

The Durban High School Foundation Trust
IT 1146/1946/PMB

PBO Number : 93022185

Financial Statements
For the year ended 31 December 2014

The Durban High School Foundation Trust
Annual Financial Statements
For the year ended 31 December 2014

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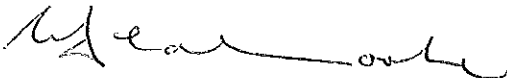
Approval and statement of responsibility.

The financial statements and supporting schedules which appear on page 14 were approved by the trustees on 30 September 2015 and signed on their behalf.

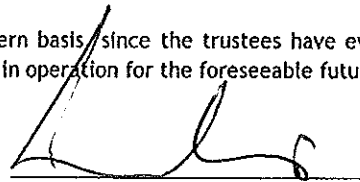
The trustees are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. These financial statements have been prepared in accordance with the basis of accounting set out in Note 1 of the financial statements.

The trustees are also responsible for the trust's system of internal financial control. These are designed to provide, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the trustees 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 trustees have every reason to believe that the trust has adequate resources in place to continue in operation for the foreseeable future.



CS Seabrooke
Trustee



H J Buttery
Trustee



Tel: +27 10 060 6700
Fax: +27 31 536 8021
www.bdo.co.za

Rydallviews Building
5A Rydall Vale Office Park
38 Douglas Saunders Drive
La Lucia Ridge, 4051
PO Box 47
La Lucia 4153
South Africa

**Report of the independent auditors
to the trustees of the The Durban High School Foundation Trust**

We have audited the annual financial statements of the The Durban High School Foundation Trust set out on pages 4 to 13 for the year ended 31 December 2014. These financial statements are the responsibility of the trustees. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards of auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting policies used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements are prepared in accordance with the basis of accounting as set out in Note 1 to the financial statements.

Audit opinion

In our opinion, the accompanying financial statements have been prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the financial statements.

Supplementary information

The supplementary financial information set out on page 14 do not form part of the annual financial statements and are presented as additional information. We have not audited these schedules and accordingly we do not express an opinion on them.

Accounting and secretarial duties

With the written consent of all trustees, we have performed certain accounting duties.

BDO South Africa Incorporated
Registered Auditors
Sally Jukes
Director
Registered Auditor

30 September 2015

BDO South Africa Incorporated
Registration number: 1995/002310/21
Practice number: 905526E
VAT number: 4910148685

National Executive: S Dansie BJ de Wet HCS Lopes B Lovell FD Schneider SD Shaw ME Stewart (Chief Executive) A van der Hoek
Office Managing Director: B Lovell

The company's principal place of business is at 22 Wellington Road, Parktown, Johannesburg where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO Southern African Co-ordination (Pty) Ltd, a South African company, which in turn is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

The Durban High School Foundation Trust
Report of the Trustees
For the year ended 31 December 2014

1 Business and operations

The trust's business and operations and the results thereof are clearly reflected in the attached financial statements. There was no major change in the nature of the trust.

2 Trustees

The trustees of the trust during the accounting period and up to the date of this report were as follows:

Christopher Stefan Seabrooke - Chairman	Old Boy Class 1970	Appointed	8 July 2013
Donald Robert Spiers	Old Boy Class 1971	Appointed	14 March 2013
Ian Corbishley	Old Boy Class 1964	Appointed	14 March 2013
Robert Bruce Armstrong	Old Boy Class 1981	Appointed	14 March 2013
Richard Alfred Neave	Independent	Appointed	14 March 2013
Stephen Bradley Saad	Old Boy Class 1981	Appointed	14 March 2013
Howard John Buttery	Old Boy Class 1963	Re-appointed	1 August 2014

3 Foundation administration

Michael Fennell	Chief Executive
Robin Mutch	Business Manager
Elizabeth Foster	Database Administrator
Candice Herbst	Public relations and Communications Manager

5 Contact details

Physical address	255 St Thomas Road, Berea, Durban, 4001
Website	www.dhsfoundation.co.za
E-mail	mfennell@dhsfoundation.co.za
Telephone	031-2012284

