

DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 5 APRIL 2018

DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

B Carroll
G Klintworth (Appointed 30 January 2018)
R Kugler
H Loyd (Appointed 20 September 2017)
H Lloyd
T O'Malley
R Woodhead

Charity number

1119353

Principal address

26 Gosfield Street
London
W1W 6HH

Auditor

Cansdales
Bourbon Court
Nightingales Corner
Little Chalfont
Bucks
HP7 9QS

Bankers

HSBC Bank plc
The Peak
333 Vauxhall Bridge Road
London
SW1V 1EJ

DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

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DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

TRUSTEES' REPORT

FOR THE YEAR ENDED 5 APRIL 2018

The Trustees present their report and financial statements for the year ended 5 April 2018.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)"

Objectives and activities

Our Vision

That all children, regardless of their socio-economic, cultural background or location are able to reach their potential and make a difference to their families and communities.

Our Mission

Our mission is to enable children from underserved (rural) communities in South Africa to have the opportunity of a good education.

Our Goals

1. Give children the chance to lift themselves out of their extremely disadvantaged background by working to improve educational facilities, standards and care for children.
2. Support the education and development of children not just educated sufficiently to pass a set of exams but also effectively prepared for their adult lives. We believe that through improving their educational attainment, each child is in a better position to improve their own life, achieve better standards of health, secure more satisfactory employment, contribute more meaningfully to the life of their family, village, society and country.

Our Approach

We achieve these goals by concentrating on a limited area and a small number of schools believing in that way it can make a significant difference and give the local community the capacity to bring about sustainable social transformation. Over time, our work and programmes have evolved into a Linked- Schools Education Model that makes a long-term investment in children's lives, supporting them throughout their school careers starting at the all-important pre-school age and going on until they graduate. Our current area of support is in the remote uMzinyathi district of rural KwaZulu-Natal, which surrounds Fugitives' Drift, where we work with our sister organisation David Rattray Foundation (DRF) under a shared identity of KHULA Education.

The KHULA Education Linked- Schools Model is built on four pillars:

1. Early Childhood Development
2. Training of teachers and school heads
3. Supplementary and supportive teaching in Mathematics and English literacy
4. Life Skills Development

The model is based on a concentrated effort to create connections between local schools at each phase within the educational system enabling a sustained progression, monitoring and supporting learners from the foundation phase, through primary phase and into their secondary school phase. To make this possible, our pre-school is located in close proximity to the local primary and high school in Rorke's Drift and our new pre-school at Isandlwana will be similarly situated close to the local primary and high school. In total we are involved with 20 under-resourced, local schools to address key educational needs both infrastructural and academic to ensure a measurable uplift in education levels and post school employment.

DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2018

Our Programmes

1. We have continued to operate and fund our pre-school, at Rorke's Drift that allows children from the age of three to learn through education-led activities from qualified teachers. Our evaluation of the children through the pre-school clearly displayed that early education has the greatest impact on learning. It is for that reason we decided to enlarge the pre-school to ensure we could provide this much needed early education to larger numbers of young children and we now have the capacity to permit an intake of 40 children to operate the pre-school at a maximum capacity of 80. The children learn in English alongside their home language, giving them the benefit of bilingualism from an early age.
2. The lack of suitably qualified teachers in our deeply rural partner schools is still an on-going issue. We have continued to develop and offer teacher training programmes to raise the levels of qualified teachers in the region.
3. Our two directly employed full time qualified teachers have provided supplementary Maths and English teaching at our educational resource centre and by visiting local schools.
4. We continued to support and fund the KHULA Life Skills Summer Camps, residential camps for teenaged pupils from supported schools which foster community and personal development through music, dance and other group exercises. Approximately 150 children attended the 5-day camps. Many of these children have been orphaned and face huge challenges in their lives. The focus is safety, fun, personal development and growth. Pre- and post-Camp surveys of the children's attitudes and abilities show clear improvements in key areas of behaviour which has a positive effect on their learning when they return to school.

Financial review

Overall expenditure was used to further the Trust's mission as outlined above, as well as fundraising activity aimed at securing income for future programmes.

Income:

The income can be broken down as follows

- Income from trusts and foundations continued to provide the base of our programmes with income reaching £71,954. Funders included Saga Charitable Trust, Allen and Nesta Charitable Trust, British and Foreign Schools Society and Burton Trust. Restricted funding made up £61,494 of this total.
- Unrestricted donations from supporters totalled £10,460.

Expenditure:

Expenditure in 2017/18 continued to be focused on our core programme work in South Africa and fundraising in the UK. Expenditure totalled £92,667 which included 772,970 South African Rand.

