

WORDWORKS

**FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 29 FEBRUARY 2012**

NPO Number: 044-766-NPO


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FOR THE 12 MONTHS ENDED 29 FEBRUARY 2012**

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



Chairperson



Director

RSM Betty & Dickson (Cape Town)
Chartered Accountants (SA)
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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WORDWORKS

We have audited the accompanying annual financial statements of Wordworks, which comprise the statement of financial position at 29 February 2012, the statement of comprehensive income and statement of changes in funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 of the Accounting Policy Notes to the annual financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual 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 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 about 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' judgment, 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 audit opinion.

Partners L E Rodger CA(SA) RA P D Schulze PG Dip Tax Law CA(SA) RA
A C Galloway Bsc Mech Eng CA(SA) RA E Gerber CA(SA) RA M G Q de Faria CA(SA) RA

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Basis for Qualified Opinion

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

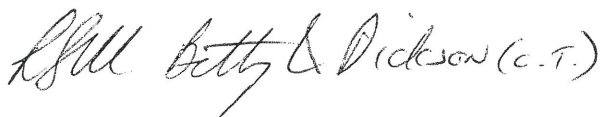
Although the prior period annual financial statements were not audited, we have performed audit procedures to obtain reasonable assurance that the opening balances do not contain material misstatements. However, our procedures did not extend to transactions for the prior period, and accordingly we are unable to conclude on the accuracy of the allocation of profit or loss between the prior period and the opening accumulated funds.

Opinion

In our opinion, except for the effects of the matters described in the preceding paragraphs, the annual financial statements 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 Matter

The prior period annual financial statements were not audited and accordingly the corresponding figures are unaudited. However, we have obtained sufficient appropriate evidence to obtain reasonable assurance that the opening balances do not contain misstatements that are materially affect the current period's annual financial statements.



RSM Betty & Dickson (Cape Town)
Registered Auditors

Per Andrew Galloway CA(SA) RA
Partner

18 July 2012
Date
Cape Town

WORDWORKS**REPORT OF THE MEMBERS
FOR THE 12 MONTHS ENDED 29 FEBRUARY 2012**

REPORT OF THE MEMBERS

The members present their report for the twelve months ended 29 February 2012. 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

Carol Smith
James Nicholson
Rugaya Jacobs
Shelley O'Carroll
Xolisa Guzula

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STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2012

	Notes	2012	2011
ASSETS			
Non Current Assets			
Property, plant and equipment	2	7,989	16,891
Current assets			
Cash and cash equivalents		200,744	302,031
Trade and other receivables		23,228	6,301
Total assets		<u>231,961</u>	<u>325,223</u>
CAPITAL AND LIABILITIES			
Capital and reserves			
Accumulated funds		2,884	170,641
O'Carroll bursary fund	3	81,488	48,843
Current liabilities			
SARS		18,534	12,525
Trade and other payables		62,770	41,545
Funds received in advance		66,285	51,669
Total capital and liabilities		<u>231,961</u>	<u>325,223</u>

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STATEMENT OF CHANGES IN FUNDS
FOR THE 12 MONTHS ENDED 29 FEBRUARY 2012

	Accumulated Funds R	O'Carroll bursary fund R	Total R
Balance as at 1 March 2010	(5,135)	35,552	30,417
Surplus / (deficit) for the year	175,776	-	175,776
Funds received during the year	-	81,000	81,000
Disbursements for the year	-	(67,709)	(67,709)
Balance as at 28 February 2011	170,641	48,843	219,484
Balance as at 1 March 2011	170,641	48,843	219,484
Surplus / (deficit) for the year	(167,757)	-	(167,757)
Funds received during the year	-	156,861	156,861
Disbursements for the year	-	(124,216)	(124,216)
Balance as at 28 February 2012	2,884	81,488	84,372

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE 12 MONTHS ENDED 29 FEBRUARY 2012

