

BALANCE SHEET  
at 29 February 2008

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets	2	86,883.66	71,635.99
<b>Current assets</b>			
		93,699.79	388,570.20
Stock	3	25,721.00	25,550.20
Cash on hand	4	6,816.78	1,736.85
Bank	4	61,162.01	361,283.15
<b>Total Assets</b>		180,583.45	460,206.19
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
		163,321.95	460,206.19
Accumulated Profit/(Loss)		163,321.95	460,206.19
<b>Current liabilities</b>			
		17,261.50	-
Trade creditors and other payables	5	17,261.50	-
<b>Total Equity and Liabilities</b>		180,583.45	460,206.19

**INCOME STATEMENT**  
for the year ended 29 February 2008

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
<b>INCOME</b>			
Sales: Arts & Crafts		65,096.02	106,811.27
Donation Income		1,530,260.00	478,128.64
Donation of assets from previous entity		-	290,548.99
Funds Income: Lottery Fund		-	-
		<u>1,595,356.02</u>	<u>875,488.90</u>
<b>COST OF SALES</b>			
		77,040.27	185,003.01
Opening stock		25,550.20	-
Purchases		36,624.56	176,037.01
Other income generating expenses		40,586.51	34,516.20
		<u>102,761.27</u>	<u>210,553.21</u>
Less: Closing Stock		25,721.00	25,550.20
		<u>1,518,315.75</u>	<u>690,485.89</u>
<b>GROSS PROFIT</b>			
		2,147.02	289.43
Interest received		<u>1,520,462.77</u>	<u>690,775.32</u>
<b>OTHER INCOME:</b>			
		2,147.02	289.43
		<u>1,520,462.77</u>	<u>690,775.32</u>
<b>LESS: EXPENSES</b>			
		1,817,347.01	230,569.13
Accounting Fees		1,995.00	6,750.75
Advertising and promotions		9,108.58	12,639.43
Bank charges		3,575.77	4,817.27
Courier and postage		4,650.45	2,701.45
Depreciation	2	17,712.26	14,804.11
Donations		1,678,606.46	13,261.44
Electricity and water		-	4,322.16
Facilitate		41,190.00	38,700.00
General expenses		6,129.22	-
Insurance		8,758.52	6,079.87
Legal fees		513.00	-
Licence		1,202.50	-
Packaging costs		-	2,271.19
Printing and stationery		3,415.84	957.40
Repairs and maintenance		2,359.10	2,500.00
Security		1,331.98	1,334.06
Small tools and equipment		2,452.82	-
Subscription		1,011.23	335.00
Teas and cleaning		19,769.72	2,865.00
Telephone and fax		1,481.01	-
Training : Beading 1,2,3		-	36,735.00
: Patchwork, quilting and fabric painting		-	70,145.00
: Computer course		3,480.00	-
Transport		6,403.55	600.00
Wages		2,200.00	8,750.00
		<u>(296,884.24)</u>	<u>460,206.19</u>
<b>NET PROFIT/(LOSS)</b>		<u>(296,884.24)</u>	<u>460,206.19</u>
<b>ACCUMULATED PROFIT/(LOSS) at beginning of year</b>		460,206.19	-
<b>ACCUMULATED PROFIT/(LOSS) at end of year</b>		<u>163,321.95</u>	<u>460,206.19</u>

**CASH FLOW STATEMENT**  
for the year ended 29 February 2008

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash received from Donors/Sales		1,595,356.02	875,488.90
Cash paid to suppliers and employees (Crafters, Facilitators, Wages)		(1,857,437.30)	(497,817.52)
Cash flow from operating activities	7	<u>(262,081.28)</u>	<u>377,671.38</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to fixed assets		(32,959.93)	(14,651.38)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in interest bearing borrowings		-	-
Increase/(decrease) in cash & cash equivalents		<u>(295,041.21)</u>	<u>363,020.00</u>
Cash equivalents at the beginning of the year		363,020.00	-
<b>CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<u><u>67,978.79</u></u>	<u><u>363,020.00</u></u>

**NOTES TO FINANCIAL STATEMENTS**  
for the year ended 29 February 2008

**1. BASIS OF PREPARATION**

The annual financial statements are prepared on the historical cost basis. The following are the principal accounting policies used by the company, which are consistent with those of the previous year.

**1.1 FIXED ASSETS**

All fixed assets are included at cost. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use.

Fixed assets are depreciated on the straight line basis at rates considered appropriate to reduce the cost of the assets over the expected useful lives of the assets to the estimated residual value.

