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**Chairman’s statement**

It is with immense gratification that I am able to look back on the remarkable successes recorded by the South African Institute of Chartered Accountants (SAICA) Thuthuka initiative. Launched five years ago, the programme benefits several hundred prospective Black accountants at various stages of their learning.

What is also particularly exciting is the fact that the boost being given to Thuthuka, by the Thuthuka Bursary Fund, assures us of a relatively substantial and growing addition to the nation’s current population of Black Chartered Accountants (CAs(SA)).

(Details of the numbers and of the bursary funds in question are provided in this report.)

Underlying the statistics is the unwavering commitment of those responsible for pinpointing the relevant talent, for identifying the optimum channels for the delivery of funds and resources, and for ensuring that the funds have been forthcoming in quantities sufficient to make a meaningful difference.

I salute these outstanding individuals, as well as those who have recognised the immense importance of Thuthuka to the nation – and have expressed that recognition by way of helping to source the considerable funding needed to ensure that the bursary scheme carries the weight necessary to impact the profession’s demographics and South Africa’s future economic prosperity.

**INTRODUCTION**

The Thuthuka Bursary Fund has proven to be a remarkably successful mechanism to address a critical area in the development of African and Coloured chartered accountants.

As members of the chartered accountancy profession, we see this intervention as being considerably more than a small skills development initiative for one specific profession. It is a critical transformation and skills development initiative to support the growth of the whole economy. This not only adds to the relevance and necessary skills for the profession, but provides a sound skills base for a growing South Africa. With the Thuthuka Bursary Fund’s ongoing success, the commitment to such an important process continues to be strong and is growing amongst all those responsible for its further development.

**THE IMPORTANCE OF THUTHUKA FOR THE PROFESSION AND THE COUNTRY**

The Thuthuka initiatives were originally born out of a critical need within the chartered accountancy profession. Faced with a shortage of high level skills, a demographically skewed professional membership, and the minimal impact of past programmes, SAICA recognised that a large-scale consolidated and externally funded initiative was required.

A comprehensive transformation strategy was developed and the Thuthuka Education Upliftment Fund and the Thuthuka Bursary Fund were born. During the past year, South Africa’s broader skills shortage has been acknowledged by senior level government officials and the South African community at large. This can be seen from the Joint Initiative on Priority Skills for South Africa (JIPSA) initiative of the bigger Accelerated and Shared Growth Initiative for South Africa (ASGIG-SA) programmes of the deputy-president and the strong participation of all stakeholders in these initiatives. Although finance and accounting skills have not been identified as a priority skills shortage category, primarily because of the independent efforts of Thuthuka, processes and mechanisms to work in partnership with these critical initiatives will continue to be identified.

Prior to the publication of the final guidelines on Broad-Based Black Economic Empowerment Codes of Good Practice, the BEE Charter process within the profession has reached an interim conclusion with the signing of the draft Charter by all stakeholders. With the publications of the final guidelines by the Department of Trade and Industry, the work on updating the BEE Charter for the profession has now resumed. This process and the profession’s commitment to the Charter adds even further pressure on the very scarce skills supply currently available. Skills at a high level are in exceedingly short supply at the moment and the demand for such skills amongst people from previously disadvantaged backgrounds are higher now than ever before.

However, it is only through the consolidated and comprehensive strategy of Thuthuka that we can truly build our dreams and the skills required for the country and the profession.

The success that the Thuthuka Initiative, has had, is based on a common commitment to a common goal amongst varied and often competitive stakeholders. Support for the Thuthuka Bursary Fund has come from many sources; from the profession, companies in commerce and industry, government organisations, and
higher education institutions. Through this process, competitive advantage and differences have been put aside to achieve the cooperation necessary to succeed. I thank all of the role-players who have worked to achieve this, and I thank the Thuthuka Bursary Fund Board of Trustees for providing effective leadership in this regard.

Through the comprehensive Thuthuka strategy, it is not just tertiary level success and financial skills that are being developed, but the backbone of future business. Through the Fund, learners and students are being equipped with leadership and business skills, along with the technical knowledge to be the future managers and leaders of our economy.

**HIGHLIGHTS OF SUCCESSES TO DATE**

It’s perhaps hard to believe that in 1980, South Africa counted no more than eight African and Coloured CAs(SA). Eleven years ago the figure had risen to 163.

Right now there are 1 211 African and Coloured registered CAs(SA), and more than 1 216 African and Coloured students at the universities of Fort Hare, Limpopo, Cape Town, Witwatersrand, Johannesburg and the Nelson Mandela Metropolitan University, on Thuthuka undergraduate programmes. A further 220 will be recruited in 2007.

Encouragingly, the highest gains of Black and Coloured CAs(SA) have materialised over the past few years – before the impact of the huge human and financial resources that have been injected into the Thuthuka programmes pay real dividends. We therefore expect the dividend in the form of Thuthuka graduates to bear fruit from 2011, when large numbers of the Thuthuka graduates begin to qualify as CAs(SA).

The Thuthuka Bursary Fund has already started to show the successes of its strategy and design. Some key successes are mentioned below:

- Throughput pass percentages at the participating universities continue to exceed all expectations, with an 87.56% first year pass percentage of students and a 65.18% second year pass percentage.
- The 2007 intake is the strongest potential group of students to date, with a very successful recruitment and selection process.
- Five universities are now participating in the Thuthuka Bursary Fund, with many more showing commitment, interest and the ability to participate in the future.
- Sufficient funding has been sourced and contracted to ensure all 2005, 2006 and 2007 intakes are able to complete their studies.
- New donors already expressing interest in funding the 2008 intake.
- The National Students Financial Aid Scheme (NSFAS) remains a committed and highly valued partner.
- The Board of Trustees is a demographically representative body.
- Over 500 students on the Thuthuka Bursary Fund in 2007.

**PRIORITIES FOR THE FUTURE**

The shortage of sufficiently skilled and qualified people entering the profession remains a critical concern. At the beginning of 2007, there are more places on learnerships available than there are people to take up these places.

This position of demand exceeding supply means not only that the Thuthuka Bursary Fund must strive to grow at exponential rates, but also that the Thuthuka Bursary Fund has a role to play in engaging with the higher education institutions more broadly.

