BOSHOFF VISSER
PAARL
Posbus 736
Nooder - Paarl
7623
Tel: (021) 871 1837
Fax: (021) 872 2499

SUNNY SKY PROJECTS 135
(Association Incorporated under Section 21)

FINANCIAL STATEMENTS

28 FEBRUARY 2011

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Community projects
Directors	B Y Wilson J C Bloch M T Engelage E J Williams B A le Sueur
Registered office	310 Main Street Paarl 7646
Business address	310 Main Street Paarl 7646
Postal address	P O Box 268 Paarl 7620
Bankers	ABSA Bank Ltd
Auditors	Boshoff Visser Chartered Accountants (SA) Registered Auditors
Company registration number	2006/009230/08

Index

The reports and statements set out below comprise the financial statements presented to the shareholder:

The following supplementary information does not form part of the annual financial statements and is presented as additional notes:

BOSHOFF VISSER

Geregistreerde Ouditeure / Geoktrooieerde Rekenmeesters
Registered Auditors / Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

SUNNY SKY PROJECTS 35 (Association Incorporated under Section 21)

Report on the Financial Statements

We have audited the annual financial statements of Sunny Sky Projects 35, which comprise the director's report, the balance sheet as at 28 February 2011 the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 13.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 perform the audit to obtain reasonable assurance 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 the directors, 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 the company as of 28 February 2011 and of its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa.

Accounting and secretarial duties

Without qualifying our opinion, we draw attention to the fact that with the written consent of all members, we have performed certain accounting and secretarial duties.

Boshoff Visser Paarl

BOSHOFF VISSER PAARL
Registered Auditors
PAARL

26 October 2011

BOSHOFF VISSER PAARL
GJ Strydom BRek, Hons BCompt, CA (SA)
Hoofstraat 262 Main Street, PAARL, 7646
Posbus / PO Box 736, NOORDER-PAARL, 7623
Tel / Ph: 021-871 1837 Faks / Fax: 021-872 2499
Epos / Email: gerriestrydom@boshoffvisser.co.za

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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 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 29 February 2012 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 auditor's is responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor's and their report is presented on page 3.

The financial statements set out on pages 5 to 14, which have been prepared on the going concern basis, were approved and signed by the directors on 08 June 2011.

B Y Wilson	J C Bloch
M T Engelage	E J Williams
B A le Sueur	

Directors' Report

The directors submit their report for the year ended 28 February 2011.

1. Incorporation

The company was incorporated in South Africa on 28 March 2006 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The company is engaged in community projects and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

Net profit of the company was R 572,867 (2010: profit R 73,956), after taxation of R - (2010: R -).

3. Events after the reporting period

The directors are not aware of any material matter or circumstance arising since the end of the financial year.

4. Non-current assets

There were no major changes in the nature of the non-current assets of the company.

5. Directors

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

Name
B Y Wilson
J C Bloch
M T Engelage
E J Williams
B A le Sueur

6. Secretary

The secretary of the company is J C Bloch.

7. Auditors

Boshoff Visser Chartered Accountants (SA) will continue in office in accordance with section 270(2) of the Companies Act.

Statement of Financial Position

	Notes	2011 R	2010 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	40,087	47,366
Current Assets			
Inventories	3	90,160	12,655
Trade and other receivables	4	2,550	9,140
Cash and cash equivalents	5	688,955	180,893
		781,665	**202,688**
Total Assets		**821,752**	**250,054**
Equity and Liabilities			
Equity			
Retained income		802,705	229,838
Liabilities			
Current Liabilities			
Trade and other payables	6	19,047	20,216
Total Equity and Liabilities		**821,752**	**250,054**

Statement of Comprehensive Income

	Notes	2011 R	2010 R
Revenue	7	104,314	68,730
Cost of sales	8	(50,171)	(59,913)
Gross profit		**54,143**	**8,817**
Other income		1,150,831	607,106
Operating expenses		(632,107)	(541,967)
Operating profit		**572,867**	**73,956**
Profit for the year		**572,867**	**73,956**
Other comprehensive income		-	-
Total comprehensive income for the year		**572,867**	**73,956**

Statement of Changes in Equity

	Retained income R	Total equity R
Balance at 01 March 2009	**155,882**	**155,882**
Changes in equity		
Total comprehensive income for the year	73,956	73,956
Total changes	73,956	73,956
Balance at 01 March 2010	**229,838**	**229,838**
Changes in equity		
Total comprehensive income for the year	572,867	572,867
Total changes	572,867	572,867
Balance at 28 February 2011	**802,705**	**802,705**

Statement of Cash Flows

	Notes	2011 R	2010 R
Cash flows from operating activities			
Cash generated from operations	9	526,318	129,493
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(18,256)	(18,746)
Total cash movement for the year		**508,062**	**110,747**
Cash at the beginning of the year		180,893	70,146
Total cash at end of the year	5	**688,955**	**180,893**

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities, and the Companies Act of South Africa, 1973. The 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.

