

**WORDWORKS**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**NPO Number: 044-766-NPO**

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FOR THE YEAR ENDED 31 DECEMBER 2013**

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

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**APPROVAL**

The financial statements which appear on pages 5 to 10 were approved by the members and signed on their behalf by:

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Director

\_\_\_\_\_  
Date

## **WORDWORKS**

### **REPORT OF THE MEMBERS FOR THE YEAR ENDED 31 DECEMBER 2013**

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#### **REPORT OF THE MEMBERS**

The members present their report for the year ended 31 December 2013. This report forms part of the annual financial statements.

#### **General review**

The organisation's operations and the results thereof are clearly reflected in the attached financial statements. No material fact or circumstance has occurred between the accounting date and the date of this report.

#### **Nature of business**

Wordworks is a non-profit organisation that aims to support the early literacy and language development of children from disadvantaged communities. The organisation works with local communities to establish reading "centres" at schools, libraries and community halls. Volunteers are trained to work with small groups of young children who have difficulties with reading and writing. The majority of these children are learning to read in a second language. In addition to working with children, the organisation works directly with parents to empower them to support their children's early learning in the home environment. Wordworks also runs programmes for pre-school teachers to assist them with teaching of basic concepts and emergent literacy. Through getting to know the participants in our projects, the organisation has come to recognise the resilience and courage of children and families in impoverished communities. The organisation recognises the need to provide opportunities for children from disadvantaged communities to participate in therapeutic activities to attend to the consequences of trauma, violence, abuse and/or loss.

Wordworks aims to produce accessible, affordable materials and to contribute to research about early literacy and language development and therapeutic practices in disadvantaged communities.

#### **Statements of responsibility**

The members are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information.

The members are also responsible for the organisation'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 members to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the members have every reason to believe that the organisation has adequate resources in place to continue in operation for the foreseeable future.

#### **Members**

Damian Conway  
Nuraan Davids  
Sandra Hamman  
Shelley O'Carroll  
Rethabile Mashale

## WORDWORKS

STATEMENT OF FINANCIAL POSITION  
AS AT 31 December 2013

	Notes	DEC 2013	DEC 2012
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	2	-	-
<b>Current assets</b>			
Cash and cash equivalents		661 895	710 700
Trade and other receivables		245 547	8 702
SARS		31 273	-
<b>Total assets</b>		<u>938 715</u>	<u>719 402</u>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Accumulated funds	7	37 922	54 084
Donations earmarked for 2014	7	56 139	104 500
<b>Current liabilities</b>			
SARS		-	21 003
Trade and other payables		27 377	31 870
O'carroll bursary fund	3	185 873	130 220
Funds received in advance	5	631 405	377 726
<b>Total capital and liabilities</b>		<u>938 715</u>	<u>719 402</u>

## WORDWORKS

**STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Accumulated Funds	Donations Reserve	Total Funds
	R	R	R
<b>Balance as at 1 March 2012</b>	2 884	-	2 884
Surplus for the 10 months	155 700	-	155 700
Transfer to donations reserve	(104 500)	104 500	-
<b>Balance as 31 December 2012</b>	<u>54 084</u>	<u>104 500</u>	<u>158 584</u>
<b>Balance as at 1 January 2013</b>	54 084	104 500	158 584
Deficit for the year	(16 162)	-	(16 162)
Net movement during the year		(48 361)	(48 361)
<b>Balance as at 31 December 2013</b>	<u>37 922</u>	<u>56 139</u>	<u>94 061</u>

## WORDWORKS

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	12 Months ended DEC 2013	10 Months ended DEC 2012
		R	R
<b>Income</b>		<b>3 415 499</b>	<b>2 315 396</b>
Grants & Donations	4	3 022 734	2 102 965
Services rendered		170 229	85 208
General administration fees		13 676	52 490
O'Carroll bursary fund administration fee		23 040	16 000
Interest received		40 718	14 726
Manual Sales		145 102	44 007
<b>Expenditure</b>	7	<b>3 431 662</b>	<b>2 159 696</b>
<b>Programmes Expenditure</b>		<b>2 599 233</b>	<b>1 905 411</b>
Catering training and workshops		18 363	8 313
Designs illustrations & translations		147 687	76 396
Evaluation & monitoring		13 856	-
Policy advocacy & knowledge sharing		263 295	25 200
Programme Development & Personnel		1 523 811	1 099 991
Project materials		341 740	528 446
Staff development & conferences		21 400	2 300
Travelling and accommodation		88 073	90 131
Volunteer & facilitator stipends		181 008	74 635
<b>Organisational</b>		<b>64 315</b>	<b>22 280</b>
Communications newsletter & website			
<b>Administration</b>		<b>768 114</b>	<b>232 005</b>
Accounting fees		4 692	5 700
Assets less than 7k written off		31 588	9 008
Audit fees		22 287	19 380
Bank charges		11 437	7 830
Computer expenses		9 055	766
Courier & postage		1 125	5 972
Depreciation			7 989
Electricity & water		10 473	-
Office rent		88 000	-
Photocopier rental		3 420	2 850
Printing & stationery		27 153	14 572
Project materials		137 959	-
Repairs & maintenance		4 826	1 140
Salaries administration		373 811	137 375
Security- wcss alarm		2 990	-
Staff welfare		9 372	3 882
Subscription & licences		1 383	620
Telephone fax & Internet		16 686	8 451
UIF company contribution		11 857	6 470
<b>Net (Deficit)/Surplus</b>		<b>(16 162)</b>	<b>155 700</b>

**WORDWORKS****NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013****1 SUMMARY OF ACCOUNTING POLICIES**

The following are the principal accounting policies of the project.