This engagement needs to address two critical issues. The first is that of overall capacity of the universities, the numbers that the higher education institutes can accommodate, and specifically the numbers that they are able to accommodate on specialised programmes such as the Thuthuka Bursary Fund, must be enhanced. Secondly, the support offered on programmes such as the Thuthuka Bursary Fund leads to higher throughput pass percentages. This, in turn, increases output without having to dramatically increase input. However, such extra support must be backed by the most senior levels within the higher education institutions if it is to remain strong and allow the flexibility required by the departments.

The Thuthuka Bursary Fund needs to engage with all levels of the higher education institutions to both make these urgent and critical needs known, but also to identify ways in which we may assist and further support the institutions.

This engagement needs to begin with the higher education institutions currently providing Thuthuka Bursary Fund programmes. However, it does not end there. The Thuthuka Bursary Fund needs to engage with every possible higher education institution, both to grow the providers to the Thuthuka Bursary Fund and to grow the supply to the profession more generally.
Even once placement capacity is grown, the sourcing of funding for these students remains a constraint. Although current commitment to the Thuthuka Bursary Fund exceeds the available students, the search for and contracting of additional funding remains a priority for 2007. This will be achieved through three key mechanisms. The first is to ensure that the Thuthuka Bursary Fund continues to provide a successful programme and add value to the donors. The second is to continue to nurture our critical relationship with NSFAS. Finally, however, we all need to take responsibility for promoting the success of the Thuthuka Bursary Fund and helping to identify and establish contact with potential new donors. This is not the responsibility of the administrative staff or the Trustees alone, but a role that must be fulfilled by all stakeholders if we are to achieve the substantial numbers we desire.

In order to support and effectively deliver on the substantial growth envisaged and desired, the Thuthuka Bursary Fund must continue to develop and grow its own internal resources and capacity, while also building on the already strong partnerships that have been formed with business, the profession and government.

The profession has taken a leadership role in the development of its broader transformation strategy and the creation of the innovative Thuthuka Bursary Fund. We must continue to build upon this role by sharing our knowledge and lessons learnt with other professions, by engaging at the highest level with key stakeholders, and by each one of us actively seeking more funding.

**VOTE OF THANKS/APPRECIATION**

Finally, I would like to express our appreciation for those who have created the base of the Thuthuka Bursary Fund’s successes over the past year. Without the support of the donors, large and small, such initiatives could never have even been anything other than a dream.

The higher education institutions have consistently demonstrated their own commitment to the skills development of our country and have been the tools through which the dreamers have implemented the reality of the successes we have achieved.

The members of the profession continue to enthusiastically respond to every request made of them, large or small, and have never shirked their responsibility both to the profession and the country. I state yet again that I am proud of my membership to this profession.

The staff of the Thuthuka Bursary Fund, who are SAICA employees supporting Thuthuka in terms of a management agreement, have been critical to the successful delivery of the programme. They have driven the effective delivery of these programmes without any concern to themselves, investing every inch of their passion, energy and knowledge.

2006 has given me ample reason to thank them for their extraordinary efforts.

However, the success of Thuthuka ultimately rests on the shoulders of the students themselves. Without their own internal drive and determination, no efforts and support offered externally will achieve the success and skills our country needs. I express my appreciation and regard for the tremendous and remarkable efforts of all the students that Thuthuka has engaged with. Under some of the most difficult of circumstances, they have grasped the opportunities we have offered them and extracted every possible benefit. They have succeeded, and in doing so, they pave the way for the rest of South Africa.

Sizwe Nxasana  
Chairman of the Board of Trustees  
5 April 2007
All labour that uplifts humanity has dignity and importance and should be undertaken with painstaking excellence.

Martin Luther King, Jr.
INTRODUCTION

The chartered accountancy profession in South Africa is currently facing a tremendous skills shortage. While this skills shortage is being urgently addressed by the chartered accountancy profession through initiatives such as the Thuthuka Bursary Fund, it is part of a nation-wide crisis, as can be seen from the quote below:

“Madame Speaker, Honourable Members, the skills shortage is a global challenge and although we are undertaking an aggressive recruitment drive from our country first, then globally, but there must be realism about what is possible given the enormity of priority skills scarcity in the world. The problem will only be decisively solved through training our people in our universities, technical institutions, schools, corporations and communities in the medium to long term. South Africa and the world has to grapple with this global challenge sooner rather than later as the scarcity represents a huge cost to economies and the cost of hiring people is becoming impossible.

The private sector must see the investment in human resources not as a corporate social responsibility but a fundamental business imperative for their survival, sustainability, profitability and productivity. The triple bottom line index adopted by the Johannesburg Stock Exchange (JSE) is profit, environment and corporate social responsibility – human resource development must be considered in this sustainability index by companies with a real vision.”

Address delivered by the Deputy President, Phumzile Mlambo-Ngcuka on the Presidency Budget Vote to the National Assembly, Cape Town. 7 June 2006

The fact that the South African Institute of Chartered Accountants (SAICA) has recognised this crisis is endorsed by its comprehensive transformation strategy reflected below:

SAICA objective

One of SAICA’s key strategic objectives is to transform the profession. This is further described in the mission statement of the organisation as follows:

• Running and facilitating programmes to transform the profession and to facilitate community upliftment.

Overall transformation objective

The measure for success of this transformation within the realm of SAICA is to ensure that transformation has sufficiently occurred at the level of the Qualifying Examination (QE). The objective measures are clear and twofold:

• To ensure trainees presenting themselves for the QE represent the demographics of the country’s population, both in terms of race and gender.

• To ensure that the pass rate of African and Coloured QE candidates is significantly increased.

Once these objectives have been reached, true transformation of the profession can be said to have been achieved. However, we have always been aware that the attainment of these measures cannot be accomplished simply or quickly. To attain these targets, the challenges at each level of a potential chartered accountants’ progress must be addressed and sufficient time must be allowed for the planned interventions to take full effect. This has become evident as some relatively new interventions have been less successful than hoped at the outset, while others are starting to bear fruit beyond initial expectations. All levels of progress must be addressed as outlined below:

THE INTRODUCTION OF THE THUTHUKA BURSARY FUND

In 2000, SAICA initiated a comprehensive and consolidated transformation strategy for the profession, taking into account skills and educational needs at all levels leading towards qualifying for the CA(SA) designation.

