moving to The Homestead Child and Youth Care Centre in Khayelitsha or back home to their family. To ensure the child settles at home or at their new placement, The Homestead Intake Shelter runs an aftercare programme to reinforce their placement for a period of 6 to 12 months. Aftercare might include helping the child to deal with family problems, referring the child's mother to the Homestead Job Creation project, providing direct school support, family counselling, applications for child-care grants, etc.

6. The Homestead Child and Youth Care Centre:

When family reunification is not possible because it is not in the child's best interests, or the child requires ongoing support, the child is placed (after a Children's Court Inquiry that declares the child to be in need of such care) at The Homestead Child and Youth Care Centre. The Homestead CYCC offers long-term placement for up to 75 children in a brand new, bright, child friendly facility in Khayelitsha staffed by social workers and child care professionals. Here:

- Each child has a Care Plan developed with the aim towards family reintegration, sometimes with another relative. The Child Care Team makes home visits to the family with the boy to help maintain such relationships as do exist and lots of children do go home for weekends and over the holiday period to maintain family relationships.
- Each child is encouraged to participate as part of The Homestead and local community and to participate in extra mural activities. The boys are also expected to help with chores, play sport, develop community links and live a normal life as possible. All the boys get pocket money for personal needs and have their own space and lockers for privacy and to develop their own individuality.
- Each child is educated to the best of their ability and the available resources, and while some children continue to attend Learn to Live, most move on to formal schools in Khayelitsha or on to special schools that can help overcome the child's developmental challenges.
- Each child also has an Individual Development Plan drawn up that looks at his strengths and weaknesses, and aims to help the child overcome the damage done by his time on the street. Here social work services include group and individual counselling and assisting with family reconstruction and setting these boys up for healthy independence once they reach 18 years of age.

The Homestead Job Creation Project:

The Homestead looks holistically at the issues children in our programmes face. Often the core problem is family poverty exacerbated by inexperienced, uneducated, unskilled and unemployable mothers, aunts and sisters of the children. The Homestead Job creation projects provide a employment skills training project for these women that creates much needed work experience and generates a small cash income so they can provide for their children's basic needs. This helps us to be better able to reunite children with their families. Specifically the Homestead Job Creation Programme provides:

- Skills in bead-work and hand-sewing producing a range of products including bracelets, Christmas decorations and beaded bags for the conference, special event and branded goods market. Soon we hope to open up The Homestead bakery that will provide employment skills currently in great demand.
- Real work experience in those participants who quickly learn that the more they produce the more they will earn. This includes having to travel into the city for work each day (some have never been into the city), being on time and presentable for work, acting as shop assistants (we have our own retail outlet) as well as doing marketing and selling at flea markets, conferences and businesses which all add up to job skill experience.
- Due to the underprivileged and poverty racked nature of the women concerned, it is necessary to start with the basics of poverty relief, food and clothing and even personal hygiene. It is also necessary to support new mothers in the programme for the first few weeks with daily transport money. Sometimes it is unfortunately necessary to invest quite extensively in setting the women up for a humane life, including helping them to build accommodation (for instance a waterproof shack).
- Impact is easy to quantify. We work with 35 mothers a year, representing a direct impact on 75 children and we assist 5 young men from our children's home through this programme each year. 31% of the women are referred in by The Homestead Khayelitsha drop-in centre, 51% from The Homestead Manenberg Drop-in Centre and 17% by The Homestead Child and Youth Care Centre. Currently the moms and young men of this programme produce over R305 000 in sales per annum, of that R170 000 is cash injected directly into their pockets.
- Participants have moved on to become laundry workers, office cleaners, working for the City municipality, a child

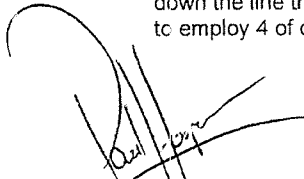
The Homestead (Projects for Street Children)

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Management Committee's Report

care assistant and even a full time "house executive". One mom discovered her creativity and now designs Ostrich Jewellery and women start to find themselves, to believe in their abilities and to find their own way through life. The reaction of neighbouring business says it all: Initially worried dirty women would drive their customers away, a year down the line these businesses are so impressed with the reliability and consistency of the women that one plans to employ 4 of our moms in their new kitchen.



