

**LEARN TO EARN TFG PROJECT**

**(Association Incorporated in terms of Section 21)**

**REG. NO : 2009/016429/08**

**ANNUAL FINANCIAL STATEMENTS**

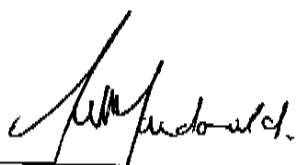
**31 MARCH 2010**

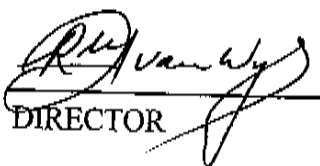
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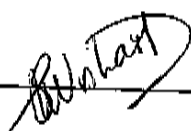
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**APPROVAL OF ANNUAL FINANCIAL STATEMENTS**

The Annual Financial Statements set out on pages 3 to 6 have been approved by the Directors:

  
 \_\_\_\_\_  
 CHAIRPERSON

  
 \_\_\_\_\_  
 DIRECTOR

  
 \_\_\_\_\_  
 DIRECTOR

**LOW AND SCHREIBER**  
**CHARTERED ACCOUNTANTS (S A)**

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*William Wallace Low, B.Com*

*Anthony Michael Schreiber, B.Com*

*Barrie William Low, B.Com M.Phil (Tax Law)*

### INDEPENDENT AUDITORS' REPORT

To the Members of Learn to Earn TFG Project

#### Report on the Financial Statements

We have audited the Annual Financial Statements of Learn to Earn TFG Project, which comprise the balance sheet as at 31 March 2010, and the income statement, statement of changes in equity and cash flow statement for the period then ended and a summary of significant accounting policies and other explanatory notes and the directors' report, as set out on pages 3 to 6.

#### 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 the Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Annual Financial Statements present fairly, in all material respects, the financial position of the Company as at 31 March 2010, and its financial performance and its cash flows for the period then ended in accordance with the Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities and in the manner required by the Companies Act of South Africa.

*Low and Schreiber*

LOW AND SCHREIBER  
 REGISTERED AUDITORS, CAPE TOWN  
 30 AUGUST 2010

## LEARN TO EARN TFG PROJECT

### REPORT OF THE DIRECTORS

To the Members

#### NATURE OF BUSINESS

The Company's main business is to develop and empower people, particularly unemployed people, through the establishment of training, retail and entrepreneurial activities designed to input knowledge and skills and create income generating opportunities for such people.

#### FINANCIAL POSITION

The state of the Company's affairs is adequately reflected in the Annual Financial Statements. No material fact or circumstance has occurred between the accounting date and the date of this Report.

#### CAPITAL STRUCTURE

The Company is registered in terms of section 21 of the Companies Act, 1973 and has no share capital and no part of its income or assets may be distributed to Members. All reserves are therefore non-distributable.

#### STATEMENT OF RESPONSIBILITY

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the Financial Statements and related information. The Auditors are responsible to report on the fair presentation of the Financial Statements. The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice and in the manner required by the Companies Act, 1973.

The Directors are also responsible for the Company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the Financial Statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss.

Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

The Financial Statements have been prepared on the going concern basis, since the Directors have every reason to believe that the Company has adequate resources in place to continue in operation for the foreseeable future.

#### EXECUTIVE BOARD MEMBERS

Neil Macdonald (Chairperson)  
Roche van Wyk  
Alex Cotchobos  
Susan Wishart  
Colleen Carstens  
Karde Buys  
Selwyn Eagle  
Neville Goodwin (resigned 15 March 2010)