In 2002, the first transformation project, launched by SAICA under a separate company, the Thuthuka Education Upliftment Fund, was initiated. This project, based in the Eastern Cape, ran numeracy and literacy programmes with educators and learners in Grade 11 and 12, as well as engaging in capacity-building at the...
University of Fort Hare. As this and other Thuthuka projects began to bear fruit, SAICA recognised the need to find a way to ensure that the talented youth being identified through these projects were able to gain entry into the profession through the provision of bursaries. During the course of 2003, discussions began between SAICA and the CAs Eden Trust to discuss the possible unification of efforts, as the CAs Eden Trust offered a long history of supporting students from disadvantaged backgrounds and had many skills to offer in this area. Given the scope of the Thuthuka operations and the vision of the SAICA transformation team, it was realised that what was required would be far bigger and different to anything the CAs Eden Trust had ever done before.

Recognising the value of the Thuthuka projects and the vision of the SAICA transformation plan, the CAs Eden Trust agreed, in late 2003, to merge the efforts of the two separate organisations. From January 2004, the CAs Eden Trust began operating under its new name, the Thuthuka Bursary Fund. The Thuthuka Bursary Fund remains a Trust with a section 18 (A) certificate and all contributions are awarded with an exemption certificate.

Under the CAs Eden Trust’s wing were 40 students who were previously awarded bursaries and who were in some level of study at the time of the transition. Twenty of these students continued their studies in 2006 and 10 are expected to continue further in 2007. Financial provision has been made for all of these students to complete their studies.

The first intake of Thuthuka Bursary Fund students began their university studies in 2005. In 2006, the Thuthuka Bursary Fund truly established itself as a successful and viable mechanism to address the barriers experienced at this key level of transformation.

### CHALLENGES ADDRESSED BY THE THUTHUKA BURSARY FUND

In 2005, the chartered accountancy profession embarked on the development of a Black Economic Empowerment (BEE) charter for the profession. In this process, the challenges faced by the profession in the development of skills at each level of study were further identified and documented. Those identified at the undergraduate level are:

- Poor throughput pass percentages at undergraduate levels amongst black students (mainly due to socio-economic problems).
- A focus primarily on technical skills, which leaves students unprepared for the life skills required in their professional lives.
- A lack of funding leads to many black students studying on a part-time basis. This in turn means that they take longer to obtain a tertiary qualification.
- Lack of an effective learning model – many students work hard, but not effectively.
- Lack of mentoring and monitoring contribute to a high dropout level and poor throughput pass percentages.
- Many historically black institutions are still unable to achieve accreditation.

The Thuthuka Bursary Fund addresses each of these challenges to some degree, bar the last one, which is addressed by the broader transformation strategies of SAICA.

The required strategies identified by the same BEE Charter forum are as follows:

- To widen the scope of tertiary education to include life skill training and socio-economic coping mechanisms.
- To attain uniformity of standards among all tertiary institutions.
- To improve the provision of bursaries for the development of Black CAs(SA).
- To provide more and better supervision with regard to bursaries.
- To provide support mechanisms for black students at tertiary level, financially and particularly socially.

### THUTHUKA BURSARY FUND OPERATIONAL STRATEGIES

At the outset of the Thuthuka Bursary Fund, it was recognised that operations on the scale needed which effectively address the challenges identified above, would require a different approach. The Thuthuka Education Upliftment Fund initiatives at the University of Fort Hare, University of Limpopo and the University of Johannesburg (then RAU) were showing great levels of success and provided an indication as to how a new approach might be implemented. The Thuthuka Bursary Fund sought to take advantage of the lessons learnt on these projects and it was decided that the Thuthuka Bursary Fund would fund whole programmes with selected universities, as opposed to individual students choosing where they wanted to study.

The Thuthuka Bursary Fund wished to work with institutions that can provide specific, comprehensive and consolidated programmes; programmes based on the factors that had proven essential to the success of the abovementioned Thuthuka projects. Such factors include the ability to work with the students as a residential cohort; the provision of not only an academically excellent programme, but life, study and workplace readiness skills; the
provision of effective mentorship to the students; and the facilitation of both community service and vacation work.

Over and above the provision of this comprehensive programme, the participating higher education institutions would need to provide, at their own cost, a project manager to manage the individual bursary students.

The Thuthuka Bursary Fund would then manage sets of programmes. This arrangement would be formalised through an agreement between the university and the Thuthuka Bursary Fund.

The recruitment for the Thuthuka Bursary Fund focuses specifically on African and Coloured learners who have traditionally been excluded from further studies due to financial constraints, lack of access and lack of career guidance. The recruitment process takes advantage of the traditional Transformation Project Managers pool of CAS Eden Trust recruits, as well as the pool of learners with whom the SAICA Transformation Project Managers engage with during the course of their promotion of the profession. Recruitment is also pursued through the large number of rural learners reached through the Thuthuka Schools Projects and the Department of Science and Technology (DST)/Thuthuka Maths and Science Development Camps.

The operations of the Thuthuka Bursary Fund are designed to be highly inclusive so as to consolidate the efforts of all role players in the industry and universities. The make-up of the Board of Trustees is the first level of this inclusive approach, with the selection process of bursary students taking it a step further.

In agreement with the firms and the universities, a joint selection process was designed. Through the Alternative Admissions Research Project (AARP) designed by UCT, a screening test and then an interview process, the finally-selected group of learners reflects a pool agreed upon by all key stakeholders.

This comprehensive programme requires a comprehensive bursary that addresses the complete requirements of the student and one that is sufficient to cover all their needs for the year. The arrangement is formalised through an agreement between the student and the Thuthuka Bursary Fund, the agreement also includes a requirement that the student enters into a chartered accountancy learnership agreement on completion of his or her studies. The bursary is funded in part by contributions from the Thuthuka Bursary Fund and in part by a National Student Financial Aid Scheme (NSFAS) loan. NSFAS has specifically ring-fenced funding for the Thuthuka students. The contribution from NSFAS is equal to whatever is raised by the Thuthuka Bursary Fund from its donors. This partnership allows for a valuable leveraging ability in terms of the number of students that may be supported.

