

Annual Financial Statements

For the year ended 31 December 2015



strate 
Charity Shares



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CHAIRMAN'S STATEMENT

I am pleased to report that in the year under review Strate Charity Shares received donations in shares and cash totalling R472 933. From the company's establishment, all of us concerned with its success have realised that our biggest challenge is to publicise Strate Charity Shares existence. Inevitably, this is a slow process but, thanks to the enthusiasm of those concerned, steady progress is being made.

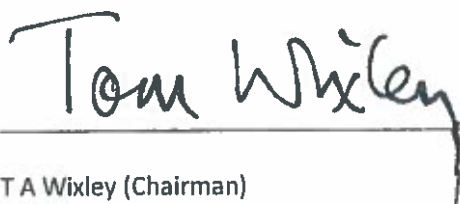
In selecting beneficiaries, the directors have decided to place less emphasis on large and relatively well-supported charities and to concentrate on smaller, needy organisations where our money will make a real difference. We have decided to invest the bulk of the David Cobbett bequest to ensure continued support to our chosen charities.

In December 2015 we had the pleasure of approving a distribution of R1 200 000 to selected charities. The charities who received R120 000 each, were:

- African Children's Feeding Scheme;
- Lambano Sanctuary;
- The Salvation Army;
- Child Welfare Tshwane;
- Topsy Foundation;
- Cotlands;
- Zisize Educational Trust
- Guild Cottage;
- Nazareth House; and
- The Bethany House Trust.

The total amount that Strate Charity Shares have approved for distribution since its inception in 2002 is now R4 990 000. This is a source of great satisfaction to all associated with Strate Charity Shares and we have received heartfelt thanks from those worthy causes which have benefited.

I express my gratitude to Strate, PSG, Computershare and Ernst & Young for providing services to Strate Charity Shares at no cost. I also thank, on behalf of the company and the charities that we have supported, Mr Corrie du Bruyn who resigned from the Board in April 2016 and my fellow Board members.



T A Wixley (Chairman)



CORPORATE GOVERNANCE REPORT

The directors confirm that the company, except where noted, in all material respects applied the King III principles during the 2015 financial period.

The Company has a unitary Board, which meets at least once a year. The board consists of three independent non-executive directors and three full time salaried executives of Strate (Pty) Limited (Strate). Strate handles the company's entire administration. As the company has no employees, it relies upon Strate's systems of internal control.

All directors have unlimited access to the advice and services of the company secretary, who is responsible to the Board for ensuring that the Board procedures are followed and that the company complies with applicable laws and regulations.

The company conducts its activities in accordance with the principles of excellence, integrity, human dignity and fairness.

Because of the limited nature of its activities, the company does not apply the following principles of King III:

- It has no audit or other board committees and the board carries out the functions normally performed by these committees.
- It has no internal audit or risk management function.
- It has no employees, pays no remuneration, has a limited impact on the physical environment and, accordingly, does not prepare sustainability or integrated reports.



DECLARATION IN TERMS OF THE COMPANIES ACT OF SOUTH AFRICA

The preparation of these financial statements has been supervised by Niresh Hiranum in terms of section 29(1)(e)(ii) of the Companies Act of South Africa, 2008. The annual financial statements have been audited by Ernst & Young Inc in compliance with the requirements of the Companies Act of South Africa, 2008 and the company's Memorandum of Incorporation.

DIRECTOR'S RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

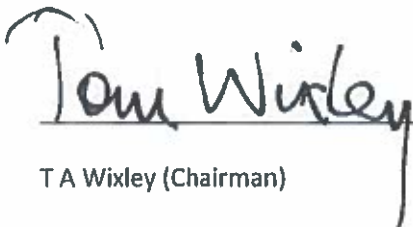
The directors are responsible for the preparation and fair presentation of the annual financial statements of Strate Charity Shares ("the company"), comprising the statement of financial position at 31 December 2015, statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, 2008. In addition, the directors are responsible for preparing the directors' report.

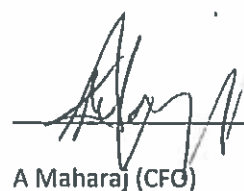
The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF THE FINANCIAL STATEMENTS

The annual financial statements of Strate Charity Shares, as identified in the first paragraph, were approved by the Board of directors on 21 September 2016 and are signed on their behalf by:


T A Wixley (Chairman)


A Maharaj (CFO)



DECLARATION BY COMPANY SECRETARY

In my capacity as company secretary, I hereby confirm, in terms of the Companies Act of South Africa, 2008, that for the year ended 31 December 2015, the company has lodged with the Registrar of Companies all such returns that are required of a public company in terms of this Act and that all such returns appear to be true, correct and up to date.

A handwritten signature in black ink, appearing to read 'E Price', positioned above a horizontal line.

