

Halli Trust
(Registration number IT1922/2010)
Financial statements
for the year ended 28 February 2019

Halli Trust

(Registration number: IT1922/2010)

Trading as Halli Trust

Financial Statements for the year ended 28 February 2019

General Information

Country of incorporation and domicile	South Africa
Type of trust	Non-profit trust
Trustees	BD Mohr N Moodley-Leepile HC Naude
Registered office	17 Romulus Street Somerset West 7130
Auditor	Exceed (Cape Town) Incorporated Chartered Accountants (S.A.) Registered Auditor
Trust registration number	IT1922/2010
Preparer	The financial statements were independently compiled by: CP Smith Chartered Accountant (S.A.)

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Trustees' Responsibilities and Approval

The trustees are required by the Generally Accepted Accounting Principals to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the trust as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the basis of accounting as set out in Note 1 to the financial statements. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the basis of accounting as set out in Note 1 to the financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board of trustees sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the trust and all employees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees have reviewed the trust's cash flow forecast for the year to 29 February 2020 and, in the light of this review and the current financial position, They are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the trust's financial statements. The financial statements have been examined by the trust's external auditor and their report is presented on page 5 and 6.

The financial statements set out on page 7 to 13, which have been prepared on the going concern basis, were approved by the board of trustees on 23 October 2019 and were signed on its behalf by:

DocuSigned by:



BA709C80FD06430...

BD Mohr

DocuSigned by:



238972B66C694AD...

HC Naude

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Trustees' Report

The trustees have pleasure in submitting their report on the financial statements of Halli Trust for the year ended 28 February 2019.

1. Nature of business

The non-profit trust is engaged in making a difference with educational involvement, community involvement and the rehabilitation and caring of animals.

There have been no material changes to the nature of the trust's business from the prior year.

2. Trustees

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

Trustees

BD Mohr

N Moodley-Leepile

HC Naude

There have been no changes to the trustees for the period under review.

3. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the trust or in the policy regarding their use.

4. Events after the reporting period

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

Independent Auditor's Report

To the trustees of Halli Trust

Qualified opinion

I have audited the financial statements of Halli Trust set out on pages 7 to 13, which comprise the statement of financial position as at 28 February 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effect of the matter described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Halli Trust as at 28 February 2019, and its financial performance and cash flows for the year then ended in accordance with basis of accounting as set out in Note 1 to the financial statements and the requirements of the Trust Property Control Act 57 of 1988.

Basis for qualified opinion

This organisation, in common with many others of similar size and structure, derives a substantial proportion of its income from voluntary donations which can't be fully controlled until they are entered in the accounting records, and are therefore not susceptible to independent audit verification.

We conducted our audit in accordance with International Standards on Auditing. My 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 Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other information

The trustees are responsible for the other information. The other information comprises the Trustees' Report as required by the Trust Property Control Act 57 of 1988, which we obtained prior to the date of this report and the supplementary information as presented on page 14. Other information does not include 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 an audit opinion or 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the trustees for the Financial Statements

The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with basis of accounting as set out in Note 1 to the financial statements and the requirements of the Trust Property Control Act 57 of 1988, 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 liquidate the trust or to cease operations, or have no realistic alternative but to do so.

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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, I exercise professional judgement 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 trust'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 trust's ability to continue as a going concern. If I 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 trust 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.

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

DocuSigned by:

Exceed (Cape Town) Incorporated

246281735064EA
Exceed (Cape Town) Incorporated
Registered Auditors
Chartered Accountants (S.A)
Director: DJC Koegelenberg

Date: 23 October 2019

Halli Trust

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Statement of Financial Position as at 28 February 2019

	Note(s)	2019 R	2018 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	204 048	281 296
Current Assets			
Trade and other receivables	3	403	5
Cash and cash equivalents	4	66 152	10 446
		66 555	10 451
Total Assets		270 603	291 747
Equity and Liabilities			
Equity			
Accumulated surplus		116 234	32 159
Liabilities			
Non-Current Liabilities			
Finance lease liabilities	5	71 120	138 243
Current Liabilities			
Finance lease liabilities	5	83 249	121 345
Total Liabilities		154 369	259 588
Total Equity and Liabilities		270 603	291 747

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Statement of Comprehensive Income

	Note(s)	2019 R	2018 R
Other income		830 605	696 958
Operating expenses		(714 697)	(679 697)
Operating surplus		115 908	17 261
Investment revenue		2	1
Finance costs	6	(31 835)	(44 494)
Surplus (deficit) for the year		84 075	(27 232)

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Statement of Changes in Equity

	Accumulated surplus R	Total equity R
Balance at 01 March 2017	59 391	59 391
Deficit for the year	(27 232)	(27 232)
Balance at 01 March 2018	32 159	32 159
Surplus for the year	84 075	84 075
Balance at 28 February 2019	116 234	116 234

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Statement of Cash Flows

	Note(s)	2019 R	2018 R
Cash flows from operating activities			
Cash generated from operations	8	195 057	95 463
Interest income		2	1
Net cash from operating activities		195 059	95 464
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(3 499)	(7 385)
Sale of property, plant and equipment	2	1 200	-
Net cash from investing activities		(2 299)	(7 385)
Cash flows from financing activities			
Finance lease payments		(137 054)	(118 795)
Total cash movement for the year		55 706	(30 716)
Cash at the beginning of the year		10 446	41 165
Total cash at end of the year	4	66 152	10 449

