

**AXIUM EDUCATION
(ASSOCIATION INCORPORATED UNDER SECTION 21)
(REGISTRATION NUMBER 2009/005913/08)**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**



Growing talent and opportunity in rural Africa.

Axium Education

(Registration number 2009/005913/08)

Annual Financial Statements for the year ended 31 December 2016

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Provision of quality education for rural learners
Directors	C.R. Paxton M.L. Paxton E. Torrance P. Moyo N. Petse
Registered office	Suite 201 200 On Main Claremont 7708
Business address	Church Grounds Zithulele Village Mqanduli 5080
Postal address	P.O. Box 23502 Claremont 7735
Bankers	Nedbank Limited
Auditors	BDV Platinum Chartered Accountants (S.A.) Registered Auditors
Company registration number	2009/005913/08
Tax reference number	9205612170
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

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

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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 International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor's is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities 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 31 December 2017 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 are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor's and their report is presented on page 4.

The annual financial statements set out on pages 6 to 17, which have been prepared on the going concern basis, were approved by the board of directors and were signed on its behalf by:



Director

5.6.2017

Date

Independent Auditor's Report

To the shareholders of Axiom Education

Qualified opinion

We have audited the Annual Financial Statements of Axiom Education set out on pages 8 to 16, which comprise the Statement of Financial Position as at 31 December 2016, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Annual Financial Statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the Annual Financial Statements present fairly, in all material respects, the financial position of Axiom Education as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for qualified opinion

In common with similar organisations, it is not feasible for the company to institute accounting controls over collections from cash donations prior to the initial entry of the collections in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the receipts actually recorded.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. Other information does not include the Annual Financial Statements and our auditor's report thereon.

Our opinion on the Annual Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Annual Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Annual Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the Annual Financial Statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the 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 misstatement, whether due to fraud or error.

In preparing the Annual Financial Statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Annual Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Annual Financial Statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Annual Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Annual Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual Financial Statements, including the disclosures, and whether the Annual Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



BDV Platinum
Director - Braam De Vries
Chartered Accountants (S.A.)
Registered Auditors

5 June 2017

Date

Axium Education

(Registration number 2009/005913/08)

Annual Financial Statements for the year ended 31 December 2016

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Axium Education for the year ended 31 December 2016.

1. Nature of business

The company's activities are geared towards the provision of quality education for rural learners, particularly in early literacy and numeracy, physical science, mathematics and English. The geographic focus of operations is the area surrounding Zithulele Village in the Eastern Cape Province of South Africa. The 2016 financial year represents the sixth year of full-time operation, supporting teachers and students at six senior secondary schools and a much larger number of junior secondary schools.

Axium supports several networks of teachers designed to improve the quality of instruction in schools. The Bomvana Physical Science Network consists of physical science teachers from six senior secondary schools. The group did not meet as regularly as in previous years. Typical activities include: discussion of difficult teaching topics, working with physical apparatus and organising equipment, laboratories, and an inter-school science competition. Similar teacher development groups exist for the support of maths and science teachers in the Senior Phase (Grades 7-9) and Intermediate Phase (Grades 4-6). In October 2012, the SSS Network was launched in support of school management teams in the area and this group is still active in the area, although it did not meet as often in 2016 as in previous years.

Axium also operates the Ekukhuleni Centre, an after-school support programme for motivated students from six senior secondary schools. Approximately 100 students (30 each in Grades 10 – 12) are now supported by the programme. Students receive additional tuition in science, maths, English and leadership on Saturdays and during school holidays. They also receive career guidance and job shadowing opportunities throughout the year. Our fifth class of Grade 12 students graduated at the end of 2016, with record numbers of students achieving bachelors passes with maths and science, including several students now enrolled in fully-funded degrees in accounting and the health sciences, and our second actuarial science candidate at UCT.

The Masakhane Programme makes use of offline Khan Academy for maths and an English literacy programme aimed at students in Grades 6-9 from four local schools. The programmes are designed to encourage English language acquisition and strengthen maths foundations ahead of the final three years of senior school. The Khan Academy is an online mathematics platform.

Finally, 2016 saw continued growth in our Community Readers programme, which aims to grow literacy in the community and in schools. Young people from the community are trained and deployed as Readers and thus far have made a remarkable impact on the young children they have worked with. There is now data from four rounds of the Early Grade Reading Assessment, run at eleven local schools and providing excellent baseline literacy data for the expansion of the Community Readers Programme in coming years. In November 2016, an agreement was reached with the Community Work Programme to grow this programme further in 2017 through their structures.