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.

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
Furniture and fixtures	6 years
Motor vehicles	4 years
Office equipment	6 years
Plant and machinery	4 years

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 Intangible assets

An intangible assets is an identifiable non-monetary asset without physical substance.

Intangible assets are initially recognised at cost.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting period date if there are indicators present that there is a change from the previous estimate.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Web design	3 years

1.3 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

1.4 Inventories

Inventories are measured at the lower of cost and selling price less costs to complete and sell, on the weighted average cost basis.

1.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Notes to the Financial Statements

	2011 R	2010 R

2. Property, plant and equipment

	2011			2010		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer equipment	5,655	(2,735)	2,920	4,076	(1,245)	2,831
Furniture and fixtures	96,303	(80,674)	15,629	93,053	(64,985)	28,068
Motor vehicles	11,923	(11,923)	-	11,923	(9,538)	2,385
Office equipment	2,783	(2,319)	464	2,783	(1,856)	927
Plant and machinery	34,205	(17,810)	16,395	26,311	(13,156)	13,155
Web design	5,532	(853)	4,679	-	-	-
Total	156,401	(116,314)	40,087	138,146	(90,780)	47,366

Reconciliation of property, plant and equipment - 2011

	Opening Balance	Additions	Depreciation	Total
Computer equipment	2,831	1,580	(1,491)	2,920
Furniture and fixtures	28,068	3,250	(15,689)	15,629
Motor vehicles	2,385	-	(2,385)	-
Office equipment	927	-	(463)	464
Plant and machinery	13,155	7,894	(4,654)	16,395
Web design	-	5,532	(853)	4,679
	47,366	18,256	(25,535)	40,087

3. Inventories

	2011	2010
Finished goods	90,160	12,655

4. Trade and other receivables

	2011	2010
Trade receivables	2,550	9,140

5. Cash and cash equivalents

Cash and cash equivalents consist of:

	2011	2010
Cash on hand	7,000	2,667
Bank balances	681,955	178,226
	688,955	180,893

6. Trade and other payables

	2011	2010
Trade payables	19,047	20,216

Notes to the Financial Statements

	2011 R	2010 R

7. Revenue

Sale of goods	104,314	68,730

8. Cost of sales

Sale of goods

Cost of goods sold	50,171	59,913

9. Cash generated from operations

Profit before taxation	572,867	73,956
Adjustments for:		
Depreciation and amortisation	25,535	37,088
Changes in working capital:		
Inventories	(77,505)	7,372
Trade and other receivables	6,590	(9,140)
Trade and other payables	(1,169)	20,217
	526,318	129,493

10. Directors' emoluments

No emoluments were paid to the directors during the year.

Detailed Statement of Comprehensive Income

	Notes	2011 R	2010 R
Revenue			
Sale of goods		104,314	68,730
Cost of sales			
Closing stock		90,160	12,655
Opening stock		(12,655)	(20,027)
Purchases		(127,676)	(52,541)
	8	(50,171)	(59,913)
Gross profit		54,143	8,817
Other income			
Donations received		1,150,831	607,106
Operating expenses			
Accounting fees		-	(239)
Advertising		-	(13,805)
Bank charges		(6,347)	(5,619)
Cleaning		-	(376)
Commission paid		(101,218)	(70,991)
Computer expenses		(2,339)	-
Consulting fees		-	(2,508)
Depreciation, amortisation and impairments		(25,535)	(37,088)
Donations		(343,406)	(306,347)
Entertainment		(47,800)	(20,163)
Facilitator fee		(37,857)	(40,501)
Gifts		-	(300)
Hire		(7,200)	-
Insurance		(9,979)	(8,900)
Motor vehicle expenses		(3,900)	(600)
Organic garden		(3,478)	-
Postage		(1,189)	(1,870)
Printing and stationery		(756)	(4,645)
Repairs and maintenance		(6,563)	(3,105)
Security		(8,988)	(8,052)
Small tools and equipment		(385)	(1,278)
Subscriptions		(1,100)	(9,230)
Toiletries		(164)	(566)
Transport and freight		(21,603)	(5,784)
Utilities		(2,300)	-
		(632,107)	(541,967)
Profit for the year		572,867	73,956

The supplementary information does not form part of the annual financial statements and is presented as additional notes.