

Association For Water and Rural Development (Incorporated under Section S21)
(Registration number 1998/003011/08)
Trading as AWARD
Financial statements
for the year ended 31 December 2012

Helen Thrush and Associates Inc

Registered Auditors

Issued 21 June 2014

Association For Water and Rural Development (Incorporated under Section S21)

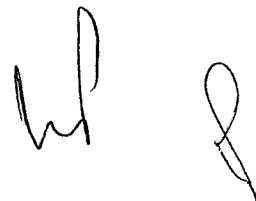
(Registration number 1998/003011/08)

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Financial Statements for the year ended 31 December 2012

General Information

| | |
|--|---|
| Country of incorporation and domicile | South Africa |
| Nature of business and principal activities | The conducting of projects for the alleviation of rural poverty |
| Registered office | Wits Rural Facility Orpen Road Hoedspruit 1380 |
| Business address | Nr 14, Safari Junction Main Road Hoedspruit 1380 |
| Postal address | P O Box 1919 Hoedspruit 1380 |
| Bankers | First National Bank Limited Nedbank Limited |
| Auditors | Helen Thrush and Associates Inc Registered Auditors |
| Company registration number | 1998/003011/08 |
| Tax reference number | 9383/387/84/3 |

Two handwritten signatures in black ink, one larger and more stylized than the other, located in the bottom right corner of the page.

Association For Water and Rural Development (Incorporated under Section S21)

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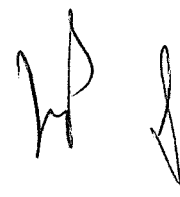
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Financial Statements for the year ended 31 December 2012

Index

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

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Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, 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 company 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 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 International Financial Reporting Standards for Small and Medium-Sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

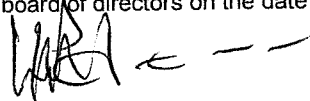
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards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

The directors 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 directors have reviewed the company's cash flow forecast for the year to 31 December 2014 and, in the light of this review and the current financial position, they are satisfied that the company 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 company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 4.

The financial statements set out on pages 6 to 16, which have been prepared on the going concern basis, were approved by the board of directors on the date indicated below and were signed on its behalf by:



Lephai Patrick Maunatlala
21 June 2014



Matthew Prior

- Auditing • Bookkeeping to Trial Balance •
- Business Plans • Business Valuations •
- CIPRO Year-end Returns • Company Income Tax •
- Company Registrations • Due Diligence Reviews •
- Forensic Auditing • Individual Income Tax •
- Market Research • Payroll •
- Prepare for Audit • Risk Assessment •
- Risk management • SME Corporate Governance •
- SME Director Mentoring • Sustainability Reporting •

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Independent Auditors' Report

To the members of Association For Water and Rural Development (Incorporated under Section S21)

We have audited the financial statements of Association For Water and Rural Development (Incorporated under Section S21), as set out on pages 7 to 16, which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities, and requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with other small companies and entities which receive grant and donation revenue, there are not sufficient reliable controls to ensure completeness of income. Accordingly, it was impracticable for us to extend our examination beyond the revenue actually recorded:

Independent Auditors' Report

Emphasis of Matter - Re-issue of financial statements

On the 17th of December 2013, the financial statements of the entity were approved and signed. Due to an administrative and printing error, the version of the document which was signed was incorrect. All known copies of the financial statements that were signed on 17 December 2013 will be recalled, and replaced by this document which is signed on 9 June 2014. The significant differences between the correct, approved financial statements, and the version which was inadvertently signed are highlighted in note number 15.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statement present fairly, in all material respects, the financial position of Association for Water and Rural Developments (Incorporated under Section 21) as at 31 December 2012, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards for SME's, and the requirements of the Companies Act of South Africa.



Helen Thrush
Partner
Registered Auditors
21 June 2014

Association For Water and Rural Development (Incorporated under Section S21)

(Registration number 1998/003011/08)

Trading as AWARD

Financial Statements for the year ended 31 December 2012

Directors' Report

The directors submit their report for the year ended 31 December 2012.

1. Incorporation

The company was incorporated in South Africa on 19 February 1998 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The company is engaged in the conducting of projects for the alleviation of rural poverty and operates principally in South Africa.

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

3. Events after the reporting period

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

4. Non-current assets

There have been no major changes in non-current assets during the year or any in the policy relating to their use.