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).

2. Review of financial results and activities

The financial statements adequately reflect the results of the operations of the company for the year ended 31 December 2016, and no further explanation is considered necessary.

3. Directors

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

Directors

C.R. Paxton

M.L. Paxton

E. Torrance

P. Moyo

N. Petse

4. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

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Directors' Report

5. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

6. Auditors

BDV Platinum will continue in office in accordance with Section 90 of the Companies Act 71 of 2008.

7. Secretary

The company secretary is Nicola Husemeyer.

Business address

Church Grounds
Zithulele Village
Mqanduli
5080

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Annual Financial Statements for the year ended 31 December 2016

Statement of Financial Position as at 31 December 2016

	Note(s)	31 December 2016 R	31 December 2015 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	674,913	420,206
Current Assets			
Trade and other receivables	3	3,550	30,428
Cash	4	1,868,023	1,514,388
Total Assets		1,871,573	1,544,816
Equity and Liabilities			
Equity			
Accumulated surplus		1,122,553	1,022,343
Liabilities			
Current Liabilities			
Trade and other payables	5	1,423,933	942,679
Total Equity and Liabilities		2,546,486	1,965,022

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Statement of Comprehensive Income

		12 months ended 31 December 2016 R	10 months ended 31 December 2015 R
Revenue		2,729,805	2,042,316
Operating expenses		(2,703,307)	(1,442,165)
Operating surplus	7	26,498	600,151
Investment revenue	8	74,687	22,931
Finance costs	9	(975)	(1,151)
Surplus for the year		100,210	621,931
Other comprehensive income		-	-
Total comprehensive income for the year		100,210	621,931

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Statement of Changes in Equity

	Accumulated surplus R	Total equity R
Balance at 01 March 2015	400,412	400,412
Surplus for the year	621,931	621,931
Other comprehensive income	-	-
Total comprehensive income for the year	621,931	621,931
Balance at 01 January 2016	1,022,343	1,022,343
Surplus for the year	100,210	100,210
Other comprehensive income	-	-
Total comprehensive income for the year	100,210	100,210
Balance at 31 December 2016	1,122,553	1,122,553

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Statement of Cash Flows

	Note(s)	12 months ended 31 December 2016 R	10 months ended 31 December 2015 R
Cash flows from operating activities			
Cash generated from (used in) operations	11	668,968	(78,768)
Interest income		74,687	22,931
Finance costs		(975)	(1,151)
Net cash from operating activities		742,680	(56,988)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(390,244)	(342,599)
Sale of property, plant and equipment	2	1,199	1,444
Net cash from investing activities		(389,045)	(341,155)
Total cash movement for the year		353,635	(398,143)
Cash at the beginning of the year		1,514,388	1,912,531
Total cash at end of the year	4	1,868,023	1,514,388

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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 Standard for Small and Medium-sized Entities, 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 is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost 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 as follows:

Item	Depreciation method	Average useful life
Leasehold property	Straight line	10 years
Motor vehicles	Straight line	5 years
Computer equipment	Straight line	3 years

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

Land is not depreciated

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

The lease term of the building changed from 20 years to 10 years, and therefore the depreciation estimation for leasehold property was adjusted accordingly to reflect the remaining useful life.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

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Accounting Policies

1.3 Tax

Tax expenses

The company is exempt from tax in terms of Section 30 and 10(1)(cN) of the Income Tax Act.

1.4 Revenue

Revenue comprises of funding received from grants and donations.

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

1.5 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

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Notes to the Annual Financial Statements

	12 months ended 31 December 2016 R	10 months ended 31 December 2015 R
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2. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer equipment	117,233	(68,056)	49,177	127,155	(51,725)	75,430
Leasehold property	482,213	(45,264)	436,949	121,543	(24,397)	97,146
Motor vehicles	294,213	(105,426)	188,787	201,046	46,584	247,630
Total	893,659	(218,746)	674,913	449,744	(29,538)	420,206

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment	75,430	29,575	(18,400)	(37,428)	49,177
Leasehold property	97,146	360,669	-	(20,866)	436,949
Motor vehicles	247,630	-	-	(58,843)	188,787
	420,206	390,244	(18,400)	(117,137)	674,913

