

ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION
INCORPORATED IN SOUTH AFRICA UNDER SECTION 21
(REGISTRATION NUMBER 2004/003952/10)
AND INCORPORATED IN ENGLAND AND WALES
AS COMPANY NUMBER 4957091)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012



Mazars
Registered Auditor

ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Annual Financial Statements for the year ended 31 August 2012

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Public Benefit Organisation
Directors	P F Dunning K R Gundle B J Tomlinson I G P Wace
Registered office	Mazars House Rialto Road Grand Moorings Precinct Century City 7441
Bankers	Standard Bank of South Africa Limited
Auditors	Mazars Registered Auditor
Company registration number	South Africa - 2004/003952/10 England and Wales - 4957091
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa
Preparer	The annual financial statements were compiled by Yaseen Ismail Chartered Accountant (SA)
Published	19 October 2012

ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Annual Financial Statements for the year ended 31 August 2012

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

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INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Report on the Financial Statements

We have audited the annual financial statements of ARK (South Africa) Limited (An Association Incorporated in South Africa Under Section 21 (Registration number 2004/003952/10) and Incorporated in England and Wales as company number 4957091), which comprise the statement of financial position as at 31 August 2012, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 6 to 19

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of annual 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 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 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' judgement, 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.

Continued\

REGISTERED AUDITOR – A FIRM OF CHARTERED ACCOUNTANTS(SA)

MAZARS HOUSE RIALTO ROAD GRAND MOORINGS PRECINCT CENTURY CITY 7441 • PO BOX 134 CENTURY CITY 7446 • DOCEX 9 CENTURY CITY
TEL +27 21 818 5000 • FAX +27 21 818 5001 • cpt@mazars.co.za • www.mazars.co.za

MAZARS – AN APPROVED FINANCIAL SERVICES PROVIDER

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PARTNERS: H SAVEN (NATIONAL CHAIRMAN) MC OLCKERS (MANAGING PARTNER) LD AURET AK BATT C BURGER H CASPER DPC COLYN J CRONJE DS DOLLMAN M EDELBERG Y FERREIRA,
L GOTTSCHALK K HOOSAIN Z HOOSAIN MY ISMAIL FN MILLER S NAIDOO MC ODENDAAL M PEENS WJ RAUBENHEIMER D RESNICK KA ROBISON BG SACKS MA SALEE N SILBOWITZ, DL SMITH,
SM SOLOMON HH SWANEPOEL ZT TROPPER E VAN HEERDEN MJA TEUCHERT JC VAN TUBBERGH GD WRIGHT K ZAACKS

A FULL LIST OF NATIONAL PARTNERS IS AVAILABLE ON REQUEST OR AT [WWW.MAZARS.CO.ZA](http://www.mazars.co.za)

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091) (continued)

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of ARK (South Africa) Limited (An Association Incorporated in South Africa Under Section 21 (Registration number 2004/003952/10) and Incorporated in England and Wales as company number 4957091) as at 31 August 2012, its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and the requirements of the Companies Act of South Africa

Supplementary Information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on pages 20 to 21 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

MAZARS
MAZARS

Partner: Jean van Tubbergh

Registered Auditor

19 October 2012

Cape Town

ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Annual Financial Statements for the year ended 31 August 2012

Directors' Responsibilities and Approval

The directors are required in terms of 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 South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice 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 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 are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing 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 6 to 21, which have been prepared on the going concern basis, were approved by the board on 19 October 2012 and were signed on its behalf by



I G P Wace



K R Gundle

ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Annual Financial Statements for the year ended 31 August 2012

Directors' Report

The directors submit their report for the year ended 31 August 2012

1. Review of activities

Main business and operations

The company is a charitable organisation that provides education and transforms the lives of children in Sub Sahara Africa who suffer from abuse, discrimination, disability, illness or poverty

During the financial year a new head of health was appointed in ARK South Africa (ARK SA). The main role of the newly appointed head of health is to oversee the efficient delivery of charitable programmes in the region on behalf of its parent company, Absolute Return for Kids (ARK) (ARK UK), a UK registered charity and to support ARK UK in the research and development of new programme opportunities in the region

In South Africa the Prevention of Mother To Child Transmission (PMTCT) Study has concluded and the final report was published in August 2012