■ HIGHER EDUCATION INSTITUTIONS AND THE THUTHUKA BURSARY FUND

During 2004, accredited residential higher education institutions were invited to consider their participation in the programme. The criteria for participation in the Thuthuka Bursary Fund from the higher education institutions are as follows:

- A strong academic programme, with a pass rate of at least 60% in the QE;
- Additional life, study and workplace readiness programmes;
- Academic support programmes for the Thuthuka students;
- The provision of accommodation and food for the Thuthuka students; and
- The provision of a project manager at the institution, at the cost of the institution, to manage the Thuthuka students.

The three universities who initially indicated both the willingness and ability to meet the Thuthuka Bursary Fund criteria were the University of the Witwatersrand (Wits), University of Johannesburg (UJ) and University of Cape Town (UCT). These three institutions began their Thuthuka Bursary Fund Programmes in 2005 with the first intake of the Thuthuka Bursary Fund cohorts.

During 2005, the Nelson Mandela Metropolitan University achieved accreditation as a Thuthuka Bursary Fund provider. The 2006 intake, therefore, was placed at all four institutions.

During 2006, Stellenbosch University applied for and was also given accreditation to take a small cohort of Thuthuka Bursary Fund students. The first intake of students for this university will be in 2007, when the Thuthuka Bursary Fund will then be active at five higher education institutions.

Other universities are currently in discussion with the Thuthuka Bursary Fund for their possible inclusion in future years.
Operations report (continued)

THE THUTHUKA BURSARY FUND STUDENTS

2006 placements

There are currently 312 Thuthuka Bursary Fund students engaged in their studies. The race and gender breakdown of this group is outlined in the table below:

<table>
<thead>
<tr>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>African</td>
<td>African</td>
<td>Coloured</td>
</tr>
<tr>
<td>116</td>
<td>180</td>
<td>18</td>
</tr>
</tbody>
</table>

Results of the 2006 intake of students (First years)

The start of 2006 was difficult as, despite the vast avenues for recruitment, identifying a sufficient number of talented potential students was difficult. The Thuthuka Bursary Fund had raised enough money for 200 students and only 196 were finally placed on the Thuthuka Bursary Fund. Due to the shortfall, many potentially strong candidates were only identified when the final matric results became available at the end of 2005. Thus, there were a number of students who had not completed the full selection process, including the AARP test, before placement. These students only wrote the AARP test once they had been accepted and only thirty percent of them passed.

This notwithstanding, the results of the first year students are outstanding, with an overall pass rate of 87.56%.

The results remain well above the national average and exceed the Thuthuka Bursary Fund’s expectation of an annual 70% throughput pass percentage.

Second year results (2005 intake)

The pass rate for second years is 65.18%.

The Trustees are disappointed with the overall results for the second year students. There was a specific problem identified with the financial accounting courses, but a deeper investigation of the causes of the poorer than hoped for performance will be undertaken. It is hoped that many of the barriers experienced will be removed and the pass rate going forward improved.

In general only 25% of students obtain their first degrees within the minimum required period, usually three years. Despite this statistic, it is hoped that the Thuthuka Bursary Fund students will progress better, given the design of the model and the support that they are receiving. The first year results are, so far, exceeding all expectations and it is hoped that the pass percentages of second year students will be improved. This is despite the fact that all of them come from disadvantaged backgrounds and, in many cases, poor schooling. Although we would desire that all our students pass their degrees within three years and their honours in one year, it is unrealistic to apply these standards across the board.

The Thuthuka Bursary Fund contract with the students makes provision to allow one additional year of study. In considering this, all mid-year marks will be carefully considered and, if performances are not satisfactory, the bursaries may be cancelled. Despite this, the students would be able to complete their studies, as they have the NSFAS loan for the full 12 months.

Ex-CAs Eden Trust student progress

At the beginning of 2006 we had 20 students in third and honours year. Overall we had a 75% pass rate. Ten students wrote honours, five passed and five failed.

In 2007 there will be 10 honours students, all of whom will be sponsored.

Expected intake for 2007

During 2006, the recruitment process was undertaken for the 2007 intake. We received 1,950 applications for bursaries. Over 900 students met the criteria to be sent for the AARP test and of these students over 400 succeeded in the test and were interviewed. The Thuthuka Bursary Fund has funding and university capacity for 220 new first year students for 2007. The high calibre of recruits for 2007 has ensured that all of these places will be filled in 2007.

The success achieved with recruitment for the 2007 intake gives testimony to the effectiveness of the Thuthuka projects as well as the hard work of the SAICA Transformation Project Managers.

Our offices were flooded with so many learners boasting distinctions that it is apparent the extra classes and the camps to which they have been exposed through our interventions have paid off.
The expected numbers and placement of students for 2007, based on the 2006 results and the 2007 intake is summarised in the table:

<table>
<thead>
<tr>
<th>Year of Study</th>
<th>Female African</th>
<th>Female Coloured</th>
<th>Male African</th>
<th>Male Coloured</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st year</td>
<td>22</td>
<td>1</td>
<td>36</td>
<td>—</td>
<td>59</td>
</tr>
<tr>
<td>2nd year</td>
<td>20</td>
<td>—</td>
<td>26</td>
<td>—</td>
<td>46</td>
</tr>
<tr>
<td>3rd year</td>
<td>14</td>
<td>2</td>
<td>15</td>
<td>—</td>
<td>31</td>
</tr>
<tr>
<td>UJ</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st year</td>
<td>20</td>
<td>2</td>
<td>30</td>
<td>1</td>
<td>53</td>
</tr>
<tr>
<td>2nd year</td>
<td>16</td>
<td>—</td>
<td>27</td>
<td>1</td>
<td>44</td>
</tr>
<tr>
<td>3rd year</td>
<td>13</td>
<td>1</td>
<td>16</td>
<td>1</td>
<td>31</td>
</tr>
<tr>
<td>UCT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st year</td>
<td>18</td>
<td>3</td>
<td>15</td>
<td>1</td>
<td>37</td>
</tr>
<tr>
<td>2nd year</td>
<td>11</td>
<td>7</td>
<td>18</td>
<td>5</td>
<td>41</td>
</tr>
<tr>
<td>3rd year</td>
<td>9</td>
<td>3</td>
<td>14</td>
<td>8</td>
<td>34</td>
</tr>
<tr>
<td>NMMU</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st year</td>
<td>17</td>
<td>1</td>
<td>30</td>
<td>3</td>
<td>51</td>
</tr>
<tr>
<td>2nd year</td>
<td>20</td>
<td>3</td>
<td>31</td>
<td>1</td>
<td>55</td>
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<tr>
<td>Stellenbosch</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1st year</td>
<td>1</td>
<td>10</td>
<td>1</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>181</td>
<td>33</td>
<td>259</td>
<td>29</td>
<td>502</td>
</tr>
</tbody>
</table>

**FUNDING**

Current donors of the Thuthuka Bursary Fund

There has been considerable support for the Thuthuka Bursary Fund from many donors, in and outside the profession. This has been due to the very real successes achieved by the Thuthuka Bursary Fund and the attractive bursary model and mechanism that it affords funders.