E Price



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To the members of Strate Charity Shares (NPC)

We have audited the annual financial statements of Strate Charity Shares NPC set out on pages 9 to 18, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The company's management are responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Standard For Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 about 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 auditor's 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 auditor considers 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 Strate Charity Shares NPC as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with the Accounting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2015, we have read the Directors Report and the declaration by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading of these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

ERNST AND YOUNG INC.

Ernst & Young Inc.
Prakash Narismulu
Director
Registered Auditor
Chartered Accountant (SA)

12 October 2016



DIRECTORS' REPORT

for the year ended 31 December 2015

Business and operations

The company was incorporated on 3 July 2002 as a non-profit company under section 21 of the Companies Act, 2008. The main business is to carry on public benefit activities and to provide for the relief of hardship and suffering among people and animals within the Republic of South Africa by:

- promoting the donation of securities to the company;
- facilitating the sale of donated securities; and
- distributing the proceeds of such sales to designated charities.

From time to time, the company has received donations and bequests. The bequest from the estate of David Cobbett, a founder and former chairman of the company has been invested and is managed by PSG Wealth. The returns on this investment will be used to ensure continued support to our chosen charities.

Financial results

The results of the company and the state of its affairs are set out in the attached financial statements and do not, in our opinion, require further comments.

Taxation status

Strate Charity Shares (NPC) has been granted an exemption from income tax in terms of section 10 (1) (cN) of the Income Tax Act.

Donations made to Strate Charity Shares (NPC) qualify for the deduction allowed in terms of section 18A of the Income Tax Act.



Directors' report (continued)
for the year ended 31 December 2015

Directors

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

T A Wixley (Chairman)
S Gqoli
A Maharaj
T Knowles
M J Singer
P G Pereira

Mr C de Bruyn resigned on 18 April 2016.

Secretary

The secretary at the date of this report is E Price.

The business and postal address of E Price is:

Business address	Postal address
1st Floor, 9 Fricker Road Illovo Boulevard Illovo, Sandton 2196	Private Bag X 78608 Sandton 2146

Auditors

Ernst & Young Inc. will continue in office as the auditors of the company.



STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	<i>Note</i>	2015 R	2014 R
Revenue	3	513 795	998 745
Administrative expenses		(41 020)	(12 809)
Donations paid	4	(1 200 000)	(990 000)
(Loss)/profit for the year		(727 225)	(4 064)
Other comprehensive income			
Fair value gain on investment of shares		1 002 741	327 871
Total comprehensive income for the year		275 516	323 807



STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	<i>Note</i>	2015 R	2014 R
Assets			
Non-current assets			
Long term investments	8	6 102 014	6 431 325
Current assets			
Trade and other receivables	5	2 416	6 053
Cash and cash equivalents	6	687 976	510 354
Short term investments	7	394 077	63 235
Total assets		7 186 483	7 010 967
Equity and liabilities			
Equity			
Accumulated surplus		7 066 483	6 790 967
Total equity		7 066 483	6 790 967
Current liabilities			
Trade and other payables	9	120 000	220 000
Total current liabilities		120 000	220 000
Total equity and liabilities		7 186 483	7 010 967



STATEMENT OF CHANGES OF EQUITY
for the year ended 31 December 2015

	Accumulated Surplus
	R
Balance at 1 January 2014	6 467 160
Total comprehensive income for the year	323 807
Balance at 31 December 2014	<u>6 790 967</u>
Balance at 1 January 2015	6 790 967
Total comprehensive income for the year	275 516
Balance at 31 December 2015	<u><u>7 066 483</u></u>



STATEMENT OF CASH FLOW

for the year ended 31 December 2015

	<i>Note</i>	2015 R	2014 R
Cash flow from operating activities			
Cash generated by operations	10	135 705	29 417
Finance income	3	41 917	30 108
Cash inflow from operating activities		177 622	59 525
Cash flow from investing activities			
Investments		-	-
Net increase/ (decrease) in cash and cash equivalents		177 622	59 525
Cash and cash equivalents at the beginning of the year		510 354	450 829
Cash and cash equivalent at the end of the year	6	687 976	510 354



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2015

1. BASIS OF PREPARATION

1.1. Statement of compliance

The annual financial statements at 31 December 2015 have been prepared in accordance with IFRS for Small and Medium-sized Entities, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the Companies Act of South Africa, 2008.

1.2. Basis of measurement and presentation

The financial statements have been prepared on the historical cost basis. The financial statements are presented in rand, which is the company's functional currency.

The principal accounting policies are set out below and are consistent with the previous year.

2. ACCOUNTING POLICIES

2.1. Financial instruments

2.1.1. Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, long and short term investments and trade and other payables.

Measurement

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. They are measured initially at fair value plus any directly attributable transaction costs. The subsequent accounting treatment depends on the classification of an instrument as set out below:

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost using the effective interest method less impairment losses, and comprise cash on hand.

Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest method less impairment losses.



Notes to the financial statements (Continued) for the year ended 31 December 2015

Trade and other payables

Trade and other payables are measured at amortised cost using the effective interest method.

Short term investments

Investments held for the short term are measured at fair value on an initial recognition and are subsequently measured at fair value on an annual basis. Fair value is determined by reference to quoted market prices. Changes in fair values of investments on hand are charged to the statement of other comprehensive income on a periodic basis.

Long term investments

Investments held for the long term are measured at fair value on an initial recognition and are subsequently measured at fair value on an annual basis. Fair value is determined by reference to quoted market prices. Changes in fair values of investments on hand are charged to the statement of other comprehensive income on a periodic basis.

2.1.2. Offsetting of financial asset and liability and related income

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.1.3. Derecognition of financial assets and liabilities

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial assets are transferred. Any interest in such financial assets that is created or retained by the company is recognised as a separate asset or liability.

The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

2.2. Impairment

2.2.1. Financial assets

Financial assets at amortised cost

A financial asset categorised as trade and other receivables is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.



Notes to the financial statements (Continued)
for the year ended 31 December 2015

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised.

Individually significant financial assets are tested for impairment on an individual basis.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

2.3. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised to that extent that is probable that the economic benefits will flow to the company.

Interest is recognised on a time proportion basis at the effective interest rate.
Dividend income is recognised when the right to receive payment is established.

3. REVENUE

Revenue consists of the following:

	2015	2014
	R	R
Donations received	472 933	479 868
Loss/Profit on sale of shares	(96 144)	440 450
Dividends received	95 089	48 269
Finance income	41 917	30 108
	<u>513 795</u>	<u>998 745</u>



4. DONATIONS PAID

During the current year donations were paid to the following charity organisations to the value of R120 000 each:

- African Children’s Feeding Scheme;
- Lambano Sanctuary;
- The Salvation Army;
- Child Welfare Tshwane;
- Topsy Foundation;
- Cotlands;
- Zisize Educational Trust
- Guild Cottage; and
- Nazareth House
- The Bethany House Trust

5. TRADE AND OTHER RECEIVABLES

	2015	2014
	R	R
The balance mainly consists of the settlement fees incurred during the year. Strate (Pty) Limited sponsors these fees and will reimburse Strate Charity Shares.	2 416	6 053

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of:

Bank balances	299 318	24 268
PSG trading account	388 658	486 086
	687 976	510 354

7. SHORT-TERM INVESTMENTS

Listed

Portfolio shares at market value	394 077	63 235
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Notes to the financial statements (Continued)
for the year ended 31 December 2015

8. LONG-TERM INVESTMENTS

Listed	2015 R	2014 R
Fair value of investment	<u>6 102 014</u>	<u>6 431 325</u>

9. TRADE AND OTHER PAYABLES

The balance consists of the donation still to be paid to Bethany House Trust. Directors are waiting for their audited financial statements before funds will be dispensed.

<u>120 000</u>	<u>220 000</u>
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10. CASH (UTILISED FROM)/GENERATED BY OPERATIONS

Net profit for the year	275 516	323 807
Adjustment:		
-Gain/(Loss) on value of shares	-	(327 871)
-Finance income	<u>(41 917)</u>	<u>(30 108)</u>
Operating profit/(loss) before changes in working capital	233 599	(34 172)
Changes in working capital		
Decrease/increase in trade and other receivables	3 637	(2 497)
Decrease/increase in short term investment	(330 842)	(53 914)
Decrease/increase in long term investment	329 311	-
Decrease/increase in trade and other payables	<u>(100 000)</u>	<u>120 000</u>
Cash generated by operations	<u>135 705</u>	<u>29 417</u>



Notes to the financial statements (Continued) for the year ended 31 December 2015

11. FINANCIAL INSTRUMENTS

Credit risk management

The company only deposits cash surpluses with major banks of a high quality credit standing.

Liquidity risk

The company has minimised its liquidity risk by ensuring that it does not incur debt.

Fair value

The directors are of the opinion that the book value of financial instruments approximates fair value.

12. TAXATION

No taxation has been provided for as the company has been granted exemption from income tax in terms of section 10 (1) (cN) of the Income Tax Act.

13. SIGNIFICANT JUDGMENTS AND KEY ACCOUNTING ESTIMATES

In the process of applying the company's accounting policies, management has not had to make any judgments.

There are no key assumptions concerning the future, or any other key sources of uncertainty regarding the estimation at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

14. CAPITAL MANAGEMENT

The Directors main aim is to distribute the proceeds of donations received. The Directors exercise their discretion in the distribution of funds to the selected beneficiaries as the company does not have any operating expenses.

The long term investments mainly consists of the bequest from Mr David Cobbett. The return on this investment, proceeds from the sales of shares and donations received are used to make donations to qualifying charity organisations.