	Notes	2012	2011 R
Income		1,400,829	942,333
Grants & Donations	4	1,294,936	901,820
Services rendered		62,309	18,423
Bursary fund administration fee		15,686	8,100
Interest received		14,267	10,806
Manual Sales		13,630	3,183
Expenditure		1,568,586	766,556
Accounting service		5,738	9,613
Administration salaries		109,720	71,293
Advertising and promotions		-	3,270
Bank charges		8,181	3,659
Depreciation		8,902	19,381
Gifts		-	701
Illustrations, translations and design work		15,197	5,250
Learning briefs		93,491	-
Material development salaries		91,516	15,561
Materials costs - project		198,419	83,843
New site manuals printing and training costs		23,364	42,997
Office costs		47,126	37,722
Project salaries		781,256	428,499
Publicity, newsletter and web advertising		53,875	-
Staff development		8,700	531
Travel		52,782	21,799
UIF contributions		4,486	2,908
Volunteer stipends		59,232	17,363
Website		6,600	2,167
Surplus / (deficit) for the year		<u>(167,757)</u>	<u>175,776</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 29 FEBRUARY 2012

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.

Item	Average useful life
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

	2012		
	Cost / valuation	Accumulated depreciation	Carrying value
Owned assets	R	R	R
Office Equipment	4,521	4,521	-
Computer Equipment	5,045	5,045	-
Computer Software	26,706	18,717	7,989
	<u>36,272</u>	<u>28,283</u>	<u>7,989</u>

Reconciliation of property, plant and equipment 2011

	Carrying value at beginning of year	2012 Additions	2012 Depreciation	Carrying value
Owned assets	R		R	R
Office Equipment	-	-	-	-
Computer Equipment	-	-	-	-
Computer Software	16,891	-	8,902	7,989
	<u>16,891</u>	<u>-</u>	<u>8,902</u>	<u>7,989</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 29 FEBRUARY 2012

	2012	2011
3 RECONCILIATION OF O'CARROLL BURSARY FUND		
Opening Balance	48,843	35,552
Funds received	156,861	81,000
Less: Disbursements for the year	124,216	67,709
Bursaries	108,530	59,609
Alma - UWC	26,035	5,500
Alunga Nomfenge	2,500	-
Bay Primary	23,886	9,355
Brian - NWU	23,685	-
Faith	1,650	-
Jessica / Nadine & Shelley Kids	-	1,000
Kleinberg School	400	-
Lungi	2,550	-
Scholars Bookshop	3,843	-
Sindiswa Faith	1,000	-
Silvermine Academy	4,178	6,150
St James Primary	16,914	33,054
St. Anthony (Faith)	-	4,550
Van Schaik Bookstore	10	-
Yanga Lowana	60	-
Zimasa Katamzi (Silvermine School)	1,820	-
Other expenses	-	-
Administration fee @ 10%	15,686	8,100
Closing Balance	81,488	48,843

4 GRANTS and DONATIONS	1,294,936	901,820
Grants received	1,176,926	828,374
American Embassy	30,615	-
Anglo Trust	100,000	100,000
Breadline Africa	70,000	-
Centre for Early Childhood Development	166,500	-
DG Murray Trust	522,000	544,000
EMDC	9,800	-
Fairheads International	67,008	35,274
Masiphumelele Library	73,175	107,970
The Learning Trust	110,067	-
Vrygrond Trust	27,762	41,130
Donations received	118,010	73,446
Davies Foundation	10,000	10,000
Dr D McKay & Klut	-	1,176
Gabeba	1,100	-
General	3,000	-
I O Ebrahim	-	6,000
JDI Foundation Conway	3,500	6,270
JP Manasse	1,500	-
Megan White	100	-
Pro-Print	40,000	-
The Argentarium	58,810	-
Zenex Foundation	-	50,000

5 FUNDS RECEIVED IN ADVANCE (and prior year adjustment)

In the prior year, grant income of R51 668 was received in advance and prematurely recognised as income in the income statement.

Funds received in advance	2012	2011
	66,285	51,669
American Embassy	3,785	-
Breadline Africa	-	20,000
Fairhead International	-	31,669
The Learning Trust	62,500	-
Prior year adjustment to Grants received	-	(51,669)

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.