

**NATIONAL TOOLING INITIATIVE PROGRAMS PROPRIETARY LIMITED**

**(REGISTRATION NUMBER 2005/023407/07)**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**NATIONAL TOOLING INITIATIVE PROGRAMS PROPRIETARY LIMITED**  
**(Registration number 2005/023407/07)**  
**Annual Financial Statements for the year ended 31 March 2016**

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**LEVEL OF ASSURANCE**

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

**PREPARER**

These financial statements have been prepared by KC Rottok Chesaina CA (SA) of Mueni Management Consulting Proprietary Limited under the supervision of Anusha Naidu, Financial Manager.

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**DIRECTORS' RESPONSIBILITIES AND APPROVAL**

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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 of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual 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 Standards for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standards 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 annual 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 2017 and, in the light of this review and the current financial position, they are satisfied that the company has or had 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 annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 3 to 4.

The annual financial statements set out on pages 5 to 18, which have been prepared on the going concern basis, were approved by the board of directors and were signed on its behalf by:

Director

Director

Date

Date

## REPORT OF THE INDEPENDENT AUDITORS

### To the shareholder of National Tooling Initiative Programs Proprietary Limited

We have audited the financial statements of National Tooling Initiative Programs Proprietary Limited as set out on pages 7 to 18 which comprise the statement of financial position as at 31 March 2016, and the statement of profit or loss and other 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 of South Africa, 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.

## THE POWER OF BEING UNDERSTOOD

### AUDIT | TAX | CONSULTING

Partners E Bergh, B Com (Hons), CA(SA), 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, HDip Tax Law, CA(SA), C J Flynn, B Compt (Hons), 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, HDip Tax Law, HDip Int Tax Law, CA(SA), J Klitching, B Compt (Hons), CA(SA), B Kooi, B Compt (Hons), M Com (GFA), CA(SA), L Mac Donald, B Compt (Hons), 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 Wootton, B Com (Hons), CA(SA), A D Young, B Compt (Hons), CA(SA)

RSM South Africa, Practice No. 900435 is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of National Tooling Initiative Programs Proprietary Limited as at 31 March 2016, 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 of South Africa.

*Supplementary Information*

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on pages 19 to 21 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 2016, 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 South Africa*  
**RSM South Africa**  
**Registered Auditors**

**Per: Michael Steenkamp CA (SA) RA**  
**Partner**

**Date:** *5 August 2016*  
**Randburg**

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**DIRECTORS' REPORT**

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The directors submit their report for the year ended 31 March 2016.

**1. INCORPORATION**

The company was incorporated on 01 January 2005 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 tooling and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

**3. DIVIDENDS**

No dividends were declared or paid to the shareholder during the year.

**4. AUTHORISED AND ISSUED SHARE CAPITAL**

There were no changes in the authorised or issued share capital of the company during the year under review.

**5. DIRECTORS**

The directors of the company during the year and to the date of this report are as follows.

<b>DIRECTORS</b>	<b>NATIONALITY</b>
A A Grech-Cumbo	South African
B J Davis	South African
R Williamson	South African

**6. EVENTS AFTER THE REPORTING PERIOD**

The directors are not aware of any matter or circumstance arising since the end of the financial year that may have an effect on the annual financial statements.

**7. GOING CONCERN**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The continuation of the company's activities is dependent upon the continuation of government funding. The annual financial statements have been prepared on the going concern basis which assumes that the government funding will be continued. Accordingly, these annual financial statements do not include any adjustments relating to the recoverability and classification of assets or amounts or classification of liabilities, that might be necessary if the company is unable to continue as a going concern.

**8. AUDITORS**

RSM South Africa have expressed their willingness to continue in office as auditors in accordance with Section 90 of the Companies Act of South Africa.

**9. ACCOUNTING POLICIES**

The accounting policies are consistent with those of the previous period.

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**DIRECTORS' REPORT**

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**10. SECRETARY**

The company had no secretary during the financial year.

**11. NON-CURRENT ASSETS**

During the year under review, the company invested in additional property, plant and equipment - refer to note 2.