**LEARN TO EARN TFG PROJECT****BALANCE SHEET**

At 31 March 2010

|                                     | Note | 2010<br>R        |
|-------------------------------------|------|------------------|
| <b>ASSETS</b>                       |      |                  |
| <b>NON-CURRENT ASSETS</b>           |      |                  |
| Fixed Assets                        | 2    | 249,952          |
| <b>CURRENT ASSETS</b>               |      |                  |
| Inventory                           | 3    | 422,223          |
| Accounts Receivable                 |      | 78,400           |
| Cash Reserves                       |      | 347,076          |
| <b>TOTAL ASSETS</b>                 |      | <u>1,097,651</u> |
| <b>EQUITY AND LIABILITIES</b>       |      |                  |
| <b>CAPITAL AND RESERVES</b>         |      |                  |
| Non-Distributable Reserves          | 4    | 702,836          |
| <b>CURRENT LIABILITIES</b>          |      |                  |
| Accounts Payable                    |      | 394,815          |
| <b>TOTAL EQUITY AND LIABILITIES</b> |      | <u>1,097,651</u> |

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**LEARN TO EARN TFG PROJECT****INCOME STATEMENT**

For the period ended 31 March 2010

|   | Note | 2009<br>R        |
|---|------|------------------|
| <b>TURNOVER</b>                                 |      |                  |
|   |      | 2,926,020        |
| <b>COST OF SALES</b>                            |      |                  |
|   |      | 1,172,922        |
| <b>GROSS PROFIT</b>                             |      |                  |
|   |      | <u>1,753,098</u> |
| <b>OTHER INCOME</b>                             |      |                  |
| Donations Received                              |      | 694,777          |
|   |      | <u>2,447,875</u> |
| <b>EXPENDITURE</b>                              |      |                  |
|   |      | <u>1,745,039</u> |
| Advertising                                     |      | 789              |
| Bank Charges                                    |      | 31,315           |
| Cleaning, Maintenance and Repairs               |      | 34,745           |
| Depreciation                                    |      | 59,756           |
| Licences  |      | 12,000           |
| Management Fees                                 |      | 239,889          |
| Motor Vehicle Expenses and Transport            |      | 15,206           |
| Printing, Stationery and Related Costs          |      | 26,179           |
| Professional Fees                               |      | 9,736            |
| Property Expenses                               |      | 326,319          |
| Salaries and Wages                              |      | 944,364          |
| Telephone and Communications                    |      | 16,056           |
| Training and Meetings                           |      | 26,869           |
| Uniforms  |      | 1,816            |
| <b>NET SURPLUS FOR THE YEAR</b>                 |      | <u>702,836</u>   |
| <b>TRANSFERRED TO NON-DISTRIBUTABLE RESERVE</b> |      | <u>(702,836)</u> |
|   |      | <u>-</u>         |

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**LEARN TO EARN TFG PROJECT****NOTES TO THE FINANCIAL STATEMENTS**

31 March 2010

**1. BASIS OF PREPARATION AND ACCOUNTING POLICY**

The Annual Financial Statements have been prepared in accordance with the Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities. They incorporate the following principal accounting policies:-

**1.1 Fixed Assets**

The Fixed Assets of the Company are recorded at cost and depreciated on the straight line basis based on the estimated useful life of the assets. The annual rate used for Motor Vehicles is 20%. Shop Fittings are depreciated over the period of the lease (three years).

**1.2 Inventory**

The cost of the Inventory is determined on the average basis.

**2. FIXED ASSETS**

|                | Cost<br>R      | Accum<br>Depr<br>R | 2010<br>Net Book<br>Value<br>R |
|----------------|----------------|--------------------|--------------------------------|
| Motor Vehicles | 170,857        | 14,238             | 156,619                        |
| Shop Fittings  | 138,851        | 45,518             | 93,333                         |
|                | <u>309,708</u> | <u>59,756</u>      | <u>249,952</u>                 |

All Assets were purchased during the period under review. There were no disposals.

**3. INVENTORY**

Inventory consists of goods for resale and is stated at the lower of cost and net realisable value.

**4. NON-DISTRIBUTABLE RESERVE**

The Reserve represents surpluses which are not distributable by law.

**5. TAXATION**

It is anticipated that the Company will be exempt for taxation.

**6. CASH FLOW STATEMENT AND COMPARATIVE FIGURES**

This is the Company's first period of operation so a Cash Flow Statement and comparative figures are not presented.