5. Directors

The directors of the company during the year and to the date of this report are as follows:

| Name | Nationality |
|---------------------------|---------------|
| Lephai Patrick Maunatlala | South African |
| Matthew Prior | South African |
| Sharon Pollard | South African |

6. Auditors

Helen Thrush and Associates Inc will continue in office in accordance with section 90 of the Companies Act of South Africa.

Association For Water and Rural Development (Incorporated under Section S21)

(Registration number 1998/003011/08)

Trading as AWARD

Financial Statements for the year ended 31 December 2012

Statement of Financial Position as at 31 December 2012

| Figures in Rand | Note(s) | 2012 | 2011 |
|-------------------------------------|---------|----------------|------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 2 | 2,023 | 8,553 |
| Current Assets | | | |
| Trade and other receivables | 3 | 86,722 | 43,528 |
| Accrued income | 4 | 748,604 | 1,045,793 |
| Cash and cash equivalents | 5 | 92,767 | 435,961 |
| | | 928,093 | 1,525,282 |
| Total Assets | | 930,116 | 1,533,835 |
| Equity and Liabilities | | | |
| Equity | | | |
| Reserves | 6 | 214,422 | 214,422 |
| Funds for future use | | 527,244 | 517,746 |
| | | 741,666 | 732,168 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 7 | 61,612 | 122,912 |
| Deferred income | 8 | 126,838 | 678,755 |
| | | 188,450 | 801,667 |
| Total Equity and Liabilities | | 930,116 | 1,533,835 |

Association For Water and Rural Development (Incorporated under Section S21)

(Registration number 1998/003011/08)

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Financial Statements for the year ended 31 December 2012

Statement of Comprehensive Income

| Figures in Rand | Note(s) | 2012 | 2011 |
|--|---------|--------------|----------------|
| Revenue | | 1,527,176 | 1,889,653 |
| Other income | | 154,173 | 98,706 |
| Operating expenses | | (1,682,029) | (1,903,588) |
| Operating (loss) profit | 9 | (680) | 122,714 |
| Investment revenue | 10 | 10,178 | 6,079 |
| Profit before taxation | | 9,498 | 128,793 |
| Transfer from/(to) reserves | 11 | - | 71,966 |
| Profit for the year | | 9,498 | 200,759 |
| | | - | - |
| Total comprehensive income for the year | | 9,498 | 200,759 |

Association For Water and Rural Development (Incorporated under Section S21)

(Registration number 1998/003011/08)

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Financial Statements for the year ended 31 December 2012

Statement of Changes in Equity

| Figures in Rand | Retrenchment reserve fund | Recruitment reserve fund | Total reserves | Funds for future use | Total equity |
|--|------------------------------|-----------------------------|-----------------|-------------------------|-----------------|
| Opening balance as previously reported | 213,350 | 73,039 | 286,389 | 171,928 | 458,317 |
| Adjustments | | | | | |
| Prior period error | - | - | - | 145,059 | 145,059 |
| Balance at 01 January 2011 as restated | 213,350 | 73,039 | 286,389 | 316,987 | 603,376 |
| Total comprehensive income for the year | - | - | - | 200,759 | 200,759 |
| Other comprehensive income | 1,072 | - | 1,072 | - | 1,072 |
| Total comprehensive income for the year | 1,072 | - | 1,072 | 200,759 | 201,831 |
| Transfer between reserves | - | (73,039) | (73,039) | - | (73,039) |
| Total changes | - | (73,039) | (73,039) | - | (73,039) |
| Balance at 01 January 2012 | 214,422 | - | 214,422 | 517,746 | 732,168 |
| Comprehensive income for the year | - | - | - | 9,498 | 9,498 |
| Total comprehensive income for the year | - | - | - | 9,498 | 9,498 |
| Balance at 31 December 2012 | 214,422 | - | 214,422 | 527,244 | 741,666 |

Note(s)

Association For Water and Rural Development (Incorporated under Section S21)

(Registration number 1998/003011/08)

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Financial Statements for the year ended 31 December 2012

Statement of Cash Flows

| Figures in Rand | Note(s) | 2012 | 2011 |
|---|---------|------------------|----------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 1,715,816 | 1,988,359 |
| Cash paid to suppliers and employees | | (2,049,406) | (1,849,267) |
| Cash (used in) generated from operations | 13 | (353,372) | 139,092 |
| Interest income | | 10,178 | 6,079 |
| Net cash from operating activities | | (343,194) | 145,171 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 2 | - | (5,627) |
| Total cash movement for the year | | (343,194) | 139,544 |
| Cash at the beginning of the year | | 435,961 | 296,417 |
| Total cash at end of the year | 5 | 92,767 | 435,961 |

