

**WORDWORKS**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**NPO Number: 044-766-NPO  
PBO Number: 930022252**

**WORDWORKS**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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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 11 were approved by the members and signed on their behalf by:



Chairperson



Director



Date

## **INDEPENDENT AUDITOR'S REPORT**

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### **TO THE MEMBERS OF WORDWORKS**

#### **Report on the Annual Financial Statements**

We have audited the financial statements of Wordworks as set out on pages 5 to 11, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in funds for the year ended, and a summary of significant accounting policies and other explanatory information.

#### **Board's Responsibility for the Annual Financial Statements**

The board is responsible for the preparation and fair presentation of these annual financial statements in accordance with the basis of accounting as set out in Note 1 to the financial statements, and for such internal control as the board determines is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report 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 report is free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditors' judgement, including the assessments of the risk of material misstatement of the financial report, 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 report 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 the directors, as well as evaluating the overall presentation of the financial report.

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

## **THE POWER OF BEING UNDERSTOOD**

### **AUDIT | TAX | CONSULTING**

Partners C D Betty, B Acc, CA(SA), A Blignaut-de Waal, B Com, B Compt (Hons), M Com (FORP), CA(SA), M G Q de Faria, B Bus Sc, CA(SA), B J Eaton, B Acc, H Dip Tax Law, CA(SA), A C Galloway, B Sc Mech Eng, CA(SA), E Gerber, B Acc (Hons), CA(SA), H Heymans, B Compt (Hons), M Com, FCCA, CA(SA), N C Hughes, B Compt (Hons), PG Cert Adv Tax, CA(SA), J Jones, B Com, B Acc, H Dip Tax Law, H Dip Int Tax Law, CA(SA), J Kitching, B Compt (Hons), CA(SA), B Kooi, B Compt (Hons), M Com (GFA), CA(SA), L Quintal, B Com (Hons), CA(SA), R Rawoot, B Compt (Hons), CA(SA), P D Schulze, B Acc Sc (Hons), PG Dip Tax Law, CA(SA), M Steenkamp, B Compt (Hons), CA(SA), L M van der Merwe, B Com (Hons), CA(SA), A D Young, B Compt (Hons), CA(SA)

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**Opinion**

In our opinion, the annual financial statements of Wordworks for the year ended 31 December 2015 have been prepared, in all material respects, in accordance with the basis of accounting described in Note 1 of the accounting policy notes of the organisation.

**Other Reports**

As part of our audit of the annual financial statements for the year ended 31 December 2015, we have read the Report of the Members for the purpose of identifying whether there are material inconsistencies between this report and the audited annual financial statements. This report is the responsibility of the respective preparer. Having read this report we have not identified any material inconsistencies between this report and the audited annual financial statements. However, we have not audited this report and accordingly do not express an opinion thereon.



**RSM South Africa  
Registered Auditors**

**Per Andrew Galloway CA (SA) RA  
Partner**

09 May 2016

**Date  
Cape Town**

## **WORDWORKS**

### **REPORT OF THE MEMBERS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

The members present their report for the year ended 31 December 2015. 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 South African non-profit organisation that focuses on early language and literacy development in the first eight years of children's lives. Since 2005 we have worked in under-resourced communities with those adults best positioned to impact on young children's language and literacy development – parents and caregivers, family and community members, home-visitors, early childhood development practitioners and Grade R teachers. We support a growing network of individuals, schools, organisations and institutions that promote the importance, and work for the improvement of children's early language and literacy, through their association with our programmes and materials. We provide initial training and support for those using our resource-based programmes that can be implemented in homes, classrooms and community settings. Programmes are sustained through ongoing connections with Wordworks, including refresher training and events, input and guidance, access to resources and opportunities, sharing of learning and support for programme monitoring and evaluation.

#### **Statement 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 systems 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.

#### **Management Committee**

The management committee of the organisation during the year and to date of this report is as follows:

Damian Conway  
Mantoa Smouse  
Pam Picken  
Rethabile Mashale  
Sandra Hamman  
Shelley O'Carroll

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Notes	DECEMBER 2015 R	DECEMBER 2014 R
<b>ASSETS</b>			
<b><u>Non Current Assets</u></b>			
Property, plant and equipment	2	32 806	19 614
		<b>2 405 308</b>	<b>2 731 181</b>
<b><u>Current assets</u></b>			
Cash and cash equivalents		1 929 155	2 182 324
Trade and other receivables		92 777	40 748
Stock materials		378 129	467 611
Vat refund		5 248	40 498
<b><u>Total assets</u></b>		<b><u>2 438 114</u></b>	<b><u>2 750 795</u></b>
<b>FUNDS AND LIABILITIES</b>			
<b><u>Funds and reserves</u></b>			
Accumulated funds		1 252 301	888 238
		<b>1 252 301</b>	<b>888 238</b>
<b><u>Current liabilities</u></b>			
		<b>1 185 813</b>	<b>1 862 557</b>
O'Carroll bursary fund	3	228 397	238 497
Accounts payable		39 915	71 262
Deferred Income	4	917 502	1 552 798
<b><u>Total funds and liabilities</u></b>		<b><u>2 438 114</u></b>	<b><u>2 750 795</u></b>