Donors who join the Thuthuka Bursary Fund are contracted for a minimum of three years. This allows for the initial agreed intake of students to complete their undergraduate studies.

Fundraising activities

The Thuthuka Bursary Fund believes that an extensive and comprehensive bursary is essential to ensure the success of the student. This also then requires sufficient funds to be available for the students to be able to study without the stress of worrying about money for essentials, so that they can concentrate on passing each year.

In order to provide for 250 to 300 new recruits each year, with a 70% throughput pass percentage for four years of study, the Thuthuka Bursary Fund will require an annual amount of approximately R30 million.

These funds are being raised through extensive support from the profession, from commerce and industry, from government sources and from foundation funds. The Trustees have been very supportive and active in raising money and we thank them for this.

We are fortunate to have an ongoing partnership with the NSFAS, which has ring-fenced a specific sum of money annually. The NSFAS paid half the bursaries for the 312 students in the system and will do so again for 2007. This means that each student is required to take out a loan agreement with NSFAS for R25 000.

Forty percent of this amount is converted to a bursary if the student passes at the end of the year. The loan is to be paid back to NSFAS once the student starts working and is collected through the NSFAS. The Thuthuka portion of the bursary need not be paid back, but the student has a "work back" obligation to certain of our sponsors.

**LEARNING EXPERIENCES FROM 2006**

Most Thuthuka students come from rural areas not reached by other educational interventions. Often the Transformation Project Managers found they were the pioneers of an assisted learning programme in the schools in their designated areas.

Learners coming out of schools in the rural areas often find it difficult to adjust to life at the major universities; the pressures facing these students are numerous. Exacerbating their difficulties is the distance from their homes. Thus, UJ and Wits, both Gauteng-based, also service the northern regions, while UCT and the Nelson Mandela Metropolitan University have taken on board many KwaZulu-Natal (KZN) and Free State students.

The KZN Department of Education is a major contributor to Thuthuka, contributing R1 million per year to our Bursary Fund. They are enthusiastic about Thuthuka and involve all their educators in the project. One third of our present students come
from KZN, and there are at least 50 new students out of the 220 new intake from KZN. Discussions continue between SAICA and the University of KwaZulu-Natal with regard to their potential involvement in the Thuthuka Bursary Fund. At the moment, however, issues around the merger and the distance learning programme prevent the university from engaging in new initiatives such as the Thuthuka Bursary Fund.

The majority of the KZN students are placed at UCT, though a number are placed at UJ, NMMU and Wits.

Experience has taught us that all the Thuthuka students must stay in the same residence. Although the logistics do not always make it easy for the universities to accede to this request, processes are now in place to make this more feasible for 2007.

The problems encountered at a second year level need to be investigated further and mechanisms created for an early identification of potential problems.

■ CONCLUSION

The Trustees of the Thuthuka Bursary Fund are pleased with the first year results of the students in 2006. The universities all agree that the second year is one of the most difficult and many students drop out at that level in accounting and there is a concern at this level that will be investigated further. This notwithstanding, the Trustees are generally satisfied with the progress of the students and the running of the Thuthuka Bursary Fund.

With a strong Board of Trustees providing support and direction, the Thuthuka Bursary Fund has already generated sufficient support of the profession and other funders to see the 2005, 2006 and 2007 student intakes through to completion.

Fundraising will continue for 2008 as more and more businesses gain interest in our project. Negotiations are underway with the University of Pretoria as a Thuthuka university in 2008. This will accommodate another 50 students.

The new intake of students for 2007 are of a high calibre and together with the universities, we are becoming more and more selective, only taking in the top students who pass the AARP test with higher pass rates than before. The matric results that are coming through for these students are producing more distinctions than before.

Besides having technical skills, students need to show determination and absolute commitment to their studies. A database has been set up so that we can gather information each year to highlight the indicators to use in the future to keep improving our selection criteria.

In the year ahead we plan to have a closer relationship with the vice chancellors and heads of department at the universities. Capacity at the universities and commitment to real change remains a concern. We have found that it is essential for the universities to have sufficient commitment from the senior levels within the departments and within the universities as a whole, to achieve success and high pass rates.

The implementation of these successful and significant Thuthuka programmes would not have been possible without the support and commitment of SAICA towards transformation. Not only has SAICA provided the infrastructure, time and energy through which such programmes can be sustained, but has, in 2006 alone, contributed R4 594 100 to the Thuthuka programmes. Our profession is undoubtedly a leader in issues of skills development and transformation and the members are definitely those with “a real vision” as described by the deputy-president in the opening quote.

We would also like to take this opportunity to again express our extreme gratitude to the funders and donors that have contributed even more over the past year to ensure the success of the Thuthuka Bursary Fund. Your support is appreciated and critical for the successful growth and transformation of the accountancy skills for the South African economy and is a significant contributor to an improved economy going forward.

Chantyl C Mulder
Senior Executive: Transformation
5 April 2007
It is in developing people that we make real progress in our own society

August Vollmer.
Corporate governance statement

INTRODUCTION

The CAs Eden Trust was established as a trust in 1987 so as to provide educational bursaries and training assistance. With the success of the Thuthuka Education Upliftment Fund, it was recognised that a vehicle was required to create capacity to support the talented learners being identified and developed. The CAs Eden Trust could fulfil this role. Negotiations were concluded in 2004 for the CAs Eden Trust to be renamed to match the new strategy and alignment. The CAs Eden Trust changed its name to the Thuthuka Bursary Fund during 2004 and a new Board of Trustees was established. During 2006, the new name was registered with the Master of the High Court and the bank account name and signatories updated.