The Durban High School Foundation Trust

Balance Sheet
at 31 December 2014

	Note	2014	2013
		R	R
Assets			
Non current assets			
Club House property	1	46 166 525	46 166 525
Listed investments	2	4 852 496	7 228 787
Current assets			
Loan receivable	3	1 433 181	1
Bank accounts	4	219 668	1 193 751
Debtors	5	131 423	93 064
Total assets		52 803 293	54 682 128
Equity and liabilities			
Trust Capital			
Accumulated income/loss		(10 666 955)	(4 853 827)
Capital - benefactors	6	687 542	161 925
Capital profits	7	10 415 405	9 903 786
Capital - special funds	8	4 449 740	4 212 444
DHS Club revaluation reserve	1	42 734 332	42 734 332
Specific bequests	9	2 384 370	2 382 770
Current liabilities		2 798 859	140 698
Bank overdraft	4	1 924 938	-
Loan payable	10	683 180	-
Creditors	11	190 741	140 698
		52 803 293	54 682 128

The Durban High School Foundation Trust

Income Statement

For the year ended 31 December 2014

	Note	2014	2013
		R	R
Income		6 436 322	6 076 267
Donations received	12	3 925 285	4 308 510
Fair value adjustment		544 458	410 048
Interest received	13	288 560	344 171
Share Portfolio		259 546	308 842
Bank		29 014	35 329
Profit on sale of investments		452 136	716 347
Rental income		1 003 668	261 667
Sundry income		222 215	35 524
Less expenditure		4 607 152	3 407 422
Foundation operating costs		3 693 199	2 812 262
Accounting fee		43 768	-
- current		11 500	-
- prior year		19 956	-
- tax		12 312	-
Audit fee		29 090	16 623
- current		8 000	16 623
- prior year		21 090	-
Bank charges		22 392	19 195
Computer expenses		66 944	36 633
Consulting fees		86 164	144 528
Electricity and water		-	20 755
Entertainment		6 982	9 408
Interest paid		72 577	1 846
Legal fees		27 496	118 019
Marketing - public relations		17 465	-
Office expenses		5 040	6 289
Penalties - SARS		18 061	-
Printing and stationery		200	3 537
Rent paid		57 950	47 391
Salaries		3 227 873	2 380 976
Telephone and fax		5 671	2 693
Travel		5 526	4 368
Rental property costs		913 953	595 160
Accounting fee		11 062	280
Audit fee		12 750	-
Bank charges		3 449	3 379
Cleaning		15 679	11 876
Computer expenses		5 741	4 895
Electricity and water		156 108	101 289
Insurance		39 237	40 037
Legal fees		94 323	2 500
Printing and stationery		424	888
Repairs and maintenance		118 469	56 409
Salaries		426 031	280 472
Security		11 969	87 863
Sundry expenses		12 102	1 491
Telephone and fax		6 609	3 782
Income for the year		1 829 170	2 668 845

The Durban High School Foundation Trust

Income Statement - continued

For the year ended 31 December 2014

	Note	2014	2013
		R	R
Income for the year - brought forward		1 829 170	2 668 845
Transfer to Capital - special funds		(237 300)	-
Transfer to Benefactors capital		(452 136)	(716 347)
		<u>1 139 734</u>	<u>1 952 498</u>
Donations - Old Boys		12 000	57 931
Donations - Durban High School - bursaries		-	5 379 150
Donations - Durban High School - capital development		5 934 243	-
Impairment of loan - Durban High School		1 006 619	4 699 999
		<u>(5 813 128)</u>	<u>(8 184 582)</u>
Income profit brought forward		(4 853 827)	3 330 755
Loss carried forward		<u>(10 666 955)</u>	<u>(4 853 827)</u>