The annual rates used for this purpose are:

Furniture and fittings	6 years
Office furniture	6 years
Plant and equipment	5 years
Trailer	5 years

**1.2 INVENTORIES**

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out method. The net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

**1.3 FINANCIAL INSTRUMENTS**

Financial instruments that are recognised in the balance sheet consists of bank balances, cash on hand and trade creditors.

NOTES TO FINANCIAL STATEMENTS (continued)  
for the year ended 29 February 2008

2. FIXED ASSETS

	<u>Plant &amp; equipment</u>	<u>Trailer</u>	<u>Office furniture</u>	<u>Furniture &amp; fittings</u>	<u>Total</u>
<b>2008</b>					
Book value 1 March 2007	-	9,538.06	2,319.27	59,778.66	71,635.99
Additions	26,311.45	-	-	6,648.48	32,959.93
Depreciation	(2,631.15)	(2,384.52)	(463.85)	(12,232.75)	(17,712.26)
Book value 29 February 2008	<u>23,680.31</u>	<u>7,153.55</u>	<u>1,855.41</u>	<u>54,194.39</u>	<u>86,883.66</u>
Cost price	26,311.45	11,922.58	2,783.12	78,382.88	119,400.03
Accumulated depreciation	(2,631.15)	(4,769.03)	(927.71)	(24,188.49)	(32,516.37)
Book value 29 February 2008	<u>23,680.31</u>	<u>7,153.55</u>	<u>1,855.41</u>	<u>54,194.39</u>	<u>86,883.66</u>
<b>2007</b>					
Book value 1 March 2006	-	-	-	-	-
Additions	-	11,922.58	2,783.12	71,734.40	86,440.10
Depreciation	-	(2,384.52)	(463.85)	(11,955.74)	(14,804.11)
Book value 28 February 2007	<u>-</u>	<u>9,538.06</u>	<u>2,319.27</u>	<u>59,778.66</u>	<u>71,635.99</u>
Cost price	-	11,922.58	2,783.12	71,734.40	86,440.10
Accumulated depreciation	-	(2,384.52)	(463.85)	(11,955.74)	(14,804.11)
Book value 28 February 2007	<u>-</u>	<u>9,538.06</u>	<u>2,319.27</u>	<u>59,778.66</u>	<u>71,635.99</u>

3. INVENTORIES

	<u>2008</u>	<u>2007</u>
Stock	<u>25,721.00</u>	<u>25,550.20</u>

Stock comprises of finished goods and unfinished goods.  
Inventories are valued consistent to previous years as stated in note 1.2.

4. CASH AND BANK

Cash and bank	<u>67,978.79</u>	<u>363,020.00</u>
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For the purpose of the cash flow statement the year-end cash and cash equivalents comprise the following:

Absa Bank	61,162.01	361,283.15
Cash on hand	6,816.78	1,736.85
	<u>67,978.79</u>	<u>363,020.00</u>

NOTES TO FINANCIAL STATEMENTS (continued)  
for the year ended 29 February 2008

	<u>2008</u>	<u>2007</u>
<b>5. CREDITORS</b>		
Other creditors	<u>17,261.50</u>	<u>-</u>
<b>6. TURNOVER</b>		
Turnover consists of the following :		
Cash sales	65,096.02	106,811.27
Donations	1,530,260.00	478,128.64
Donation of assets from previous entity	-	246,099.99
	<u>1,595,356.02</u>	<u>831,039.90</u>
<b>7. CASH GENERATED BY OPERATING ACTIVITIES</b>		
Net profit/(loss)	(296,884.24)	460,206.19
Adjusted for:		
Donation of assets from previous entity	-	(71,788.72)
Depreciation	17,712.26	14,804.11
	<u>(279,171.98)</u>	<u>403,221.58</u>
Movement in current assets and liabilities		
Decrease/(increase) in inventory	(170.80)	(25,550.20)
Increase in creditors	17,261.50	-
	<u>(262,081.28)</u>	<u>377,671.38</u>
<b>8. CURRENT TAX LIABILITIES</b>		
Income tax	<u>-</u>	<u>-</u>

No provision is made for tax because Sunny Sky Projects 135 has Tax Exemption status.

**NOTES TO FINANCIAL STATEMENTS (continued)**  
**for the year ended 29 February 2008**

**8. FINANCIAL INSTRUMENTS**

**8.1 Fair values**

The fair value of the following financial assets is consistent with their book values: cash and creditors.

**8.2 Credit risk**

The company has no big concentrations of credit risk.

**8.3 Liquidity risk**

The company has no liquidity risk as it has unused funds as well as liquid assets.

**8.4 Foreign exchange risk**

The company is party to foreign exchange transactions insofar as they receive foreign donations into their banking account. These consist of low risk transactions.

**8.5 Interest risk**

The company does not have any exposure to interest risk, and has no exposure to long term liabilities.