- Restricted expenditure stood at £36,998.
- At the end of the year, the total funds balance stood at £248,334 made up of restricted funds of £49,334 and unrestricted funds of £199,000. We believe that these allow the Trust to continue to maintain its current approach to meet our goals and provide the basis for funding future plans.

DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2018

Reserves policy

The Trustees have decided to adopt a low risk approach and hold surplus funds in short term UK deposit accounts and in order to minimise currency risk also have a South African Rand deposit bank account, to hold a proportion of assets in South African Rand.

It is the policy of the trust that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three to six month's expenditure. The Trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the trust's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

At 5 April 2018, the total reserves of the Trust stood at £248,334 of which £49,334 relates to restricted funds. This is above the Trustees' requirement however, as future donations cannot be predicted, the Trustees do not consider it necessary to amend the total reserves or revise the policy at this stage.

Risk Policy

The Trustees have given consideration to the main risks to which the Trust is exposed and have satisfied themselves that systems, actions and procedures are in place to manage and mitigate those risks.

Governance - The Trustees meet formally, between two to three times a year, to review financial and operational performance. Detailed progress on projects that have received grants are reviewed at each Trustee meeting and one or more of the UK trustees visits the supported schools and has on-site visits to projects funded by the UK Trust usually at least twice a year. Significant efforts have been made to ensure GDPR compliance, and to mitigate any associated risks.

Currency Risk - The trustees have decided to adopt a low risk approach and hold surplus funds in short term UK deposit accounts and in order to minimise currency risk also have a South African Rand deposit bank account, to hold a proportion of assets in local currency.

Financial Risk - We operate a dual signature regime on all bank accounts, expenditure, future commitments and bank balances are reviewed at trustee meetings. Private donations are made either via an approved internet intermediary (Just Giving or Virgin Giving) or directly to the Trust's bank account. Despite being a small charity, our accounts are audited annually.

Future Sustainability - The Trustees have continued to invest in fundraising support to secure the long – term nature of the organisation. Support is primarily used to approach major foundations for grants for specific projects and to ensure all grants and investments are against defined projects which have discrete and measurable outcomes. There are very good relations with known donors. Records of donors have been formalised, and there is regular contact with past and current donors/funders to support continuing and regular flow of funds.

Grants not applied to a specific project - we work in a specific area and grants are made only to support the work and running of our sister South African Foundation, David Rattray Foundation, (DRF). The Chairman of the Trustees is also a trustee of DRF and visits South Africa at least twice a year. He has onsite inspections of all projects and meets with the other trustees and officers of the Foundation.

Structure, governance and management

The Trust was established in March 2007 to commemorate the life and work of David Rattray, a world-renowned historian of the Anglo-Zulu Wars, who was tragically killed on 26th January 2007.

He devoted much of his life to the reconciliation of the peoples of South Africa and had a life-long passion for the promotion and caring of the Zulu people around the world. The Trust is constituted under a trust deed dated 23rd March 2007.

The Trust works closely with its "sister" charity, David Rattray Foundation, based in South Africa.

DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2018

The Trusts' Objectives

To advance education and raise awareness about different racial groups in order to promote good relations between persons of different racial groups by promoting knowledge and mutual understanding with particular reference to South Africa and its historical context; To advance the education of young people in the United Kingdom in the subject of racial reconciliation with particular reference to South Africa and its historical context; To promote sustainable development for the benefit of the public by

(a) the preservation, conservation and protection of the environment and the prudent use of resources in southern Africa and

(b) the relief of poverty and the improvement of the conditions of life of socially disadvantaged communities in southern Africa particularly in the areas of education and health.

Trustee Selection & Training

The trustees are appointed by resolution of the remaining trustees for a term of three years. Trustees can serve for additional periods, each period being for three years. New trustees are nominated by members of the board of trustees who appoint the new trustee if they have the necessary skills to contribute to the Trust's management and development. Where new trustees are appointed, they are given a formal induction to the work of the Trust and provided with the information they need to fulfil their roles, which includes information about the role of trustees and charity law.

Public Benefit

The objects and purpose of the Trust are set out above. The trustees confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and setting grant making policy for the year.

Plans for the future

The Trust will continue to make donations in line with its charitable activities.

Management

During the year ended 5th April 2018, the trustees met on two occasions. The Trust does not employ any staff and all activities are carried out either by the trustees who receive no salary or expenses or, particularly in the area of fund raising from trusts and foundations, by engaging on a consultancy basis suitable and experienced support.