**WORDWORKS**

**STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>Accumulated Funds</b>	<b>Donations earmarked for 2015</b>	<b>Total Funds</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>Balance as at 1 January 2014</b>	37 922	56 139	94 061
Surplus / (Deficit) for the year	850 316	-	850 316
Net movement during the year		(56 139)	(56 139)
<b>Balance as at 31 December 2014</b>	<u>888 238</u>	<u>-</u>	<u>888 238</u>
<b>Balance as at 1 January 2015</b>	888 238	-	888 238
Surplus / (Deficit) for the year	364 063	-	364 063
Net movement during the year		-	-
<b>Balance as at 31 December 2015</b>	<u>1 252 301</u>	<u>-</u>	<u>1 252 301</u>

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	JANUARY TO DECEMBER 2015	JANUARY TO DECEMBER 2014
Notes	R	R
<b>Income</b>	<b>8 386 121</b>	<b>6 959 657</b>
<b>Grants</b>	<b>6 000 611</b>	<b>5 238 088</b>
DG Murray Trust	1 704 000	1 700 000
DG Murray Trust- Advocacy	-	273 000
Claude Leon Foundation	-	700 000
Fynbos Foundaton	75 000	-
USAID/ELMA Foundation/JP Morgan	3 795 742	1 935 650
SA National Lotteries Board Fund	178 500	178 500
The Learning Trust	47 369	145 000
The Atlantic Philanthropies	-	105 938
Openheimier Memorial Trust	200 000	200 000
<b>Donations received</b>	<b>381 004</b>	<b>341 446</b>
Creamer Media	10 000	20 000
Davies Foundation	10 000	10 000
Donations for Childrens' books	1 243	-
Oxford University Press & Sponsors	78 426	-
Wynberg Rotary Club	12 800	-
Donations from private individuals	221 212	292 736
Bursary Fund contribution	47 323	18 710
<b>Other</b>	<b>451 708</b>	<b>692 579</b>
Administration fee- O'Carroll Bursary Fund	20 342	-
Bank interest	97 918	57 696
Sale of resources	200 484	201 962
<b>Services Charged</b>		76 794
<i>Services charged - Rotary Montague</i>	22 113	-
<i>Children in the Wilderness – Zimbabwe</i>	33 000	-
<i>Repssi</i>	22 368	-
<i>Ackerman/Ububele</i>	13 740	-
<i>Services charged - other</i>	4 778	-
Inventory Adjustment	-	349 772
VAT refund	33 755	-
Other (Electricity )	3 210	6 355
<b>Deferred Income from prior year</b>	<b>1 552 798</b>	<b>687 544</b>



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	JANUARY TO DECEMBER 2015 R	JANUARY TO DECEMBER 2014 R
<b>EXPENDITURE</b>		<b>7 104 556</b>	<b>4 556 543</b>
<b>Programmes Expenditure</b>		<b>5 928 665</b>	<b>3 776 205</b>
Training, workshops & catering		33 649	17 942
Conferences & Knowledge Sharing		75 636	88 366
Cost of programmes materials		1 442 312	430 184
Designs illustrations & translations		478 181	259 009
Monitoring & Evaluation		113 140	15 606
Policy advocacy & liaison		30 616	32 874
Programme salaries		3 396 096	2 619 202
Permanent Staff		2 856 416	-
Contracted/Freelancers		539 680	-
Travelling and accommodation		108 133	102 796
Volunteer & facilitator stipends		250 903	210 226
<b>Organizational</b>		<b>108 493</b>	<b>-</b>
Communications newsletter & website		40 732	-
AGM - Public		26 868	-
PR - SANLDF Logo		750	-
RASA Conference		19 144	-
Recruitment		1 200	-
Staff Training/ capacity building		19 800	-
<b>Administration &amp; Overheads</b>		<b>326 737</b>	<b>281 832</b>
Accounting Fees		849	1 816
Audit Fees		36 638	28 135
Bank Charges		13 871	10 946
Cleaning		7 870	-
Computer Expenses		31 084	14 593
Computer staff allowance		6 000	7 500
Depreciation		10 469	3 164
Electricity & Water		13 192	10 397
Insurance		1 397	-
Internet Expenses		3 076	3 835
Office costs		5 265	35 224
Office Rent		116 160	105 600
Photocopier Hire		19 665	13 729
Postage & Courier		1 887	1 344
Printing & Stationery		10 361	9 449
Repairs & office costs		4 817	1 795
Security		4 804	3 432
Staff teas/refreshments		9 620	8 560
Staff welfare		2 584	3 408
Subscriptions & Licenses		5 048	6 076
Telephone & Communication Expenses		19 663	12 829
Travel		2 419	-
<b>Salaries Administration &amp; Finance</b>		<b>550 249</b>	<b>457 354</b>
Assets Less than 7K written off		9 141	31 225
<b>Cost of sales</b>		<b>400 887</b>	<b>128 908</b>
Resources distributed		-219 617	-118 981
<b>Surplus /Deficit</b>		<b>1 281 565</b>	<b>2 403 113</b>
<b>Income deferred to 2016</b>		<b>-917 502</b>	<b>-1 552 797</b>
DG Murray Trust		-313 267	-216 068
DG Murray Trust - Advocacy		-	-174 984
Claude Leon Foundation		-	-636 333
Oppenheimer Memorial Trust		-191 816	-200 000
Atlantic Philanthropies		-105 936	-105 938
USAID/ELMA Foundation/JP Morgan		-306 482	-75 485
The Learning Trust		-	-61 241
Masipumelele Corporation & Trust		-	-65 431
Hout Bay & Liandudno Ed Trust		-	-17 317
<b>Surplus /Deficit after deferred Income</b>	<b>4</b>	<b>364 063</b>	<b>850 316</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**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 following 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 Inventories are measured at cost, on the last-in, first-out (LIFO) basis.

