INTSIMBI NATIONAL TOOLING INITIATIVE NPC

(REGISTRATION NUMBER 2007/007719/08)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

INTSIMBI NATIONAL TOOLING INITIATIVE NPC
(Registration number 2007/007719/08)
Financial Statements for the year ended 31 March 2014

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

LEVEL OF ASSURANCE

These financial statements have been audited in compliance with the applicable requirements of the Companies Act No. 71 of 2008.

PREPARER

These financial statements have been prepared by KC Rottok Chesaina CA (SA) of The Proud African Professional Proprietary Limited.

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors and entity's accounting officer are required in terms of the Public Finance Management Act of 1999 section 38 (j) to provide written assurance that the entity implements effective, efficient and transparent financial management and internal control systems. The directors hereby confirm that this has been implemented.

The directors are required by the Companies Act No. 71 of 2008, 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 the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS For SMEs).

The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard 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 March 2015 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing 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 pages 3 to 4.

The financial statements set out on pages 5 to 16, which have been prepared on the going concern basis, were approved by the board of directors and signed on its behalf by:

Director	9/8/2014. **Date**
Director	1/08/2014 **Date**

RSM
Audit • Tax • Advisory

RSM Betty & Dickson (Johannesburg)
Chartered Accountants (S.A.)
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INDEPENDENT AUDITORS' REPORT

To the shareholder of Intsimbi National Tooling Initiative NPC

We have audited the financial statements of Intsimbi National Tooling Initiative NPC, as set out on pages 7 to 16, which comprise the statement of financial position as at 31 March 2014, 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 the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act No. 71 of 2008, 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 auditors consider 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 financial statements present fairly, in all material respects, the financial position of Intsimbi National Tooling Initiative NPC as at 31 March 2014, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities, and the requirements of the Companies Act No. 71 of 2008.

Supplementary Information

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on pages 17 to 18 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Other Reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2014, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the respective preparer. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

RSM Betty & Dickson (Johannesburg)

RSM Betty & Dickson (Johannesburg)
Registered Auditors

Henk Heymans CA (SA) RA
Partner

Date: 2014-08-08
Randburg

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the financial statements of Intsimbi National Tooling Initiative NPC for the year ended 31 March 2014.

1. INCORPORATION

The company was incorporated on 09 March 2007 and obtained its certificate to commence business on the same day.

2. REVIEW OF ACTIVITIES

The company is engaged in the promotion and advancement of toolmaking 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.

There have been no material changes to the nature of the company's business from the prior year.

3. ACCOUNTING POLICIES

There have been no changes to the company's accounting policies.

4. DIRECTORS

The directors in office at the date of this report are as follows:

Name
A A Grech-Cumbo
R Williamson
H A Snyman
J N Mc Ewan
V C Mkhize
J P Venter
T Samanga
S N Beaumont

5. PROPERTY, PLANT AND EQUIPMENT

At 31 March 2014 the company's investment in property, plant and equipment amounted to R10 874 016 (2013: R6 219 760), of which R7 336 910 (2013: R497 583) was added in the current year through additions and R167 941 (2013: RNil) was disposed of through disposals in the current year.

6. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

7. GOING CONCERN

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

8. AUDITORS

RSM Betty & Dickson (Johannesburg) have expressed their willingness to continue in office as auditors for 2014 in accordance with section 90 of the Companies Act No. 71 of 2008.

9. SECRETARY

Anusha Naidu was appointed as the company secretary during the financial year.

10. VAT RECEIVABLE

The company has reported a VAT receivable of R18 833 358 (2013: R6 176 107) in the financial statements (refer note 3). These are funds expected to be received from the South African Revenue Service in future once the company has registered for VAT and submitted claims for the current and prior periods. IFRS for SMEs requires an entity to recognise an asset in the statement of financial position when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. The company's application to register as a vendor in terms of the Value-added Tax Act is currently in progress and the directors are of the opinion that the input Value-added Taxation that was paid in this and prior years can be claimed back successfully. The adjustment in respect of the previous years was treated as prior period adjustment in these financial statements and is reflected in accordance with IFRS for SMEs.