Trustees who served during the year and to date were:

B Carroll

G Klintworth (Appointed 30 January 2018)

R Kugler

H Loyd (Appointed 20 September 2017)

H Lloyd

S E Olivier (Resigned 30 January 2018)

T O'Malley

R Woodhead

DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2018

Statement of Trustees' responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Trustees on 29 January 2019 and signed on their behalf:

On behalf of the board of Trustees

T O'Malley

Trustee

Dated: 29 January 2019

DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

Opinion

We have audited the financial statements of David Rattray Memorial Trust (known as Khula Education) (the 'trust') for the year ended 5 April 2018 which comprise the statement of financial activities, the balance sheet and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 5 April 2018 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the trust'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 Trustees either intend to cease operations, or have no realistic alternative but to do so.

DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs (UK) 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 financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' 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 charity'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 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 charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Cansdales
Chartered Accountants
Statutory Auditor

31 January 2019

Bourbon Court
Nightingales Corner
Little Chalfont
Bucks
HP7 9QS

Cansdales is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 5 APRIL 2018

| | Notes | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|--|----------|----------------------------|--------------------------|--------------------|--------------------|
| <u>Income from:</u> | | | | | |
| Donations and legacies | | 10,460 | 61,494 | 71,954 | 58,786 |
| Charitable activities | | (22,452) | - | (22,452) | 22,452 |
| Investments | | 7,518 | - | 7,518 | 8,620 |
| Total income | | (4,474) | 61,494 | 57,020 | 89,858 |
| <u>Expenditure on:</u> | | | | | |
| Raising funds | 2 | 18,209 | - | 18,209 | 41,167 |
| Charitable activities | 3 | 37,460 | 36,998 | 74,458 | 77,618 |
| Total expenditure | | 55,669 | 36,998 | 92,667 | 118,785 |
| Net (outgoing)/incoming resources | | (60,143) | 24,496 | (35,647) | (28,927) |
| Other recognised gains and losses | | | | | |
| Profit/(loss) on foreign exchange | | (957) | - | (957) | 42,300 |
| Net movement in funds | | (61,100) | 24,496 | (36,604) | 13,373 |
| Fund balances at 6 April 2017 | | 260,100 | 24,838 | 284,938 | 271,565 |
| Fund balances at 5 April 2018 | | 199,000 | 49,334 | 248,334 | 284,938 |

The fund balances as at 5 April 2017 includes £24,838 relating to restricted funds. There was £20,132 restricted income and £nil restricted expenditure during the year ended 5 April 2017.

DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

BALANCE SHEET

AS AT 5 APRIL 2018

| | Notes | 2018 £ | £ | 2017 £ | £ |
|---|-------|-----------------|----------------|-----------------|----------------|
| Current assets | | | | | |
| Debtors | 7 | - | | 22,452 | |
| Cash at bank and in hand | | 271,586 | | 286,186 | |
| | | <u>271,586</u> | | <u>308,638</u> | |
| Creditors: amounts falling due within one year | 8 | <u>(23,252)</u> | | <u>(23,700)</u> | |
| Net current assets | | | 248,334 | | 284,938 |
| | | | <u>248,334</u> | | <u>284,938</u> |
| Income funds | | | | | |
| Restricted funds | 9 | | 49,334 | | 24,838 |
| Unrestricted funds | | | 199,000 | | 260,100 |
| | | | <u>248,334</u> | | <u>284,938</u> |
| | | | <u>248,334</u> | | <u>284,938</u> |

The financial statements were approved by the Trustees on 29 January 2019

T O'Malley
Trustee

DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 5 APRIL 2018

1 Accounting policies

Company information

David Rattray Memorial Trust is a Trust registered in England and Wales. The principal address of the Trust is given on the charity information page. The nature of the charity's operations and principal activities are set out in the Trustees' Report.

1.1 Accounting convention

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015. The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the trust. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the trust.

1.4 Income

Income is recognised when the trust is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is more likely than not that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the trust has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2018

1 Accounting policies

(Continued)

Legacies are recognised on receipt or otherwise if the trust has been notified of an impending distribution, the amount is known, and receipt is more likely than not. If the amount is not known, the legacy is treated as a contingent asset.

1.5 Expenditure

Expenditure is accounted for on an accruals basis, inclusive of VAT which cannot be recovered. Costs of Charitable Activities include those costs which meet the objectives of the Trust. Governance costs are those incurred in meeting the statutory requirements of running the Trust and are included in costs of charitable activities.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Foreign exchange

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange of the most recent transfer from the sterling bank accounts. Exchange differences are taken into account in arriving at the surplus or deficit.