The Durban High School Foundation Trust

Cash Flow Statement

For the year ended 31 December 2014

	Note	2014	2013
		R	R
Cash flows from operating activities	14	(5 627 843)	(4 556 177)
Dividends received		-	-
Fair Value adjustment		544 458	410 048
Interest received		288 560	344 171
Net cash (outflow)Inflow from operating activities		<u>(4 794 825)</u>	<u>(3 801 958)</u>
Cash flows from investing activities			
Loans written down		-	4 699 999
Revaluation of club property		-	(46 166 526)
Increase in capital		1 276 133	38 956 596
Decrease/(Increase) in investments		2 376 291	1 992 488
Movement of loan		(2 439 800)	2 734 332
(Decrease)/Increase in loans payable		683 180	(1 104 298)
Net cash inflow/(outflow)		<u>1 895 804</u>	<u>1 112 591</u>
Bank Balance at beginning of year		<u>1 193 751</u>	<u>3 883 118</u>
Bank Balance at end of year	4	<u>(1 705 270)</u>	<u>1 193 751</u>

The Durban High School Foundation Trust

Notes to the financial statements at 31 December 2014

1 Accounting policies

The financial statements are prepared in accordance with the principal accounting policies set out below. The financial statements are prepared on the historical cost convention and are consistent with those of the previous year.

1.1 Revenue Recognition

Revenue is generally recognised on the accrual basis.

1.2 Dividends

Dividends are recognised when the last date to register for the dividend has passed.

1.3 Investments

Non current investments are shown at market value and adjustments are made only where, in the opinion of the trustee's, the investment is impaired. Where an investment has been impaired, the impairment loss is charged directly to the Special Funds (capital account) in the period in which the impairment has been identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Special Funds (capital account).

1.4 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include deposits held at call with banks and investments in money market instruments.

1.5 Impairment of loan

The Trust assesses at each reporting period whether there is an indication that any loans may be impaired, If any such indication exists the Trust estimates the realisable amount and provides for impairment

The Durban High School Foundation Trust

Notes to the financial statements
at 31 December 2014

	2014	2013
	R	R
Club House Property		
1 Opening balance	46,166,525	1
Revaluation to market value	-	42,734,332
Capitalised medical centre renovations	-	3,432,192
	<u>46,166,525</u>	<u>46,166,525</u>
2 Listed investments - at market value	<u>4,852,496</u>	<u>7,228,787</u>
Details of listed investments are set out in Schedule 1.		
3 Loans to Durban High School		
3.1 Long term loans		
Loans		
Opening balance of loan	2,254,673	2,254,673
Current year	<u>1,006,619</u>	<u>-</u>
	3,261,292	2,254,673
Provision for impairment		
Prior years provision for impairment	(2,254,672)	-
Current year provision for impairment	<u>(1,006,619)</u>	<u>(2,254,672)</u>
	(3,261,291)	(2,254,672)
Net loan balance	<u>1</u>	<u>1</u>
3.2 Short term loans		
Opening balance of loan	2,445,327	2,445,327
Current year - Working capital loan	<u>1,433,180</u>	<u>-</u>
	3,878,507	2,445,327
Provision for impairment		
Prior years provision for impairment	(2,445,327)	-
Current year provision for impairment	<u>-</u>	<u>(2,445,327)</u>
	(2,445,327)	(2,445,327)
Net short term loan	<u>1,433,180</u>	<u>-</u>
The above loan is interest free, unsecured and repayable in 2015.		
4 Bank accounts		
Nedbank corporate saver	17	94,398
Money market	110,094	59,287
Grindrod Income account	31	-
FNB current account	104,767	74,281
Petty cash	2,586	2,075
Grindrod call deposit	<u>2,173</u>	<u>963,709</u>
	219,668	1,193,751
Grindrod overdraft account	<u>(1,924,938)</u>	<u>-</u>
	<u>(1,705,270)</u>	<u>1,193,751</u>

Overdraft facility limited to R 2,500,000. As security the borrower cedes and pledges in *Securitate debiti* the listed investments referred to in note 2, the Rights and interest to the bank as a continuing general covering collateral security, on the terms and conditions set out in the agreement.