BOARD OF TRUSTEES

The Board has a unitary structure comprising 13 trustees. All of the Trustees are independent non-executive trustees, although everyone in the profession has an interest in the success of such a bursary programme.

The Thuthuka Trustees are responsible for approving the overall strategic and business plans of the Fund, approving participating universities, ensuring that proper corporate governance procedures are in place, and, critically, for assisting in ensuring that sufficient funds are raised to support the target number of learners each year and in a sustainable manner. In addition, they are ultimately responsible for the annual financial statements as well as managing the financial risks and proper accountability of donor funding.

The current Trustees are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr S Nxasana</td>
<td>FirstRand Limited</td>
</tr>
<tr>
<td>Mr C Beggs</td>
<td>PricewaterhouseCoopers</td>
</tr>
<tr>
<td>Mr I Amod</td>
<td>Neo Solutions</td>
</tr>
<tr>
<td>Mrs STL Arnold</td>
<td>Telkom SA</td>
</tr>
<tr>
<td>Mr IS Sehoole</td>
<td>SAICA</td>
</tr>
<tr>
<td>Mr MR Bower</td>
<td>Edcon Limited</td>
</tr>
<tr>
<td>Mr GG Gelink</td>
<td>Deloitte.</td>
</tr>
<tr>
<td>Mr PA Hourquebie</td>
<td>Ernst &amp; Young</td>
</tr>
<tr>
<td>Mr RM Kgosana</td>
<td>KPMG Inc</td>
</tr>
<tr>
<td>Mr VA Naidoo</td>
<td>Deloitte.</td>
</tr>
<tr>
<td>Mr MJN Njeke</td>
<td>Kagiso Trust Investments</td>
</tr>
<tr>
<td>Mr VM Sekese</td>
<td>Sizwe Ntsaluba VSP</td>
</tr>
<tr>
<td>Mr TM Nombembe</td>
<td>Auditor-General</td>
</tr>
</tbody>
</table>

BOARD MEETINGS

The Board meetings are held at least three times during the year, which include strategic planning, financial statement approval, approval of Thuthuka Bursary Fund university providers, and fundraising activities. Additional meetings are held whenever deemed necessary.

CORPORATE GOVERNANCE COMPLIANCE STATEMENTS

The Thuthuka Bursary Fund adheres to good corporate governance principles, specifically those outlined by the King II report on corporate governance, and conforms with International Financial Reporting Standards (IFRS).

AUDIT COMMITTEE

The Thuthuka Bursary Fund does not have a separate audit committee, as this role is fulfilled by the SAICA audit committee, in accordance with the management agreement between the two organisations. The roles and responsibilities in this regard were further documented in 2006. The SAICA audit committee therefore reviews the annual financial statements, appropriateness and effectiveness of controls, accounting policies and procedures and financial reporting, all of which incorporates the Thuthuka Bursary Fund. A relationship has been established...
between the Thuthuka Bursary Fund Board of Trustees, through the chairperson, with the
chairperson of the SAICA audit committee for further feedback and communication.
The Trustees also had oversight of the audit plan of the external auditors to ensure this
addressed any issues of emphasis or concern to the Trustees.
The Board of Trustees retains overall responsibility for the approval of the Thuthuka
annual financial statements.

■ REMUNERATION COMMITTEE
There is no remuneration committee, as the Thuthuka Bursary Fund does not employ
any staff. SAICA, through a management agreement with the Thuthuka Bursary Fund,
performs all the administration of the Thuthuka Bursary Fund and contributes the full
administrative costs of this Fund.

■ INTERNAL AUDIT AND CONTROLS
The internal audit function has now been firmly established within SAICA and this function
has a specific scope to review the Thuthuka Bursary Fund. The relationship, planning and
risk profiles of SAICA and the Thuthuka Bursary Fund were established between the SAICA
audit committee and the internal auditors during 2006 and are updated regularly.
During 2006, an internal audit review was performed on the Thuthuka Bursary Fund. No
significant findings were reported, but recommendations for improvement have been
implemented. The internal auditors will, in 2007, be assisting with the documentation
of the newly established Thuthuka Bursary Fund procedures.
The Trustees are responsible for the Fund’s system of internal financial control. No
system of internal financial control can provide absolute assurance against misstatement
or loss. Such a system is designed to provide the Trustees with reasonable assurance
that problems are identified on a timely basis and dealt with appropriately. There are
key procedures that have been established and designed to provide effective internal
financial control.
In addition the Fund has established and maintains a risk matrix and has put initiatives
in place to manage the identified risks as appropriate. The key risks for each project are
reviewed at each Board meeting.

■ RISK COMMITTEE
In addition to the review of risks at each Board meeting of the Thuthuka Trustees, the risks
are reviewed by the SAICA risk committee. This committee is a management structure
that reports into the SAICA audit committee. The risk committee is made up of all senior
SAICA staff, as well, by invitation, the internal auditors. The committee plays an integral
role in the identification, prioritisation, evaluation and review of all key risks impacting
Thuthuka and SAICA, and oversees the plans and actions to address such risks.
Responsibility of the Board of Trustees
for the year ended 31 December 2006

The Board of Trustees (the Board) is responsible for the preparation, integrity and objectivity of the annual financial statements which present fairly the state of the affairs of the Trust at the end of the financial year and the results for the year and other information contained in this annual report.

To enable the Board to meet these responsibilities:

• The Board is accountable for policies and controls. In accordance with a management agreement between the South African Institute of Chartered Accountants (SAICA) and the Thuthuka Bursary Fund (TBF), SAICA management sets policies and controls and implements systems of internal control as well as accounting and information systems. The internal financial controls provide reasonable, but not absolute, assurance that assets are safeguarded, the risk of error, fraud or loss is reduced in a cost-effective manner and that transactions are executed and recorded in accordance with the Trust’s policies and procedures. These controls are implemented by trained, skilled staff with clearly defined lines of accountability and an appropriate segregation of duties. The controls include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate control framework;

• The SAICA internal audit function which operates unimpeded and independently from operational management and has unrestricted access to the SAICA audit committee – appraises, evaluates and when necessary, recommends improvements to the systems of internal control and accounting practices. This includes conducting operational, financial and specific audits and liaising with the external auditors; and

• The SAICA audit committee, together with the external and internal auditors, plays an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of their knowledge and belief, based on the above, the Board is satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the year under review.