1.8 Grants

Grants are treated as expenditure when authorised by the Trustees and communicated to beneficiaries, not when the grants are paid.

1.9 Tax status

The Trust is a registered charity and therefore is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

1.10 Funds accounting

Funds held by the charitable company are:

Unrestricted general funds – these are funds which can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds – these are funds which can only be used for particular purposes within the objectives of the charitable company. Restrictions arise when specified by the donor or when funds raised for particular restricted purposes.

2 Raising funds

| | Total 2018 £ | Total 2017 £ |
|----------------------------------|--------------------|--------------------|
| <u>Fundraising and publicity</u> | | |
| Charity development | 3,482 | 7,148 |
| Consultancy fees | 14,727 | 34,019 |
| | <u>18,209</u> | <u>41,167</u> |

DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2018

2 Raising funds

(Continued)

Included in consultancy fees are amounts totalling £nil (2017: £22,452) which relate to work done on the David Rattray Foundation. In 2017 these costs were recharged accordingly. In 2018 the Trust considered it more appropriate for these costs to be treated as a donation and as a result have been allocated to charitable activities in note 3.

3 Charitable activities

| | 2018 | 2017 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Charity expenditure | 36,998 | 50,820 |
| Just giving fees | 360 | 418 |
| David Rattray Foundation donations | 28,588 | - |
| Consultancy fees | - | 21,685 |
| Website costs | 4,601 | 857 |
| Audit fees | 2,454 | 2,340 |
| Accountancy fees | 1,392 | 1,434 |
| Bank charges | 65 | 64 |
| | <u>74,458</u> | <u>77,618</u> |
| Analysis by fund | | |
| Unrestricted funds | 37,460 | 77,618 |
| Restricted funds | 36,998 | - |
| | <u>74,458</u> | <u>77,618</u> |

4 Trustees

The Trustees are considered key management of the charity. None of the Trustees (or any persons connected with them) received any remuneration or benefits from the trust during the year (2017: None).

Unrestricted donations totalling £3,565 (2017: £3,000) were received from two trustees (2017: One).

5 Employees

There were no employees during the year (2017: None).

6 Other gains or losses

| | Total | Total |
|---------------------------------|--------------|---------------|
| | 2018 | 2017 |
| | £ | £ |
| Foreign exchange gains/(losses) | (957) | 42,300 |
| | <u>(957)</u> | <u>42,300</u> |

DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2018

| | | | |
|----------|---|-------------------|-------------------|
| 7 | Debtors | | |
| | | 2018 | 2017 |
| | | £ | £ |
| | Amounts falling due within one year: | | |
| | David Rattray Foundation | - | 22,452 |
| | | <u> </u> | <u> </u> |
| 8 | Creditors: amounts falling due within one year | | |
| | | 2018 | 2017 |
| | | £ | £ |
| | Trade creditors | 3,732 | - |
| | Other creditors | 15,674 | 19,968 |
| | Accruals and deferred income | 3,846 | 3,732 |
| | | <u> </u> | <u> </u> |
| | | <u>23,252</u> | <u>23,700</u> |

9 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

| | Movement in funds | | | Balance at 5 April 2018 |
|--------------------------|------------------------------------|--------------------------------|-------------------------------------|------------------------------------|
| | Balance at 6 April 2017 | Income for the year | Expenditure for the year | |
| | £ | £ | £ | £ |
| Libraries | 4,706 | - | (4,706) | - |
| Drainage installation | 2,480 | - | (2,480) | - |
| IT education | 15,652 | - | (14,508) | 1,144 |
| Pre-school running costs | 2,000 | 20,000 | (15,304) | 6,696 |
| Pre-school capital costs | - | 41,494 | - | 41,494 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | <u>24,838</u> | <u>61,494</u> | <u>(36,998)</u> | <u>49,334</u> |

The charity has the following restricted funds:

IT Education: For the purpose of costs associated with IT teachers and equipment.

Pre-school running costs: For the purpose of the general running costs of the pre-school.

Pre-school capital costs: For the purpose of extending the pre-school to accommodate the increase in pupil intake.

DAVID RATTRAY MEMORIAL TRUST (KNOWN AS KHULA EDUCATION)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2018

10 Analysis of net assets between funds

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total 2018 £ | Total 2017 £ |
|---|------------------------------------|----------------------------------|--------------------|--------------------|
| Fund balances at 5 April 2018 are represented by: | | | | |
| Current assets/(liabilities) | 199,000 | 49,334 | 248,334 | 284,938 |
| | <u>199,000</u> | <u>49,334</u> | <u>248,334</u> | <u>284,938</u> |