Paul Vernon Hooper
Director

The Homestead (Projects for Street Children)

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Annual Financial Statements for the year ended 31 March 2013

Statement of Financial Position

| Figures in Rand | Notes | 2013 | 2012 |
|-------------------------------------|-------|-------------------|-------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 2 | 14 946 138 | 4 225 462 |
| Other financial assets | 3 | 3 411 931 | - |
| | | <u>18 358 069</u> | <u>4 225 462</u> |
| Current Assets | | | |
| Inventories | 4 | 312 826 | 424 066 |
| Trade and other receivables | 5 | 82 181 | 114 009 |
| Cash and cash equivalents | 6 | 2 221 930 | 11 355 767 |
| | | <u>2 616 937</u> | <u>11 893 842</u> |
| Total Assets | | <u>20 975 006</u> | <u>16 119 304</u> |
| Equity and Liabilities | | | |
| Equity | | | |
| Project reserves | 7 | 2 715 427 | 7 343 931 |
| Retained surplus | 7 | 14 949 148 | 7 534 872 |
| | | <u>17 664 575</u> | <u>14 878 803</u> |
| Liabilities | | | |
| Current Liabilities | | | |
| Other financial liabilities | 8 | 40 000 | - |
| Trade and other payables | 9 | 3 270 431 | 1 240 501 |
| | | <u>3 310 431</u> | <u>1 240 501</u> |
| Total Equity and Liabilities | | <u>20 975 006</u> | <u>16 119 304</u> |

The Homestead (Projects for Street Children)

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Annual Financial Statements for the year ended 31 March 2013

Statement of Comprehensive Income

| Figures in Rand | Notes | 2013 | 2012 |
|--|-------|------------------|------------------|
| Revenue | 12 | 304 572 | 341 939 |
| Cost of sales | 13 | (151 882) | (76 508) |
| Gross profit | | 152 690 | 265 431 |
| Other income | | 9 074 229 | 6 056 296 |
| Operating expenses | | (7 658 723) | (6 965 310) |
| Operating surplus (deficit) | | 1 568 196 | (643 583) |
| Investment revenue | 14 | 222 620 | 600 209 |
| Fair value adjustments | 15 | 443 309 | - |
| National Lottery Distribution Trust Fund (NLDTF) | 16 | 552 141 | - |
| Finance costs | | (494) | - |
| Surplus (deficit) for the year | | 2 785 772 | (43 374) |
| Other comprehensive income | | - | - |
| Total comprehensive income (loss) | | 2 785 772 | (43 374) |

The Homestead (Projects for Street Children)

(Non-Profit Organisation : 003-217)

Annual Financial Statements for the year ended 31 March 2013

Statement of Changes in Equity

| Figures in Rand | Project Surpluses | Retained Surplus | Total equity |
|---|----------------------|---------------------|-------------------|
| Balance at 01 April 2011 | 8 318 607 | 6 913 884 | 15 232 491 |
| Changes in equity | | | |
| Total comprehensive income for the year | - | (43 374) | (43 374) |
| Transfer to Project Reserves | (664 362) | 664 362 | - |
| Transfer to income recieved in advance | (310 314) | - | (310 314) |
| Total changes | (974 676) | 620 988 | (353 688) |
| Balance at 01 April 2012 | 7 343 931 | 7 534 872 | 14 878 803 |
| Changes in equity | | | |
| Total comprehensive income for the year | - | 2 785 772 | 2 785 772 |
| Transfer from Project Reserves | (4 628 504) | 4 628 504 | - |
| Total changes | (4 628 504) | 7 414 276 | 2 785 772 |
| Balance at 31 March 2013 | 2 715 427 | 14 949 148 | 17 664 575 |
| Note | 7 | | |

The Homestead (Projects for Street Children)

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Annual Financial Statements for the year ended 31 March 2013