The external auditors are responsible for expressing an opinion on the fair presentation of the annual financial statements. The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

The annual financial statements are based on appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgements and estimates.

The Board believes that the Trust will be a going concern in the year ahead. For this reason they continue to adopt the going concern basis in preparing the annual financial statements.

The annual financial statements, which appear on pages 16 to 20, were approved by the Board on 5 April 2007 and are signed on its behalf by:

Sizwe Nxasana
Chairman of the Board of Trustees
5 April 2007
TO THE TRUSTEES OF THE THUTHUKA BURSARY FUND

Report on the financial statements

We have audited the annual financial statements of Thuthuka Bursary Fund, which comprise the balance sheet at 31 December 2006, and the income statement, the statement of changes in reserves and cash flow statement for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 16 to 20.

Board’s responsibility for the financial statements

The Board of Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. 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 and 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 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 Thuthuka Bursary Fund at 31 December 2006 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Inc.

Per Y Suleman
Chartered Accountant (SA)
Registered Auditor
Director
5 April 2007
### Balance sheet

**at 31 December 2006**

<table>
<thead>
<tr>
<th>Note</th>
<th>2006 R’000</th>
<th>2005 R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>3</td>
<td>1 597</td>
</tr>
<tr>
<td>Funds under management – SAICA</td>
<td>12</td>
<td>2 549</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>4</td>
<td>1 915</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RESERVES AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>7</td>
<td>2 140</td>
</tr>
<tr>
<td><strong>Total reserves and liabilities</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Income statement

**for the year ended 31 December 2006**

<table>
<thead>
<tr>
<th>Note</th>
<th>2006 R’000</th>
<th>2005 R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>8</td>
<td>10 477</td>
</tr>
<tr>
<td>Expenditure</td>
<td>9</td>
<td>(10 482)</td>
</tr>
<tr>
<td><strong>Operating deficit before finance income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance income</td>
<td>10</td>
<td>136</td>
</tr>
<tr>
<td><strong>Surplus/(deficit) before taxation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>11</td>
<td>—</td>
</tr>
<tr>
<td><strong>Surplus/(deficit) for the year</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Statement of changes in reserves

*for the year ended 31 December 2006*

<table>
<thead>
<tr>
<th>Description</th>
<th>2006 R'000</th>
<th>2005 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 31 December 2004</td>
<td>4 691</td>
<td></td>
</tr>
<tr>
<td>Deficit for the year</td>
<td>(901)</td>
<td>(901)</td>
</tr>
<tr>
<td>Balance at 31 December 2005</td>
<td>3 790</td>
<td></td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>131</td>
<td></td>
</tr>
<tr>
<td>Balance at 31 December 2006</td>
<td>3 921</td>
<td></td>
</tr>
</tbody>
</table>

### Cash flow statement

*for the year ended 31 December 2006*

<table>
<thead>
<tr>
<th>Description</th>
<th>2006 R'000</th>
<th>2005 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus/deficit for the year</td>
<td>131</td>
<td>(901)</td>
</tr>
<tr>
<td>Adjusted for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance income</td>
<td>(136)</td>
<td>(394)</td>
</tr>
<tr>
<td>Cash flow before working capital changes</td>
<td>(5)</td>
<td>(1 295)</td>
</tr>
<tr>
<td>Working capital changes</td>
<td>(1 895)</td>
<td>156</td>
</tr>
<tr>
<td>Increase in trade and other receivables</td>
<td>339</td>
<td>(1 669)</td>
</tr>
<tr>
<td>Increase in SAICA receivable</td>
<td>(2 549)</td>
<td>(—)</td>
</tr>
<tr>
<td>Increase in trade and other payables</td>
<td>315</td>
<td>1 825</td>
</tr>
<tr>
<td>Net cash outflow from operating activities</td>
<td>(1 900)</td>
<td>(1 139)</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance income</td>
<td>136</td>
<td>394</td>
</tr>
<tr>
<td>Net cash flow from investing activities</td>
<td>136</td>
<td>394</td>
</tr>
<tr>
<td>Net decrease in cash and cash equivalents</td>
<td>(1 764)</td>
<td>(745)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>3 679</td>
<td>4 424</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>1 915</td>
<td>3 679</td>
</tr>
</tbody>
</table>
Notes to the financial statements
for the year ended 31 December 2006

1. GENERAL INFORMATION

The Thuthuka Bursary Fund is registered in terms of the Trust Property Control Act No. 57 of 1988, Trust Number: T459/88, having its principal place of business at 7 Zulberg Close, Bruma Lake. The primary activity of the trust is to assist previously disadvantaged African and Coloured learners in becoming Chartered Accountants (SA). The funds of the trust are managed by the South African Institute of Chartered Accountants (SAICA) in accordance with a management agreement with the Trustees.

2. ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.2 Adoption of new and revised standards

In the current year, Thuthuka Bursary Fund has adopted all new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2006.

At the date of authorisation of these financial statements for the year ended 31 December 2006, the following standards and interpretations were in issue but not yet effective:

<table>
<thead>
<tr>
<th>Standard/interpretation</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFRS 7 (AC 144)</td>
<td>1 January 2007</td>
</tr>
<tr>
<td></td>
<td>Financial Instruments: Disclosures (including amendments to IAS 1, Presentation of Financial Statements: Capital Disclosures)</td>
</tr>
<tr>
<td>IFRS 8 (AC 145)</td>
<td>1 January 2009</td>
</tr>
<tr>
<td></td>
<td>Operating Segments</td>
</tr>
<tr>
<td>IFRS 4 (AC 141) amendement</td>
<td>1 January 2007</td>
</tr>
<tr>
<td></td>
<td>Revised Guidance on Implementing IFRS 4 (AC 141) Insurance Contracts</td>
</tr>
<tr>
<td>IFRIC 7 (AC 440)</td>
<td>1 March 2006</td>
</tr>
<tr>
<td></td>
<td>Applying the Restatement approach under IAS 29, Financial Reporting in Hyperinflationary Economies</td>
</tr>
<tr>
<td>IFRIC 8 (AC 441)</td>
<td>1 May 2006</td>
</tr>
<tr>
<td></td>
<td>Scope of IFRS 2</td>
</tr>
<tr>
<td>IFRIC 9 (AC 442)</td>
<td>1 June 2006</td>
</tr>
<tr>
<td></td>
<td>Reassessment of Embedded Derivatives</td>
</tr>
<tr>
<td>IFRIC 10 (AC 443)</td>
<td>1 November 2006</td>
</tr>
<tr>
<td></td>
<td>Interim Financial Reporting and Impairment</td>
</tr>
<tr>
<td>IFRIC 11 (AC 444)</td>
<td>1 March 2007</td>
</tr>
<tr>
<td></td>
<td>IFRS 2 – Group and Treasury Share Transactions</td>
</tr>
<tr>
<td>IFRIC 12 (AC 445)</td>
<td>1 January 2008</td>
</tr>
<tr>
<td></td>
<td>Service Concession Arrangements</td>
</tr>
</tbody>
</table>