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment	57,809	48,386	(1,555)	(29,210)	75,430
Leasehold property	108,997	-	-	(11,851)	97,146
Motor vehicles	-	294,213	-	(46,583)	247,630
	166,806	342,599	(1,555)	(87,644)	420,206

3. Trade and other receivables

Receivables	-	13,444
Employee loans	3,550	-
Ngcwanguba store	-	1,443
Youth wage subsidy	-	15,541
	3,550	30,428

4. Cash

Cash and cash equivalents consist of:

Cash on hand	2,676	4,420
Bank balances	861,816	186,123
Nedbank money trader	1,003,531	1,323,845
	1,868,023	1,514,388

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Notes to the Annual Financial Statements

	12 months ended 31 December 2016 R	10 months ended 31 December 2015 R
5. Trade and other payables		
Trade payables	56,568	8,726
Income received in advance	1,343,688	921,142
Deposits received	4,900	-
Accrued expenses	18,777	7,396
Accrued audit fees	-	5,415
	1,423,933	942,679
6. Restricted donations		
Bursary/bridging finance for grade 12's	149,400	9,000
Tablet program	49,897	70,834
Touch rugby tours and coaching	82,302	66,489
Jump start	33,800	2,500
Axiom scholar fund	7,800	1,600
	323,199	150,423
7. Operating surplus		
Operating surplus for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	21,905	4,600
Property, plant and equipment written off	(17,201)	(111)
Depreciation on property, plant and equipment	117,137	87,644
Employee costs	1,114,138	592,638
Research and development costs	2,145	-
8. Investment revenue		
Interest revenue		
Bank	74,687	22,931
9. Finance costs		
Current borrowings	875	-
Late payment of tax	100	1,151
	975	1,151
10. Taxation		

No provision has been made for 2016 tax as the company 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.

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Notes to the Annual Financial Statements

	12 months ended 31 December 2016 R	10 months ended 31 December 2015 R
11. Cash generated from (used in) operations		
Surplus before taxation	100,210	621,931
Adjustments for:		
Depreciation	117,137	87,644
Loss on sale of assets	17,201	111
Interest received	(74,687)	(22,931)
Finance costs	975	1,151
Changes in working capital:		
Trade and other receivables	26,878	(27,697)
Trade and other payables	481,254	(738,977)
	668,968	(78,768)

12. Funding

Funding includes generous donations from the DG Murray Trust, Export Credit Insurance Corporation of South Africa, Anglo American Chairmans Fund, The Claude Leon Foundation, Freddie Marincowitz Welfare Trust and other corporations/trusts.

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Detailed Income Statement

	Note(s)	12 months ended 31 December 2016 R	10 months ended 31 December 2015 R
Revenue			
Funding	12	1,788,988	1,621,191
Private donations		617,618	270,702
Restricted donations	6	323,199	150,423
		2,729,805	2,042,316
Other income			
Interest received	8	74,687	22,931
Expenses			
Accounting fees		1,005	5,756
African scholar payments		8,400	-
Audit fees		5,855	3,788
Axium scholar fund		1,100	2,000
Bursary/bridging finance for grade 12's		135,636	3,500
Depreciation		117,137	87,644
Ekukhuleni costs		272,079	203,903
Employee costs		1,114,138	592,638
Entertainment and funding efforts		17,960	10,322
Grade 11 and 12 job shadow		1,534	1,030
Grade 12 applicants		1,515	12,568
Grade 12 camp costs		4,632	-
Jump start		1,830	1,445
Khan academy program expenses		49,335	23,407
Literacy program costs		424,113	174,341
Motor vehicle expenses		42,479	18,668
Office and telephone		69,507	31,312
Petrol and oil		25,887	13,724
Profit and loss on sale of assets and liabilities		17,201	111
Rent paid		21,905	4,600
Research and development costs		2,145	-
Senior management teams		-	25,557
Staff development		47,213	3,400
Study groups		20,056	-
Tablet program		71,390	-
Teachers network		3,272	11,426
Touch rugby tours and coaching		82,936	106,258
Travel expenses		5,476	1,148
Volunteers and part-time staff stipends		137,571	103,619
		2,703,307	1,442,165
Operating profit	7	101,185	623,082
Finance costs	9	(975)	(1,151)
Surplus for the year		100,210	621,931