ARK Mozambique's exit plan for its HIV programme is on track and all five health centres have transitioned effectively. The evaluation of the programme, including the identification and analysis of best practices, is being shared with the Government and donors to support the scale up of evidence-based best practices to improve access to quality HIV care nationwide. Furthermore, an expansion of the study of use of SMS text messages to improve HIV treatment attendance and adherence rates has been planned in partnership with the Elizabeth Glaser Pediatric AIDS Foundation (EGPAF) and will be co-funded by the UK's Department for International Development (DfID)

The diarrhoea control programme in Zambia is performing on target, with over 42,000 children vaccinated and 300 health care workers trained to date. PAED (Programme for Awareness and Elimination of Diarrhoea) has rolled out into 3 districts and commences in the fourth and final district in late 2012

In Uganda the goal of the public-private partnership education programme is to demonstrate and catalyse affordable quality secondary education in order to provide more children with a greater number of opportunities in life. The programme, in partnership with PEAS (Promoting Equality in African Schools), opened its first two new schools in March 2012 and a further 4 schools are due to open early in 2013

In Zimbabwe a new programme has been developed to reduce maternal and neonatal mortality in collaboration with the Ministry of Health and Child Welfare (MoHCW), Liverpool School of Tropical Medicine, University of Zimbabwe and UNICEF. The programme design is complete and programme delivery commences in late 2012

2 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 ability of the company to continue as a going concern is dependent on the continued support of its parent company, Absolute Return for Kids (ARK UK)

3 Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year that materially affects the financial statements

ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Annual Financial Statements for the year ended 31 August 2012

Directors' Report

4. Authorised and issued share capital

As the association is incorporated for public benefit in terms of the Companies Act of South Africa, there is no share capital

5. Directors

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

<u>Name</u>	<u>Nationality</u>
P F Dunning	British
K R Gundle	South African
B J Tomlinson	British
I G P Wace	British

6. Secretary

The company had no secretary during the year

7. Auditors

Mazars will continue in office in accordance with section 90 of the Companies Act of South Africa

8. Financial Review and Results

The company began the year with a total cash holding of R 342,923 (2011 R 1,165,029) and ended the year holding a total of R 129,416 (2011 R 342,923), a net cash decrease for the year of R 213,507 (2011 R 822,106)

Donor funds

The company began the year with an accumulated under-spend of donor funds of R 215,076 (2011 R 972,406) and received revenues amounting to R 3,140,810 (2011 R 13,705,319) and investment revenue of R - (2011 R 22)

Of the funds available R 3,319,775 (2011 R 14,449,542) was expensed. The decrease in the funds spent is mostly due to the downscaling in business operations throughout the year. The remaining underspend of donor funds of R 49,208 (2011 R 215,076) is carried forward for expenditure in the 2012/13 financial year.

During the year under review the company received total grants of R 3,140,810 (2011 R 13,705,319), all of which came from ARK UK.

Cash holdings

ARK (South Africa) Ltd works within a budget and business plan agreed with ARK UK, and ARK UK underwrites the entire funding, releasing money against the budget. ARK (South Africa) Ltd then holds 2 months cash. The cash held at 31 August 2012 aligns with the company's policy.



I.G.P. WACE, DIRECTOR


ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Annual Financial Statements for the year ended 31 August 2012

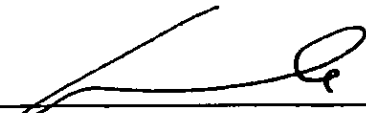
Statement of Financial Position

Figures in Rand	Notes	2012	2011
Assets			
Non-Current Assets			
Property, plant and equipment	2	4,435	9,819
Current Assets			
Trade and other receivables	3	-	1,217
Cash and cash equivalents	4	129,416	342,923
		129,416	344,140
Total Assets		133,851	353,959
Equity and Liabilities			
Funds			
Accumulated funds		49,208	215,076
Liabilities			
Current Liabilities			
Trade and other payables	5	84,643	138,883
Total Equity and Liabilities		133,851	353,959

Approved by the board on 19 October 2012 and signed on its behalf by



I G P Wace
 Director



K R Gundle
 Director

ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Annual Financial Statements for the year ended 31 August 2012

Statement of Comprehensive Income

Figures in Rand	Notes	2012	2011
Revenue	6	3,140,810	13,705,319
Other income		13,097	-
Operating expenses		(3,319,775)	(14,449,542)
Deficit for the year	7	(165,868)	(744,223)
Investment revenue	8	-	22
Finance costs	9	-	(13,129)
Deficit for the year		(165,868)	(757,330)

ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Annual Financial Statements for the year ended 31 August 2012

Statement of Changes in Funds

Figures in Rand	Accumulated funds
Balance at 01 September 2010	972,406
Changes in equity	
Total deficit for the year	(757,330)
Total changes	(757,330)
Balance at 01 September 2011	215,076
Changes in equity	
Total deficit for the year	(165,868)
Total changes	(165,868)
Balance at 31 August 2012	49,208

ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Annual Financial Statements for the year ended 31 August 2012

Statement of Cash Flows

Figures in Rand	Notes	2012	2011
Cash flows from operating activities			
Cash used in operations	13	(213,507)	(802,055)
Interest income		-	22
Finance costs		-	(13,129)
Net cash from operating activities		(213,507)	(815,162)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	-	(6,944)
Total cash movement for the year		(213,507)	(822,106)
Cash at the beginning of the year		342,923	1,165,029
Total cash at end of the year	4	129,416	342,923

ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Annual Financial Statements for the year ended 31 August 2012

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except for certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 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 is 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 is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line 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:

Item	Average useful life
IT equipment	3 years

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.2 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- 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 at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

1.2 Financial instruments (continued)

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments

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 which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument

Subsequent measurement

Loans and receivables 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

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method

Trade and other receivables are classified as loans and receivables

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 equivalents comprise cash in the bank account. These are initially and subsequently recorded at fair value

1.3 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance

ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Annual Financial Statements for the year ended 31 August 2012

Accounting Policies

1.4 Revenue

The company earns revenue from donations and international grants received

Donations and grants are recognised when there is reasonable assurance that the company can comply with the conditions attached to them and the donations and grants will be received

Interest is recognised, in surplus or deficit, using the effective interest rate method

1.5 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred

ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Annual Financial Statements for the year ended 31 August 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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2 Property, plant and equipment

	2012			2011		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
IT equipment	16,152	(11,717)	4,435	16,152	(6,333)	9,819

Reconciliation of property, plant and equipment - 2012

	Opening balance	Depreciation	Total
IT equipment	9,819	(5,384)	4,435

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Depreciation	Total
IT equipment	6,138	6,944	(3,263)	9,819

3. Trade and other receivables

VAT	-	1,217
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4. Cash and cash equivalents

Cash and cash equivalents consist of

Bank balances	129,416	342,923
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Credit quality of cash at bank

Cash is held with reputable financial institutions of high credit quality

5. Trade and other payables

Trade payables	3,395	34,732
VAT	3,485	-
Leave pay accrual	49,875	5,930
Bonus accrual	-	29,780
Accruals	27,888	68,441
	84,643	138,883

Fair value of trade and other payables

Trade payables are carried at amortised cost with the fair value being approximated by such carrying value

6. Revenue

Absolute Return for Kids (ARK UK) donations	3,140,810	13,705,319
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ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Annual Financial Statements for the year ended 31 August 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
7 Deficit for the year		
Deficit for the year for the year is stated after accounting for the following		
Depreciation on property, plant and equipment	5,384	3,263
Employee costs	2,729,980	2,218,257
8. Investment revenue		
Interest revenue		
Bank	-	22
9. Finance costs		
Trade payables	-	13,129
10. Taxation		
No provision has been made for taxation as the company is exempt on its receipts and accruals from taxation in terms of Section 10(1)(cN) of the South African Income Tax Act ("Act"), as the company is recognised as a Public Benefit Organisation in terms of Section 30 of the Act		
11. Auditors' remuneration		
Accounting fees	55,544	173,808
Fees	55,000	91,000
Tax and secretarial services	1,307	20,645
	111,851	285,453
12. Directors' emoluments		
No emoluments were paid to the directors during the year		
13. Cash used in operations		
Deficit	(165,868)	(757,330)
Adjustments for:		
Depreciation	5,384	3,263
Interest received	-	(22)
Finance costs	-	13,129
Changes in working capital:		
Trade and other receivables	1,217	50,670
Trade and other payables	(54,240)	(111,765)
	(213,507)	(802,055)

ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Annual Financial Statements for the year ended 31 August 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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14 Related parties

