

AXIUM EDUCATION
(ASSOCIATION INCORPORATED
UNDER SECTION 21)
Registration No: 2009/005913/08

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
28 FEBRUARY 2014



Growing talent and opportunity in rural Africa.

Axium Education

(Association incorporated under Section 21)

(Registration number 2009/005913/08)

Annual Financial Statements for the year ended 28 February 2014

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Provision of quality education for rural learners.
Directors	Craig Paxton Michelle Paxton Evan Torrance John Gibbon Mbulungeni Madiba
Registered office	49 Bell Crescent Westlake Business Park Westlake 7945
Business address	Church Grounds Zithulele Village Mqanduli 5080
Postal address	PO Box 31406 Tokai 7966
Bankers	Nedbank Limited
Auditors	BDV Platinum Chartered Accountants (S.A.)
Company registration number	2009/005913/08

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Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, 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 . 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 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 28 February 2015 and, in the light of this review and the current financial position, they 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 page 4.

The annual financial statements set out on pages 5 to 14, which have been prepared on the going concern basis, were approved by the board of directors on 30 April 2014 and were signed on its behalf by:



Craig Paxton

Westlake

30 April 2014

Independent Auditors' Report

To the shareholders of Axiom Education

We have audited the annual financial statements of Axiom Education, as set out on pages 7 to 13, which comprise the statement of financial position as at 28 February 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standards, and requirements of the Companies Act 71 of 2008, 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.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Axiom Education as at 28 February 2014, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, and the requirements of the Companies Act 71 of 2008.

Supplementary information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 14 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.

BDV Platinum
Chartered Accountants (S.A.)
Partner

30 April 2014

49 Bell Crescent
Westlake Business Park
Westlake
7945

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Members: Andre Botha, Braam de Vries, Mark Dawson

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Directors' Report

The directors have pleasure in presenting their report for the year ended 28 February 2014.

1. Review of activities

Business activities

The association's activities are geared towards the provision of quality education for rural learners, particularly in physical science, mathematics and English. The geographic focus of operations is the surrounding Zithulele Village in the Eastern Cape Province of South Africa. The 2013/14 financial year represents the third year of full-time operation, supporting teachers and students at seven senior secondary schools and a larger number of junior secondary schools.

Axium now supports five networks of teachers designed to improve the quality of instruction in schools. These groups of teachers get together monthly (sometimes more often) to tackle tough learning areas and close content knowledge gaps. We have continued our work with the SSS Network which was launched in 2012 in support of school management teams in the area.

Axium continues to operate the Ekukhuleni Centre, an after-school support programme for motivated students from six senior secondary schools. Approximately 90 students (30 each in Grades 10 – 12) are supported by the programme. Students receive additional tuition in science, maths, English and leadership on Saturdays and during school holidays. 2013/2014 also saw the growth of the study group program which saw Axium visiting each of the schools once a week to consolidate work from the weekend and allow students to share their knowledge with their peers. Ekukhuleni students also receive career guidance, tertiary education application support and job shadowing opportunities throughout the year. The Grade 12's of 2013 rewarded us with many more bachelors passes than prior years – a significant increase from 4 to 12 in the space of one year.

The Khan Academy and Literacy programmes aimed at students in Grades 7-9 from two junior secondary schools, now called Masakhane, had a very good year of consolidation. The programmes are designed to encourage English language acquisition and strengthen maths foundations ahead of the final three years of senior school. We saw a dramatic increase in confidence in the learners in both learning areas. Test based results are slower to show improvements, but we are seeing encouraging signs. The start of 2014 saw the Khan Academy move offline and onto a much faster and more stable platform which will allow for more work and less idle time. 2014 also welcomed the first year of Grade 6's into the program.

An exciting new launch in January 2014 was the Community Readers program. Axium Education hired 4 local community staff to run a literacy project in partnership with two of the junior schools in the area. Each week, the readers are at the schools working with grades R-6, running an energetic program involving singing, story-telling and reading. We are looking forward to seeing the results as time goes on.

Axium Education started operations in June 2009 and is registered with the South African Revenue Service as a Public Benefit Organisation (PBO) and with the Department of Social Development as a non-profit organisation (NPO).

General review of operations

The financial statements adequately reflect the results of the operations of the company for the year ended 28 February 2014. As per our last year of operations, the Executive Director received no pay for his work this year which will continue until March 2015 at which time he will complete his PHD and be full time again. Appropriate planning will take place to bring him back onto the books for the 2015/16 financial year. Another small point to note is the large current liability in the accounts for the year end which is simply due to funding for next year's operations having come into the bank during February 2014.

2. Directors

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

Name
Craig Paxton
Michelle Paxton
Evan Torrance
John Gibbon
Mbulungeni Madiba

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Directors' Report

3. Secretary

The secretary of the company is Nicola Husemeyer.