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**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016**

Figures in Rand	Note	2016	2015
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2	2 671 053	1 387 416
Deferred tax	3	16 594	-
		<u>2 687 647</u>	<u>1 387 416</u>
<b>CURRENT ASSETS</b>			
Work in progress		807 920	139 187
Other financial assets	4	500 000	300 000
Current tax receivable		24 981	-
Trade and other receivables	5	21 534 240	12 137 641
Cash and cash equivalents	6	7 095 358	30 442 488
		<u>29 962 499</u>	<u>43 019 316</u>
<b>Total Assets</b>		<u>32 650 146</u>	<u>44 406 732</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	7	100	100
Retained income		1 227 925	848 729
		<u>1 228 025</u>	<u>848 829</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax	3	-	38 972
<b>CURRENT LIABILITIES</b>			
Current tax payable		-	303 904
Trade and other payables	8	17 737 427	23 215 452
Deferred income	9	13 684 694	19 999 575
		<u>31 422 121</u>	<u>43 518 931</u>
<b>Total Liabilities</b>		<u>31 422 121</u>	<u>43 557 903</u>
<b>Total Equity and Liabilities</b>		<u>32 650 146</u>	<u>44 406 732</u>



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**STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME**

<b>Figures in Rand</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
Revenue	10	159 411 331	117 239 326
Operating expenses		(159 616 122)	(116 595 794)
<b>Operating profit</b>	11	<b>(204 791)</b>	<b>643 532</b>
Investment revenue		528 421	-
<b>Profit before taxation</b>		<b>323 630</b>	<b>643 532</b>
Taxation	12	55 566	(444 627)
<b>Profit for the year</b>		<b>379 196</b>	<b>198 905</b>

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**STATEMENT OF CHANGES IN EQUITY**

<b>Figures in Rand</b>	<b>Share capital</b>	<b>Retained income</b>	<b>Total equity</b>
<b>Balance at 01 April 2014</b>	<b>100</b>	<b>649 824</b>	<b>649 924</b>
Profit for the year	-	198 905	198 905
<b>Balance at 01 April 2015</b>	<b>100</b>	<b>848 729</b>	<b>848 829</b>
Profit for the year	-	379 196	379 196
<b>Balance at 31 March 2016</b>	<b>100</b>	<b>1 227 925</b>	<b>1 228 025</b>
Note	7		

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**STATEMENT OF CASH FLOWS**

<b>Figures in Rand</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from (used in) operations	13	(21 232 965)	17 220 105
Interest income		528 421	-
Tax paid	14	(328 885)	53 758
<b>Net cash from operating activities</b>		<b><u>(21 033 429)</u></b>	<b><u>17 273 863</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	2	(2 113 701)	(1 010 299)
Proceeds on transfer of property, plant and equipment	2	-	137 945
Loan advanced to KZN Tooling Initiative		(200 000)	(300 000)
<b>Net cash from investing activities</b>		<b><u>(2 313 701)</u></b>	<b><u>(1 172 354)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Total cash movement for the year</b>		<b><u>(23 347 130)</u></b>	<b><u>16 101 509</u></b>
Cash at the beginning of the year		30 442 488	14 340 979
<b>Total cash at end of the year</b>	6	<b><u>7 095 358</u></b>	<b><u>30 442 488</u></b>

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**ACCOUNTING POLICIES**

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**1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS**

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in the South African Rand.

These accounting policies are consistent with those of the previous period.

**1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

**Allowance for doubtful debts**

Debtors are regularly assessed by management and provided for at their discretion.

**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.

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 of, 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.

Property, plant and equipment are depreciated on the straightline basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

<b>ITEM</b>	<b>AVERAGE USEFUL LIFE</b>
Leasehold property	3 years
Furniture and fixtures	6 years
Office equipment	3 years
IT equipment	3 years

**1.3 TAX**

**CURRENT TAX ASSETS AND LIABILITIES**

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

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**ACCOUNTING POLICIES**

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**1.3 TAX (continued)**

**DEFERRED TAX ASSETS AND LIABILITIES**

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

**TAX EXPENSES**

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

**1.4 LEASES**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

**OPERATING LEASES – LESSEE**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term except in cases where another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or where the payments are structured to increase in line with expected general inflation.

**1.5 SHARE CAPITAL AND EQUITY**

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

**1.6 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) Grant 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.

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**ACCOUNTING POLICIES**

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**1.7 REVENUE**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and Value-added Taxation (VAT).

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and that revenue can be reliably measured.

Interest is recognised, in profit or loss, using the effective interest rate method.

**1.8 WORK IN PROGRESS**

Work in progress represents expenses incurred on behalf of funders that will only be recovered in future financial periods.