Association For Water and Rural Development (Incorporated under Section S21)

(Registration number 1998/003011/08)

Trading as AWARD

Financial Statements for the year ended 31 December 2012

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities, International Financial Reporting Standards for Small and Medium-Sized Entities, and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

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

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

| Item | Average useful life |
|------------------------|---------------------|
| Computer software | 2 years |
| Furniture and fixtures | 5 years |
| IT Equipment | 3 years |
| Motor vehicles | 5 years |

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the initial cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.2 Tax

Current tax assets and liabilities

This organisation is registered as a Public Benefit Organisation and is therefore exempt from paying income tax. It has the following reference number 18/11/132652.

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Accounting Policies

1.3 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Stage of completion is determined by the proportion of costs incurred to date bear to the total estimated costs of the transaction.

Income from grants and donations is brought into account in the period to which it relates. All other income is recorded in the financial statements at the date the services were performed..

Deferred income comprises grants received in advance of the period to which they relate and in advance of actual expenditure being incurred. This income is excluded from revenue and is accounted for as a current liability. Annual contract deficits are provided for as accrued income in terms of each relevant contract so far as these will be recovered from funders.

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

Foreign currency invoices are recorded at the exchange rate at the date of the invoice.

1.4 Project accounting and expense allocation

In terms of its contractual obligations to donors, the organisation allocates project expenses that are clearly identifiable as such, directly against project funds, indirect and shared costs are either apportioned on the basis of management estimates, or recovered through the levy of an administration fee. For disclosure purposes, all similar costs are accumulated across all projects. Project specific costs are non standard expense items that relate directly to a specific project.

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Notes to the Financial Statements

Figures in Rand 2012 2011

2. Property, plant and equipment

| | 2012 | | | 2011 | | |
|------------------------|------------------|--|----------------|------------------|--|----------------|
| | Cost / Valuation | Accumulated depreciation and impairments | Carrying value | Cost / Valuation | Accumulated depreciation and impairments | Carrying value |
| Furniture and fixtures | 71,297 | (69,272) | 2,025 | 71,297 | (67,006) | 4,291 |
| Motor vehicles | 229,896 | (229,896) | - | 229,896 | (229,896) | - |
| Computer hardware | - | (2) | (2) | - | 1,214 | 1,214 |
| Computer software | 25,196 | (25,196) | - | 25,196 | (22,148) | 3,048 |
| Total | 326,389 | (324,366) | 2,023 | 326,389 | (317,836) | 8,553 |

Reconciliation of property, plant and equipment - 2012

| | Opening balance | Depreciation | Total |
|------------------------|-----------------|----------------|--------------|
| Furniture and fixtures | 4,291 | (2,266) | 2,025 |
| IT Equipment | 1,214 | (1,216) | (2) |
| Computer software | 3,048 | (3,048) | - |
| | 8,553 | (6,530) | 2,023 |

Reconciliation of property, plant and equipment - 2011

| | Opening balance | Additions | Depreciation | Total |
|------------------------|-----------------|--------------|-----------------|--------------|
| Furniture and fixtures | 6,046 | - | (1,755) | 4,291 |
| Motor vehicles | 15,000 | - | (15,000) | - |
| IT Equipment | 7,795 | - | (6,581) | 1,214 |
| Computer software | - | 5,627 | (2,579) | 3,048 |
| | 28,841 | 5,627 | (25,915) | 8,553 |

3. Trade and other receivables

| | | |
|-----------------------------|---------------|---------------|
| Deposits | 5,000 | 5,000 |
| Lingo Loan | - | 1,300 |
| Trade receivables | - | 15,804 |
| Reslim | 81,722 | - |
| Prepayments (if immaterial) | - | 16,886 |
| VAT | - | 4,538 |
| | 86,722 | 43,528 |

Association For Water and Rural Development (Incorporated under Section S21)

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Financial Statements for the year ended 31 December 2012

Notes to the Financial Statements

| | | |
|-----------------|------|------|
| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|