4. Auditors

BDV Platinum CA (S.A.) will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

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Statement of Financial Position as at 28 February 2014

Figures in Rand	Note(s)	2014	2013
Assets			
Non-Current Assets			
Property, plant and equipment	2	131,274	9,272
Current Assets			
Trade and other receivables	4	655	11,542
Cash	5	492,215	70,066
Total Assets		492,870	81,608
		624,144	90,880
Equity and Liabilities			
Equity			
Accumulated surplus		129,391	4,191
Liabilities			
Non-Current Liabilities			
Loans from director	3	-	66,721
Current Liabilities			
Trade and other payables	6	494,753	19,968
Total Liabilities		494,753	86,689
Total Equity and Liabilities		624,144	90,880

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2014	2013
Other income		1,026,989	595,698
Operating expenses		(901,789)	(552,651)
Operating surplus		125,200	43,047
Surplus for the year		125,200	43,047

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Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 March 2012	(38,856)	(38,856)
Surplus for the year	43,047	43,047
Balance at 01 March 2013	4,191	4,191
Surplus for the year	125,200	125,200
Balance at 28 February 2014	129,391	129,391

Note(s)

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Statement of Cash Flows

Figures in Rand	Note(s)	2014	2013
Cash flows from operating activities			
Cash generated from operations	9	617,401	48,483
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(129,841)	(7,923)
Sale of property, plant and equipment	2	1,310	-
Net cash from investing activities		(128,531)	(7,923)
Cash flows from financing activities			
Repayment of directors loan		(66,721)	(13,000)
Net cash from financing activities		(66,721)	(13,000)
Total cash movement for the year		422,149	27,560
Cash at the beginning of the year		70,066	42,506
Total cash at end of the year	5	492,215	70,066

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Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards, and the Companies Act 71 of 2008. 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 South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

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

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Computer equipment	- 3 years
Leasehold improvements	- 20 years

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.2 Income

Income comprises of funding received from grants and donations.

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Notes to the Annual Financial Statements

Figures in Rand

2. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and impairments	Carrying value	Cost / Valuation	Accumulated depreciation and impairments	Carrying value
Computer equipment	31,365	(20,115)	11,250	10,579	(1,307)	9,272
Leasehold improvements	121,543	(1,519)	120,024	-	-	-
Total	152,908	(21,634)	131,274	10,579	(1,307)	9,272

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Computer equipment	9,272	8,298	(6,320)	11,250
Leasehold improvements	-	121,543	(1,519)	120,024
	9,272	129,841	(7,839)	131,274

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Total
Computer equipment	7,937	7,923	(6,588)	9,272

3. Loans to (from) director

C. Paxton	-	66,721
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The loan was repaid during the year.

4. Trade and other receivables

Prepayments	655	11,542
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5. Cash

Cash and cash equivalents consist of:

Cash on hand	4,108	331
Bank balances	488,107	69,735
	492,215	70,066

6. Trade and other payables

Trade payables	-	9,128
Income received in advance	489,500	-
Accruals	465	5,258
Audit fee accrual	4,788	5,582
	494,753	19,968

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Notes to the Annual Financial Statements

Figures in Rand

	2014	2013
7. Restricted donations		
- Bursary		-
- Grade 12 applications	3,250	-
- Tablets	10,325	13,327
- Touch rugby	14,974	-
	72,109	45,675
	100,658	59,002
8. Taxation		
No provision for taxation has been made as the organisation is exempt from tax in terms of Section 30 and 10(1)(cN) of the Income Tax Act. The organisation's NPO number is 76728.		
9. Cash generated from operations		
Surplus before taxation	125,200	43,047
Adjustments for:		
Depreciation	7,839	6,588
Profit on sale of assets	(1,310)	-
Changes in working capital:		
Trade and other receivables	10,887	(8,733)
Trade and other payables	474,785	7,581
	617,401	48,483

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Detailed Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013
Income			
Funding			
Private donations		804,900	401,760
Profit on disposal of asset		120,121	134,936
Restricted donations	7	1,310	-
		100,658	59,002
		1,026,989	595,698
Expenses			
Audit fees		5,016	5,282
Bank charges		3,399	4,311
Bursary/bridging finance for grade 12's	7	3,250	-
Depreciation		7,839	6,588
Ekukhuleni			
Ekukhuleni food		18,014	16,743
Ekukhuleni materials		15,071	3,880
Ekukhuleni other costs		11,676	3,905
Ekukhuleni transport		118,762	85,337
Entertainment and funding efforts		15,969	5,331
Employee costs		429,311	239,407
Grade 11 and 12 job shadow		1,322	978
Grade 12 applicants	7	12,832	11,922
Grade 12 camp costs		4,293	3,739
Khan academy program expenses		21,546	5,245
Literacy program costs		7,837	-
Office and telephone		35,331	19,311
Penalties and interest		-	130
Senior management teams		27,602	33,835
Tablet program	7	5,277	-
Teachers network		17,472	12,585
Travel expenses		17,320	5,566
Touch rugby tours and coaching	7	75,216	43,669
Volunteers and part-time staff stipends		47,434	44,137
		901,789	551,901
Surplus for the year		125,200	43,797