Statement of Cash Flows

| Figures in Rand | Notes | 2013 | 2012 |
|---|-------|---------------------|--------------------|
| Cash flows from operating activities | | | |
| Cash generated/(used) in operations | 18 | 4 418 680 | (838 990) |
| Interest income | | 202 961 | 600 209 |
| Dividends received | | 19 659 | - |
| Finance costs | | (494) | - |
| Net cash from operating activities | | 4 640 806 | (238 781) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 2 | (10 846 123) | (761 332) |
| Net movement of other financial assets | | (2 968 520) | - |
| Net cash from investing activities | | (13 814 643) | (761 332) |
| Cash flows from financing activities | | | |
| Proceeds from other financial liability | | 40 000 | - |
| Net cash from financing activities | | 40 000 | - |
| Total cash movement for the year | | (9 133 837) | (1 000 113) |
| Cash at the beginning of the year | | 11 355 767 | 12 355 880 |
| Total cash at end of the year | 6 | 2 221 930 | 11 355 767 |

The Homestead (Projects for Street Children)

(Non-Profit Organisation : 003-217)

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Fund-raising Act no 107 of 1978. The annual 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.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The organisation assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the organisation makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Deferral of Income

Management reviews the grant contracts / agreements / project reports and based on their review they calculate income received in advance.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the organisation; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

| Item | Average useful life |
|------------------------|----------------------------|
| Land | Indefinite |
| Buildings | 50 - 100 years |
| Leasehold property | 40 years |
| Furniture and fixtures | 15 years |
| Motor vehicles | 6 - 7 years |
| Computer equipment | 5 years |

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The Homestead (Projects for Street Children)

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Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.3 Financial instruments

Initial recognition and measurement

The organisation classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised initially when the organisation becomes a party to the contractual provisions of the instruments.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.5 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

The Homestead (Projects for Street Children)

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Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.5 Inventories (continued)

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.6 Impairment of assets

The organisation assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the organisation 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.

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 profit or loss.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss.

1.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.8 Government grants

Government grants are recognised when there is reasonable assurance that:

- the organisation will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

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Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.9 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the organisation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the organisation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the organisation; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the organisation's right to receive payment has been established.

Grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

Donations and subsidies are recognised in profit and loss when the organisation's right to receive payment has been established.

1.10 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

| Figures in Rand | 2013 | 2012 |
|-----------------|------|------|
|-----------------|------|------|

2. Property, plant and equipment

| | 2013 | | | 2012 | | |
|------------------------|-------------------|--------------------------|-------------------|------------------|--------------------------|------------------|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Buildings | 13 353 865 | (62 559) | 13 291 306 | 2 739 456 | (57 797) | 2 681 659 |
| Furniture and fixtures | 765 951 | (317 876) | 448 075 | 538 810 | (295 940) | 242 870 |
| IT equipment | 135 226 | (115 619) | 19 607 | 130 754 | (108 726) | 22 028 |
| Leasehold property | 1 062 529 | (330 919) | 731 610 | 1 062 529 | (290 623) | 771 906 |
| Motor vehicles | 663 945 | (208 405) | 455 540 | 663 945 | (156 946) | 506 999 |
| Total | 15 981 516 | (1 035 378) | 14 946 138 | 5 135 494 | (910 032) | 4 225 462 |

Reconciliation of property, plant and equipment - 2013

| | Opening balance | Additions | Depreciation | Total |
|------------------------|------------------|-------------------|------------------|-------------------|
| Buildings | 2 681 659 | 10 614 409 | (4 762) | 13 291 306 |
| Furniture and fixtures | 242 870 | 225 473 | (20 268) | 448 075 |
| IT equipment | 22 028 | 6 241 | (8 662) | 19 607 |
| Leasehold property | 771 906 | - | (40 296) | 731 610 |
| Motor vehicles | 506 999 | - | (51 459) | 455 540 |
| | 4 225 462 | 10 846 123 | (125 447) | 14 946 138 |

Reconciliation of property, plant and equipment - 2012

| | Opening balance | Additions | Depreciation | Total |
|------------------------|------------------|----------------|------------------|------------------|
| Buildings | 1 950 095 | 736 890 | (5 326) | 2 681 659 |
| Furniture and fixtures | 246 528 | 16 610 | (20 268) | 242 870 |
| IT equipment | 22 858 | 7 832 | (8 662) | 22 028 |
| Leasehold property | 812 201 | - | (40 295) | 771 906 |
| Motor vehicles | 558 458 | - | (51 459) | 506 999 |
| | 3 590 140 | 761 332 | (126 010) | 4 225 462 |