**1.1 Basis of preparation**

The Annual Financial Statements are prepared on the historical cost basis and incorporate the accounting policies which have been consistently applied.

Income is recorded on a cash received basis. The exception to this treatment is where income is received in advance, which must be refunded if not utilised. This revenue is not recognised on the cash basis as there is a present obligation to return the funds if not fully utilised as per contractual agreement.

All known liabilities of the organisation have been included.

**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 company; and
- \* The cost of the item can be measured reliably.

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

<u>Item</u>	<u>Average useful life</u>
Office Equipment	3 years
Computer Equipment	3 years
Computer Software	2 years

Assets purchased for less than R7000-00 are depreciated in full in the year it was purchased.

**2 PROPERTY, PLANT AND EQUIPMENT**

	2013		
	Cost / valuation	Accumulated depreciation	Carrying value
	R	R	R
<b>Owned assets</b>			
Office Equipment	4 521	4 521	-
Computer Equipment	5 045	5 045	-
Computer Software	26 706	26 706	-
	<u>36 272</u>	<u>36 272</u>	<u>-</u>

## WORDWORKS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

	DEC 2013	DEC 2012
<b>3 RECONCILIATION OF O'CARROLL BURSARY FUND</b>		
<b>Opening Balance</b>	130 220	81 488
Funds received	230 400	160 000
Less: Disbursements for the year	174 747	111 268
Bursaries	151 707	95 268
Alma - UWC	32 500	9 150
Bay Primary	-	10 800
Brian - NWU	40 450	33 768
Faith	-	2 700
Fish Hoek High (Zimasa, Alunga & Kolisa)	34 020	10 883
Kleinberg School	400	-
Lungi	6 675	4 000
Nobuntu Lolwana	2 300	1 190
Nolubabalo	1 300	1 060
Nosakhe	800	300
Sheila	500	-
Siphokazi	1 000	-
Sindiswa Faith	5 530	250
Silvermine Academy	-	1 200
St James Primary	22 492	13 972
St. Anthony	3 740	3 245
Sun Valley Primary	-	2 750
Other expenses	-	-
Administration fee @ 10%	23 040	16 000
<b>Closing Balance</b>	<b>185 873</b>	<b>130 220</b>
<b>4 GRANTS and DONATIONS</b>	<b>3 022 734</b>	<b>2 102 965</b>
<b>Grants received</b>	<b>2 702 365</b>	<b>1 948 773</b>
American Embassy	-	45 346
Anglo Trust	94 784	-
Breadline Africa	50 000	30 000
ELMA/SCIP	205 940	-
DG Murray Trust	1 860 201	983 900
Masiphumelele Library	32 000	32 000
The Learning Trust	43 650	134 780
Foundation for Community Work	-	143 299
JET	24 100	229 144
Hout bay Kronendal Community Trust	-	67 754
Claude Leon Foundation	331 685	282 550
Vrygrond Trust	60 005	-
<b>Donations received</b>	<b>320 369</b>	<b>154 192</b>
Agentarian	-	27 646
Davies Foundation	10 000	10 000
Do it 4 Charity	-	4 581
Masi Corp	10 000	-
3C Metal	52 000	-
PESF Japan	24 000	-
GGSA	-	1 465
J Langley	68 773	104 500
Itron	54 200	-
Mark Bell	27 589	-
My School	3 807	-
Pro-Print	70 000	-
SWEP	-	6 000



## WORDWORKS

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**
**5 FUNDS RECEIVED IN ADVANCE**

Funds received in advance	DEC 2013	DEC 2012
	<b>631 405</b>	<b>377 725</b>
DGMT	119 299	95 500
Claude Leon Foundation	452 140	183 825
The Learning Trust	54 750	98 400
Anglo American Trust	5 216	-

**6 TAXATION**

The organisation is exempt from income tax under 10(1)(cN) as read with Section 30 of the Income Tax Act. No provision has been made for taxation in the current year.

**7 PRIOR YEAR RECLASSIFICATION**

The organisation has decided to separately classify reserves into 2 separate categories, namely accumulated funds and donations reserve. The reclassification has been applied retrospectively.

Funds received in advance amounting to R98 400 were erroneously recognised as income in the prior period, whereas they should only have been recognised as income in the current period. Income and income received in advance have been adjusted accordingly in the comparatives.

The organisation has reclassified prior year expenditure in the income statement to align with the current year classification categories, which are deemed to result in improved disclosure. The reclassification had no effect on the net surplus.