All standards will be adopted at their effective date (except for the effect on those standards that are not applicable for the Thuthuka Bursary Fund).

All the above listed standards except for IFRS 7 are not applicable to the business of Thuthuka Bursary Fund and will therefore have no impact on future financial statements.

In respect of IFRS 7 the disclosures provided for financial instruments in the financial statements of the period ending 31 December 2007, as well as comparative information, will be compliant with IFRS 7. The disclosure requirements of IFRS 7 require additional disclosure compared to that required in terms of existing IFRS.

The adoption of IFRS 7 will not have any impact on the accounting policies adopted for financial instruments.
2. ACCOUNTING POLICIES (continued)

2.3 Basis of preparation
The financial statements are prepared on the historical cost basis unless otherwise indicated and incorporate the following principal accounting policies, which are consistent with those applied in the previous year.

2.4 Financial instruments
Financial assets and financial liabilities are recognised on the balance sheet when the trust becomes a party to the contractual provisions of the instruments. They are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. They are subsequently measured as follows:

Trade and other receivables
Trade and other receivables do not carry any interest and are stated at their amortised cost and reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and deposits held on notice with banks, net of bank overdrafts, all of which are available for use by the trust.

Trade and other payables
Trade and other payables are not interest bearing and are stated at their amortised cost.

2.5 Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the trust and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received or receivable.

Donations are accounted for when they are received. Where there are attaching conditions, donations are accounted for when there is reasonable assurance that the donation will be received and all attaching conditions will be complied with.

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

In these financial statements, surplus and deficit is used instead of profit and loss as the trust is not profit driven, yet could generate or incur surplus revenue over cost or vice versa.

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td>Sundry debtors</td>
<td>1 556</td>
<td>1 203</td>
</tr>
<tr>
<td>Prepayments</td>
<td>41</td>
<td>733</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1 597</strong></td>
<td><strong>1 936</strong></td>
</tr>
</tbody>
</table>

3. Trade and other receivables

4. Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td>Current account</td>
<td>1 915</td>
<td>2 509</td>
</tr>
<tr>
<td>32 day notice deposit and call</td>
<td>—</td>
<td>1 170</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1 915</strong></td>
<td><strong>3 679</strong></td>
</tr>
</tbody>
</table>

Cash and cash equivalents comprise cash held at bank and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

5. Credit risk
The trust’s principal financial assets are bank balances and trade and other receivables, which represent the trust’s maximum exposure to credit risk in relation to financial assets.

The trust’s credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the trust’s management based on prior experience.

The credit risk on liquid funds and financial instruments is limited because the counterparties are reputable financial institutions.

6. Interest rate risk
The trust generally adopts a policy of ensuring that its exposure to changes in interest rates is on the variable rate basis.
Notes to the financial statements (continued)
for the year ended 31 December 2006

7. (continued)
    7. Trade and other payables
       Sundry creditors 575 35
       Revenue received in advance 1 565 1 790
       2 140 1 825
       Revenue received in advance consists of donations allocated to learners for 2007.

8. Revenue
    Donations 10 477 5 242

9. Expenditure
    Bursary payments 10 482 6 537

10. Finance income
    Finance income comprises interest earned on a call account, 32 day notice deposit account
    and STANLIB investment account.
        136 394

11. Income tax expense
    The trust has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act (the Act) and the
    receipts and accruals are exempt from income tax in terms of section 10(1)(cN) of the Act.

12. Related parties
    South African Institute of Chartered Accountants
    The funds of the trust are managed by SAICA in accordance with a management agreement that took effect on 1 January 2004. An
    amount of R2 549 362 is currently under management by SAICA. SAICA assumes full responsibility for the administration and bore
    the cost of administering the trust of R939 854 (2005: R819 950). Included in sundry debtors is an amount receivable from SAICA
    of R2 111 105. The trustees of the trust and management committee and board of SAICA are key to management of the trust but do
    not receive compensation from the trust.

    Thuthuka Education Upliftment Fund
    The Thuthuka Education Upliftment Fund is a section 21 company. Its main business is to establish and maintain structures for
    carrying out and promoting skills development activities. In terms of the memorandum and articles, the company is controlled by
    SAICA. Included in sundry debtors is an amount of R500 000 receivable from the Thuthuka Education Upliftment Fund.

    Key management contributions
    Key management positions in entities that contribute to the Thuthuka Bursary Fund are held by some of the Trustees of the
    Thuthuka Bursary Fund.

    Donations received from related parties
    2006 2005
    South African Institute of Chartered Accountants 30 46
    Trustees — 29
    1 750 1 540

13. Future commitments
    Commitments received from
    Companies and the accounting profession 13 225 16 500 6 825
    National Students Financial Aid Scheme 13 225 16 500 6 825
    Total commitments received 26 450 33 000 13 650
    Commitments made to students
    The net present value for a year of study is R50 000 per student. Commitments to the value of R25 050 000 have been entered
    into for the year 2007.
    A memorandum of understanding exists between the Thuthuka Bursary Fund and the National Students Financial Aid Scheme (NSFAS).
    The memorandum stipulates that the NSFAS will contribute funds in equal proportion to funds raised by the Thuthuka Bursary Fund. These
    bursary awards are paid directly to bursars by the NSFAS and are thus not accounted for as revenue in the Thuthuka Bursary Fund.