4. Accrued income

| | Company | |
|----------------------------|----------------|------------------|
| Figures in Rand | 2012 | 2011 |
| SRI CA (2012 SRI 2 CA) | 25,771 | 190,300 |
| SRI EGS | 250,000 | 250,600 |
| SRI II (2012 SRI II Legal) | - | 124,840 |
| Wise Use III | 224,600 | 177,090 |
| Wise Use IV | 248,233 | - |
| Subtotal | 748,604 | 742,830 |
| Sundries | - | 302,964 |
| | 748,604 | 1,045,794 |

5. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---------------|---------------|----------------|
| Cash on hand | 1,439 | 1,964 |
| Bank balances | 91,328 | 433,997 |
| | 92,767 | 435,961 |

6. Retrenchment reserve fund

This reserve has been created to provide for the payment of staff salaries and closing down expenses in the unlikely event that the entity be forced to stop trading following failure to obtain funding for projects which are being undertaken. Organisations such as these are exposed to a variety of uncontrollable risks, and it is considered prudent to make fair provision for managed closure should this ever become necessary. This reserve is supported directly by the balance in the Retrenchment fund bank account. Although that bank account has been in place for some time, the financial position of the organisation did not allow these funds to be separated from their other reserves. As at the end of the 2008 operating period, the board determined the allocation could be made.

7. Trade and other payables

| | | |
|----------------|---------------|----------------|
| Accruals | 33,530 | 89,010 |
| Trade payables | 23,263 | 33,902 |
| VAT | 4,819 | - |
| | 61,612 | 122,912 |

8. Deferred income

| | | |
|-------------------------|----------------|----------------|
| Non-current liabilities | - | - |
| Current liabilities | 126,838 | 678,755 |
| | 126,838 | 678,755 |

Association For Water and Rural Development (Incorporated under Section S21)

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Financial Statements for the year ended 31 December 2012

Notes to the Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|------------------|----------------|
| 9. Operating (loss) profit | | |
| Operating (loss) profit for the year is stated after accounting for the following: | | |
| Operating lease charges | | |
| Premises | | |
| • Contractual amounts | 26,765 | 64,624 |
| Depreciation on property, plant and equipment | 6,531 | 25,914 |
| Employee costs | (140,712) | (162,464) |
| 10. Investment revenue | | |
| Interest revenue | | |
| Interest on reserves | 6,522 | 1,073 |
| Other interest | 3,656 | 5,006 |
| | 10,178 | 6,079 |
| 11. Taxation | | |
| 12. Auditors' remuneration | | |
| Adjustment for previous year | 16,147 | 20,645 |
| 13. Cash (used in) generated from operations | | |
| Profit before taxation | 9,498 | 128,793 |
| Adjustments for: | | |
| Depreciation and amortisation | 6,531 | 25,914 |
| Interest received | (10,178) | (6,079) |
| Changes in working capital: | | |
| Trade and other receivables | (43,194) | 17,674 |
| Trade and other payables | (61,300) | 18,763 |
| Deferred income | (551,917) | 372,629 |
| Accrued income | 297,188 | (418,611) |
| | (353,372) | 139,083 |

Association For Water and Rural Development (Incorporated under Section S21)

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Financial Statements for the year ended 31 December 2012

Notes to the Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|----------------------|-----------------------|
| 14. Prior period errors | | |
| During the performance of the 2011 audit, an error in the opening balances of Deferred and Accrued Income of certain projects was identified. The reported Comprehensive income had been overstated by an amount of R 145 059. The previously reported deficit of R 62 702 has been restated to reflect a deficit of R 207 761. This adjustment has the following impacts; | | |
| The correction of the errors results in adjustments as follows: | | |
| Statement of Financial Position | | |
| Defferred Income as previously stated | - | 176,632 |
| Deferred income as revised | - | (306,121) |
| Accrued income as previously stated | - | (642,752) |
| Accrued income as revised | - | 627,182 |
| Profit or Loss | | |
| Depreciation expense | - | 1,811,307 |
| Revenue as revised | - | 1,666,248 |
| Net adjustment | - | 145,059 |
| 15. Re-issue of financial statements - significant corrections | | |
| Funds for future use | 527,244 | (18,480) |
| Accrued income | 748,604 | 274,004 |
| Trade and other receivables | 86,722 | 15,598 |
| Total comprehensive profit (Original value: loss) for the year | 9,498 | (536,226) |
| | Revised value | Original value |

16. Directors' remuneration

Executive

2012

| | Emoluments | Total |
|----------------|------------|---------|
| Sharon Pollard | 344,442 | 344,442 |