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STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

Figures in Rand	Note	2014	2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2	10 874 016	6 219 760
CURRENT ASSETS			
Trade and other receivables	3	18 833 358	6 176 107
Cash and cash equivalents	4	122 951	14 999
		18 956 309	**6 191 106**
Total Assets		**29 830 325**	**12 410 866**
EQUITY AND LIABILITIES			
EQUITY			
Retained income		29 814 301	11 901 039
LIABILITIES			
NON-CURRENT LIABILITIES			
Loan from related party		-	7 000
CURRENT LIABILITIES			
Trade and other payables		16 024	502 827
Total Liabilities		**16 024**	**509 827**
Total Equity and Liabilities		**29 830 325**	**12 410 866**

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STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note	2014	2013
Revenue	5	103 308 820	43 129 825
Other income	6	(167 941)	-
Operating expenses		(85 589 707)	(39 950 566)
Operating surplus		**17 551 172**	**3 179 259**
Investment income	7	362 090	99 644
Finance costs	8	-	(11)
Surplus for the year		**17 913 262**	**3 278 892**

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STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Retained income	Total equity
Balance at 01 April 2012	8 622 147	8 622 147
Surplus for the year	3 278 892	3 278 892
Balance at 01 April 2013	11 901 039	11 901 039
Surplus for the year	17 913 262	17 913 262
Balance at 31 March 2014	29 814 301	29 814 301

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STATEMENT OF CASH FLOWS

Figures in Rand	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	6 921 831	407 917
Interest income		362 090	99 644
Finance costs		-	(11)
Net cash from operating activities		**7 283 921**	**507 550**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(7 336 910)	(497 583)
Sale of property, plant and equipment	2	167 941	-
Net cash from investing activities		**(7 168 969)**	**(497 583)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans (repaid to)/received from related party		(7 000)	5 000
Net cash from financing activities		**(7 000)**	**5 000**
Total cash movement for the year		**107 952**	**14 967**
Cash at the beginning of the year		14 999	32
Total cash at end of the year	4	**122 951**	**14 999**

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act No. 71 of 2008. 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 those of the previous period.

1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the financial statements.

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 initially measured at cost.

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

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 thereof, 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
Furniture and fixtures	6 years
Office equipment	5 years
IT equipment	3 years
Plant and machinery	5 years
Tooling equipment	5 years

1.3 FINANCIAL INSTRUMENTS

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Loan and receivable.
- Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

ACCOUNTING POLICIES

1.3 FINANCIAL INSTRUMENTS (continued)

Initial recognition and measurement

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Loan and receivable are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Loans to/(from) group companies

These include loans to and from holding companies, fellow subsidiaries, joint ventures and associates are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalent comprises cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4 EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

ACCOUNTING POLICIES

1.5 GOVERNMENT GRANTS

The entity recognises government grants as follows:

a) A grant that does not impose specified future performance conditions on the recipient is recognised in income when the grant proceeds are receivable.

b) Grants that impose specified future performance conditions are recognised in income when the performance conditions are met.

c) Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Grants are measured at the fair value of the asset received or receivable.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2014	2013

2. PROPERTY, PLANT AND EQUIPMENT

	2014			2013		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	724 198	(453 829)	270 369	663 539	(337 455)	326 084
Office equipment	376 205	(376 205)	-	376 205	(322 977)	53 228
IT equipment	1 952 572	(1 637 435)	315 137	1 861 694	(1 231 749)	629 945
Plant and machinery	15 122 013	(5 075 061)	10 046 952	8 346 515	(3 644 368)	4 702 147
Tooling equipment	1 333 992	(1 092 434)	241 558	1 333 992	(825 636)	508 356
Total	**19 508 980**	**(8 634 964)**	**10 874 016**	**12 581 945**	**(6 362 185)**	**6 219 760**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	326 084	62 074	-	(117 789)	270 369
Office equipment	53 228	-	-	(53 228)	-
IT equipment	629 945	91 229	-	(406 037)	315 137
Plant and machinery	4 702 147	7 183 607	(167 941)	(1 670 861)	10 046 952
Tooling equipment	508 356	-	-	(266 798)	241 558
	6 219 760	**7 336 910**	**(167 941)**	**(2 514 713)**	**10 874 016**

3. TRADE AND OTHER RECEIVABLES

Value-added Taxation receivable	18 833 358	6 176 107

IFRS for SMEs requires an entity to recognise an asset in the statement of financial position when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. The company's application to register as a vendor in terms of the Value-added Tax Act is currently in progress and the directors are of the opinion that the input Value-added Taxation that was paid in this and prior years can be claimed back successfully. The adjustment in respect of previous years was treated as a prior period error in these financial statements and is reflected in accordance with IFRS for SMEs.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Bank balances	122 951	14 999