**1.3 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.

**1 Financial Instruments**

Financial instruments are initially measured at the transaction price. This includes transaction costs, except for financial instruments which are measured at fair value through profit and loss.

Debt instruments are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At the end of each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

**2 PROPERTY, PLANT AND EQUIPMENT**

	2015		
	Cost	Accumulated depreciation	Carrying value
<b>Owned assets</b>	R	R	R
Office Equipment	46 438	13 632	32 806
Computer Equipment	-	-	-
Computer Software	-	-	-
	<u>46 438</u>	<u>13 632</u>	<u>32 806</u>

Reconciliation of property, plant and equipment 2015

<b>Owned assets</b>	Carrying value at beginning of year	2015 Additions	2015 Depreciation	Carrying value
	R	R	R	R
Office Equipment	19 614	23 661	10 469	32 806
Computer Equipment	-	-	-	-
Computer Software	-	-	-	-
	<u>19 614</u>	<u>23 661</u>	<u>10 469</u>	<u>32 806</u>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 R	2014 R
<b>3 RECONCILIATION OF O'CARROLL BURSARY FUND</b>		
Opening Balance	238 497	185 873
Funds received	203 420	187 100
Less: Disbursements for the year		
Bursaries	193 178	115 766
Alunga fees& stationery	800	2 250
Betty- school stationery	3 756	800
Brian - NWU registration fees	7 450	750
Faith uniforms/stationery-b/fare	18 950	6 500
Fish Hoek school- Alunga/Kholisa	-	37 820
Fish Hoek school-- Siphokazi Katamzi	-	4 000
Igali- Wordworks Tshirts	-	20 500
Kleinberg School	10 830	260
Lungi uniforms/stationery-b/fare	-	6 550
Michelle- school stationery	-	800
NN Mpane- school stationery	1 250	800
sheila	1 200	-
NE Ngcwana school stationery	2 610	-
sarah Cookney	3 300	-
nombeke edith-bus fare	6 300	-
fish hoek-Zimasa	16 886	-
Silvermine-school fees	47 323	-
Masi Library support	3 700	4 000
Nobuntu uniforms/stationery-b/fare	2 300	-
khunyulwa school stationery	800	-
ntomboxolo school stationery	800	-
sindiswa school stationery	800	-
nomha	800	-
nontsikelelo	800	-
Nolubabalo- school stationery	800	800
Mandisa Pula	1 000	-
Nosakhe- school stationery	800	800
Nothemba- school stationery	800	800
P Ngcwama- Kholisa stationery	-	926
Sheila school stationery	-	800
Shelley vol kit 80*5	-	400
Siphokazi school stationery	1 800	800
Siphokazi fees Zimasa	800	1 200
Nesiswa school fees	38 374	-
St James school fees	18 950	24 210
Fish Hoek-Kolisa	-	-
Administration fee @ 10%	20 342	18 710
<b>Closing Balance</b>	<b>228 397</b>	<b>238 497</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**4 DEFERRED INCOME**

<b>Funds received in advance</b>	<b>2015</b>	<b>2014</b>
	<b>R</b>	<b>R</b>
	<b>917 502</b>	<b>1 552 798</b>
Anglo American Chairman's Fund	-	-
Claude Leon Foundation	-	636 333
DG Murray Trust	313 267	216 068
DG Murray Trust- Advocacy	-	174 984
Hout Bay & Liandudno Ed Trust	-	17 317
Masiphumelele Corporation & Trust	-	65 431
Oppenheimier Memorial Trust	191 817	200 000
The Atlantic Philanthropies	105 936	105 938
The Learning Trust	-	61 241
United States Agency for International Development/ ELMA	306 482	75 485

**5 TAXATION**

The organisation has a Public Benefit Organisation status in terms of 10(1)(cN) as read with Section 30 of the Income Tax Act. No provision has been made for taxation in the current year.

**6 PRIOR YEAR ADJUSTMENT**

The entity streamlined its stock management systems and this enabled a more accurate count of opening stock in 2015. This adjustment is reflected in the correction to the 2014 stock value.