The Durban High School Foundation Trust

Notes to the financial statements (continued)
at 31 December 2014

	2014 R	2013 R
5 Debtors		
DHS Foundation trust debtors	82 459	25 459
Club debtors	48 964	67 605
	<u>131 423</u>	<u>93 064</u>
6 Capital - benefactors		
Opening balance	161 925	-
Pledges/donations received during the year	525 617	161 925
Closing balance	<u>687 542</u>	<u>161 925</u>
<p>Pledges received include both monthly and annual commitments from the Durban High School Old Boys' fraternity and, similarly, once off capital donations have been received from Old Boys'.</p>		
7 Capital profits		
Profit on sale of property	8 944 690	8 944 690
Distribution - Durban High School	(2 366 834)	(2 366 834)
Distribution - DHS Old Boy's Club	(3 056 312)	(3 184 195)
Distribution - DHS Old Boy's Club Medical Centre	(68 400)	-
	<u>3 453 144</u>	<u>3 393 661</u>
Profit on sale of shares		
Balance transferred from DHS Educational Trust	3 824 037	3 824 037
Profit on sale of shares as at 1 January 2014	2 686 088	1 969 741
Profits on sale of shares as per schedule 1	452 136	716 347
	<u>6 962 261</u>	<u>6 510 125</u>
Total capital profits	<u>10 415 405</u>	<u>9 903 786</u>
8 Capital Special Funds		
JK Holmes Bequest	2 000	2 000
Combined scholarship	107 320	101 620
Lillian Readshaw Scholarship	244 000	231 000
Lillian Readshaw Bequest	1 610 009	1 524 009
Cecil Renaud	105 600	100 000
LCW Theobald	341 667	323 468
HG Gray Trust	624 944	591 545
DHS Association Scholarship	88 935	84 236
Combined scholarship ex DHS Trust	1 325 265	1 254 566
	<u>4 449 740</u>	<u>4 212 444</u>

The Durban High School Foundation Trust

Notes to the financial statements (continued)
at 31 December 2014

9 Specific bequests

	Pat Goss Fund R	E/L FD Tomlin R	Bronek Masojada R	Total R
Capital transferred from DHS Trust	1 157 511	828 221	397 038	2 382 770
Interest	65 300	46 700	22 400	134 400
Distributions	(82 150)	(650)	(50 000)	(132 800)
	<u>1 140 661</u>	<u>874 271</u>	<u>369 438</u>	<u>2 384 370</u>

	2014 R	2013 R
10 Loan payable		
Sabvest	<u>683 180</u>	<u>-</u>

The above loan is interest free, unsecured and will be donated to Durban High School in 2015 and an equivalent amount will be donated in 2015 by Sabvest Group companies.

11 Creditors

Foundation Dinner	-	20 353
Accruals	<u>190 741</u>	<u>120 345</u>
	<u>190 741</u>	<u>140 698</u>

12 Donations received

C Seabrooke	500 000	1 000 000
S Saad	500 000	1 000 000
H Buttery	500 000	1 000 000
G Bennett	50 000	-
DBU	20 000	37 740
Saville Foundation	135 960	-
GB Computers	190 000	-
Nashua	200 000	-
L Corbett	100 000	-
P Goss	100 000	-
S Saad	250 000	-
H Buttery	250 000	-
C Seabrooke	250 000	-
PL Polson	250 000	-
S Hackner	100 000	-
L Saad	100 000	-
Sundry donations	14 400	57 740
C Seabrooke (Sabvest fund)	-	495 200
C Seabrooke	140 000	130 000
R Baston	274 925	288 855
S Hackner	-	100 000
A Crawford	-	101 000
Class of 63	-	47 975
K Tip	-	30 000
S & A Pohl	-	20 000
	<u>3 925 285</u>	<u>4 308 510</u>