5. REVENUE

Funds received from the Department of Trade and Industry	103 308 820	43 129 825

6. OTHER INCOME

Other income	(167 941)	-

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand

	2014	2013
7. OPERATING SURPLUS		
Operating surplus for the year is stated after accounting for the following:		
Depreciation of property, plant and equipment	2 510 650	2 901 847
8. INVESTMENT REVENUE		
Bank interest	362 090	99 644
9. CASH GENERATED FROM OPERATIONS		
Surplus before taxation	17 913 262	3 278 892
Adjustments for:		
Depreciation and amortisation	2 510 650	2 901 847
Interest received	(362 090)	(99 644)
Finance costs	-	11
VAT receivable	-	(5 987 365)
Changes in working capital:		
Trade and other receivables	(12 657 251)	(188 649)
Trade and other payables	(482 740)	502 825
	6 921 831	**407 917**
10. AUDITORS' REMUNERATION		
Fees	73 264	100 922
Consulting - taxation	26 133	10 226
	99 397	**111 148**

11. DIRECTORS' EMOLUMENTS

No emoluments were paid to the directors or any individuals holding a prescribed office during the 12 months.

12. PRIOR PERIOD ERRORS

IFRS for SMEs requires an entity to recognise an asset in the statement of financial position when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. The company's application to register as a vendor in terms of the Value-added Tax Act is currently in progress and the directors are of the opinion that the input Value-added Taxation that was paid in this and prior years can be claimed back successfully. The adjustment in respect of previous years was treated as a prior period error in these financial statements and are reflected in accordance with IFRS for SMEs.

The correction of the error(s) results in adjustments as follows:

	2014	2013
Statement of financial position		
Increase in trade receivables	-	6 038 175
Increase in retained earnings	-	6 038 175
Statement of comprehensive income		
Decrease in operating expenses	-	6 038 175
Increase in surplus for the year	-	6 038 175

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2014	2013

13. RELATED PARTIES

Relationships

Common directorship	National Tooling Initiative Programs Proprietary Limited
Directors	A A Grech-Cumbo
	R Williamson

Related party balances and transactions with entities with control, joint control or significant influence over the company

Related party balances

	2014	2013
Loan accounts - owing (to)/by related party		
National Tooling Initiative Programs Proprietary Limited	-	(7 000)
Amounts included in trade receivable/(trade payable) regarding related parties		
National Tooling Initiative Programs Proprietary Limited	-	(497 583)

Related party transactions

	2014	2013
Project fee expense		
National Tooling Initiative Programs Proprietary Limited	82 967 433	42 958 209

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DETAILED STATEMENT OF PROFIT OR LOSS

Figures in Rand	Note	2014
Revenue		
Skills Development Programme		**54 434 000**
NSF Funded Programme		**48 874 820**
Total Revenue		**103 308 820**
Other Income		
Interest received		362 090
Programme Expenses		
DTI-NTI Skills Programme Expenses:		**39 980 689**
Operational Project Expenditure:	**28 426 315**	
Site rental and operating cost	5 179 862	
Student fees	2 454 748	
Teaching/Mentoring and support personnel costs	19 916 817	
Consumables (Stationery etc)	512 742	
Consumables (Working materials)	362 145	
Developmental Project Expenditure:	**6 363 553**	
Curriculum/Materials development	2 151 862	
Teacher recruitment/Assessment/Training	828 200	
Benchmarking Model development	485 670	
Programme SA Accreditation Curriculum	1 170 030	
Development management support/Project management	984 133	
Student sourcing, assessment/orientation	315 221	
Student accreditation system development	428 438	
Overhead and Project Management Expenditure	**5 190 821**	
DTI - NSF Co-Funded Programme Expenses:		**15 286 390**
Learner allowance	6 266 097	
Tool allowance	679 596	
Company training/workplace cost	1 996 607	
Assessment/moderation cost	3 867 290	
Quality assurance cost	1 320 233	
Protective clothing in training	104 458	
Graduation and certification	-	
Project management	1 052 108	

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DETAILED STATEMENT OF PROFIT OR LOSS

Figures in Rand	Note		2014
DTI - NSF 100% Funded Programme Expenses:			**27 700 355**
Training provider fees		13 797 834	
Learner allowance		3 911 763	
Tool allowance		1 040 806	
Company training/workplace cost		454 001	
Assessment/moderation cost		661 458	
Quality assurance cost		5 645 218	
Protective clothing in training		257 027	
Graduation and certification		-	
Project management		1 932 248	
Asset disposal			167 941
Auditors' remuneration			99 396
Bank charges			4 599
Secretarial fees			7 628
Computer expenses			
Finance costs			
Total Programme Expenditure			**83 246 998**
Surplus before depreciation			**20 423 912**
Depreciation			(2 510 650)
Surplus before taxation			**17 913 262**
Taxation			
Surplus for the year			**17 913 262**