Relationships

Company with common directors

Directors

Absolute Return for Kids (ARK UK)

Refer to directors' report

Related party transactions

Grants received from related parties

ARK UK

3,140,810

13,705,319

15. Risk management

Capital risk management

The company manages its capital risk to ensure it will continue as a going concern

The capital structure of the company consists of funds attributable to related parties, comprising accumulated surplus as disclosed in the statement of changes in funds

There are no externally imposed capital requirements

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company is able to actively source financing from the related party in the United Kingdom

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

At 31 August 2012	Less than 1 year	Between 1 and 5 years	Over 5 years
Trade and other payables	81,158	-	-
At 31 August 2011	Less than 1 year	Between 1 and 5 years	Over 5 years
Trade and other payables	138,883	-	-

ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Annual Financial Statements for the year ended 31 August 2012

Notes to the Annual Financial Statements

Figures in Rand

15. Risk management (continued)

Interest rate risk

The company's interest rate risk arises from cash and cash equivalents, which bear interest at variable rates and expose the company to cash flow interest rate risk

The company's cash and cash equivalents are reviewed on a sufficiently regular basis to ensure that the best possible return is being obtained

At 31 August 2012, if interest rates on cash and cash equivalents had been 1% higher/lower with all other variables held constant, the company's net deficit for the year would have been R 1,294 (2011 R 3,429) lower/higher

Credit risk

Credit risk consists mainly of cash equivalents. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party

16. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below

2012

	Loans and receivables	Total
Cash and cash equivalents	129,416	129,416

2011

	Loans and receivables	Total
Cash and cash equivalents	342,923	342,923

17. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below

2012

	Financial liabilities at amortised cost	Total
Trade and other payables	81,158	81,158

ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Annual Financial Statements for the year ended 31 August 2012

Notes to the Annual Financial Statements

Figures in Rand

17. Financial liabilities by category (continued)

2011

	Financial liabilities at amortised cost	Total
Trade and other payables	138,883	138,883

18. Deficit for the year

ARK South Africa is funded primarily by the parent company Absolute Return for Kids (ARK UK), a UK registered charity. In the year under review ARK UK provided income of R 3,140,810 (2011: R 13,705,319) to ARK South Africa, representing 100% (2011: 100%) of the company's total income. Any balance of these funds which are not spent at year end, are shown in the Statement of Comprehensive Income as "Surplus for the year". The agreement with the parent company is that funds not spent in one year are retained by ARK South Africa and carried forward to cover expenditure on the same programmes in the next year.

ARK (SOUTH AFRICA) LIMITED (AN ASSOCIATION INCORPORATED IN SOUTH AFRICA UNDER SECTION 21 (REGISTRATION NUMBER 2004/003952/10) AND INCORPORATED IN ENGLAND AND WALES AS COMPANY NUMBER 4957091)

Annual Financial Statements for the year ended 31 August 2012

Detailed Income Statement

Figures in Rand	Notes	2012	2011
Revenue	6	3,140,810	13,705,319
Other income			
Interest received	8	-	22
Recoveries		13,097	-
		<u>13,097</u>	<u>22</u>
Expenses (Refer to page 21)		<u>(3,319,775)</u>	<u>(14,449,542)</u>
Operating deficit	7	<u>(165,868)</u>	<u>(744,201)</u>
Finance costs	9	-	(13,129)
Deficit for the year		<u>(165,868)</u>	<u>(757,330)</u>

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Annual Financial Statements for the year ended 31 August 2012

Detailed Income Statement

Figures in Rand	Notes	2012	2011
Operating expenses			
Administration and management fees		131,056	1,182,249
Auditors' remuneration	11	111,851	285,453
Bank charges		1,848	3,660
Computer expenses		500	8,926
Consulting fees		63,409	1,296,059
Courier and postage		2,938	2,854
Depreciation		5,384	3,263
Employee costs		2,729,980	2,218,257
General expenses		-	21,600
Grant to CIDRZ		-	8,536,836
Legal expenses		993	1,800
Marketing and program materials		1,550	11,399
Meeting expenses		2,720	-
Printing and stationery		7,523	8,960
Recruitment fees		-	2,898
Secretarial fees		8,834	-
Subscriptions		-	35,330
Telephone and fax		54,732	115,010
Training		-	10,345
Travel		196,457	704,643
		3,319,775	14,449,542