The Durban High School Foundation Trust

Notes to the financial statements (continued)
at 31 December 2014

	2014 R	2013 R
13 Interest received		
Nedbank Corporate Saver	3 994	-
Grindrod call deposit	25 020	35 329
Investments	259 546	308 842
	<u>288 560</u>	<u>344 171</u>
14 Notes to the cash flow statement		
Generated from operations		
Net (loss)/income for the year	(5 813 128)	(8 184 582)
Fair Value adjustment	(544 458)	(410 048)
Loans written off	1 006 619	4 699 999
Interest received	(288 560)	(344 171)
Working capital changes	11 684	(317 375)
Decrease/(Increase) in debtors	(38 359)	(66 170)
Increase/(Decrease) in creditors	50 043	(251 205)
Cash generated from operations	<u>(5 627 843)</u>	<u>(4 556 177)</u>

15 Contingencies

There is a pending VAT matter with South African Revenue Services for Durban High School Foundation Trust ("The Trust"), formerly known as the Durban High School Memorial Trust and Old Boys Club ("the Club"). The trustee's consider the likelihood of the action against the Trust being successful as unlikely. Should the action be successful the Trust has estimated interest and penalties at R 104 000.

16 Events subsequent to year end

The Trustee's are not aware of any material matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report or the financial statements, which significantly affect the financial position of the Trust or the results of its operations to the date of this report.

DHS FOUNDATION TRUST
As at 31 December 2014

Schedule of Investments

	SHARES AT 01/01/2014			PURCHASES			SALES			SHARES AT 31/12/2014						
	Note	No	Cost R	Date	No	Cost R	Date	No	Cost R	Proceeds	Profit / (Loss) on sale	Interest Received	No	Cost R	Market Value	
UNIT TRUST																
Property Trust																
Arrowhead Properties B		134 000	964 891				30-06-2014	54 000	388 837	393 528	4 691	67 926	30 000	576 054	724 800	
Ascension Properties Ltd		120 000	513 359				30-06-2014	65 000	278 070	306 316	28 246	34 913	55 000	235 290	288 750	
Capital Property Fund		70 000	748 313				30-06-2014	30 000	320 705	318 361	(2 344)	43 716	40 000	427 607	534 800	
Delta Property Fund		93 000	789 084				30-06-2014	53 000	449 693	408 355	(41 338)	55 372	40 000	359 391	348 000	
Emira Property Fund Ltd		27 900	302 742				30-04-2014	27 900	302 742	397 327	94 585	16 547	-	-	-	
Fountainhead Property Trust		900	2 433				30-04-2014	900	2 433	6 908	4 475	-	-	-	-	
Growthpoint Property Ltd		16 000	405 552				30-06-2014	6 000	152 082	145 602	(6 480)	20 840	10 000	253 470	271 300	
Hyprop Investments Ltd		5 280	390 720				30-06-2014	3 280	242 720	256 873	14 153	17 017	2 000	148 000	194 780	
New Europe Prop Inv PLC		14 000	842 505				30-06-2014	10 384	608 216	969 149	360 933	-	4 093	234 289	467 421	
October Invest Ltd		-	-		477	-	26-09-2014	-	-	-	-	-	-	-	-	
Rebois Property Fund Ltd		40 000	459 511		10 000	893 048	31-08-2014	15 000	172 317	165 111	(7 206)	34 840	40 000	893 048	990 000	
Redefine Properties Ltd		40 000	380 508				30-06-2014	16 000	152 323	150 216	(2 107)	32 138	25 000	287 194	308 750	
Resilient Prop Income Fund		10 000	500 295				30-06-2014	4 500	225 133	258 367	33 234	23 714	24 000	228 485	259 200	
Resilient Prop Income NPL		-	-		656	-	30-06-2014	656	-	2 506	2 506	25 218	5 500	275 162	464 695	
Vukile Property Fund Ltd		30 000	518 526				30-08-2014	30 000	518 526	487 313	(31 213)	21 503	-	-	-	
			6 818 740			893 048			3 813 796	4 265 932	452 136	391 743		3 897 990	4 852 496	

Note

- 1 - New Europe Property Inv PLC
- SC - Scrip dividend: 2,742 NEP shares for every 100 NEP shares held 28/3/2014
- SC - Scrip dividend: 2,332 NEP shares for every 100 NEP shares held 26/9/2014