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Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the accounting policies as set out below. The financial statements have been prepared on the historical cost basis. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment are tangible assets which the trust holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the trust and the cost can be measured reliably. Day to day servicing costs are included in surplus or deficit in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the trust.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Computer equipment	3 years
Land and buildings	5 years
Motor vehicles	5 years
Office equipment	5 years

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

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Notes to the Financial Statements

	2019 R	2018 R
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2. Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Motor vehicles	370 769	(169 234)	201 535	370 769	(95 080)	275 689
Computer equipment	12 185	(9 672)	2 513	11 386	(6 314)	5 072
Wendy house	8 030	(8 030)	-	8 030	(7 495)	535
Total	390 984	(186 936)	204 048	390 185	(108 889)	281 296

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Motor vehicles	275 689	-	-	(74 154)	201 535
Computer equipment	5 072	3 499	(1 200)	(4 858)	2 513
Wendy house	535	-	-	(535)	-
	281 296	3 499	(1 200)	(79 547)	204 048

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Closing balance
Motor vehicles	349 843	-	(74 154)	275 689
Computer equipment	-	7 385	(2 313)	5 072
Wendy house	2 141	-	(1 606)	535
	351 984	7 385	(78 073)	281 296

3. Trade and other receivables

Trade receivables	403	5
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4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	775	583
Bank balances	69 766	14 252
Other cash and cash equivalents	(4 389)	(4 389)
	66 152	10 446

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Notes to the Financial Statements

	2019 R	2018 R
5. Finance lease liabilities		
Minimum lease payments which fall due		
- within one year	100 975	111 600
- in second to fifth year inclusive	74 869	204 600
	<u>175 844</u>	<u>316 200</u>
Less: future finance charges	(21 475)	(56 612)
Present value of minimum lease payments	<u>154 369</u>	<u>259 588</u>
 Non-current liabilities	71 120	138 243
Current liabilities	83 249	121 345
	<u>154 369</u>	<u>259 588</u>

It is trust policy to lease certain motor vehicles under finance leases.

The average lease term is 6 years and the average borrowing rate is 15%.

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for renewal clauses, purchase options, escalation clauses, contingent rent or subleases. There are no restrictions imposed by the leases.

The trust's obligations under finance leases are secured by the leased assets. Refer note 2.

6. Finance costs

Finance leases	<u>31 835</u>	<u>44 494</u>
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7. Taxation

The organisation is exempt from income tax in terms of section 10(1)(cN) of the income tax act.

8. Cash generated from operations

Surplus (deficit) before taxation	84 075	(27 232)
Adjustments for:		
Depreciation and amortisation	79 547	78 073
Interest received	(2)	(1)
Finance costs	31 835	44 494
Changes in working capital:		
Trade and other receivables	(398)	129
	<u>195 057</u>	<u>95 463</u>

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Detailed Income Statement


	Note(s)	2019 R	2018 R
Other income			
Donations		362 544	285 890
Fundraisers		397 346	386 800
Interest received		2	1
Loyalty program donations		26 565	14 474
Raffle income		44 150	9 794
		830 607	696 959
Operating expenses			
Animal welfare		7 049	39 790
Bank charges		8 284	5 868
Cleaning		850	-
Computer expenses		30 963	53 964
Depreciation		79 547	78 073
Fundraisers		114 318	167 790
General expenses		64 619	21 652
Gifts		12 630	10 442
Insurance		9 469	8 555
Mascot expense		38 034	15 530
Motor vehicle expenses		76 965	88 612
Municipal expenses		1 000	-
Petrol and oil		17 318	18 129
Printing and stationery		26 441	16 754
Promotions		10 050	7 769
Protective clothing		1 762	720
Secretarial fees		1 653	-
Staff welfare		6 722	7 992
Telephone and fax		32 188	26 020
Training		9 995	8 315
Volunteers		164 840	103 722
		714 697	679 697
Operating surplus		115 910	17 262
Finance costs	6	(31 835)	(44 494)
Surplus (deficit) for the year		84 075	(27 232)

HALLI TRUST


IT1922/2010

MINUTES OF A TRUSTEE MEETING HELD IN SOMERSET WEST ON 23 OCTOBER 2019

PRESENT: **BD MOHR**

DocuSigned by:

.....BA709C88FD06480.....

HC NAUDE

DocuSigned by:

.....238972B66C694AD.....

ABSENT: **N MOODLEY-LEEPILÉ**

RESOLUTIONS:


1. That the annual financial statements for the year ended 28 February 2019 be tabled, discussed and approved.
2. That BD Mohr and HC Naude are hereby authorised to sign the financial statements on behalf of the trustees.

DECLARATION:

The Trustees declare herewith that, to the best of their knowledge, all income accrued to the Trust during the accounting period and all expenses and liabilities are disclosed in the above-mentioned annual financial statements and that the values of all current assets and current liabilities are in accordance with those disclosed in the annual financial statements.

I, the undersigned Trustee, was present at the meeting mentioned above and have approved the above-mentioned resolutions in writing and confirm that this minute is a true record of the proceedings.

The meeting adjourned.

DocuSigned by:

.....238972B66C694AD.....
HC NAUDE

23 October 2019
DATE

2018/03/01
Halli Trust
17 Romulus Straat
Somerset-Wes
7130

You have requested that we audit the financial statements of Halli Trust, which comprise the statement of financial position and the statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies. We are pleased to confirm our acceptance and understanding of this engagement as auditors. This letter sets forth our understanding of the terms and objectives of our engagement, and the nature and scope of the services we will provide as well as both the responsibilities we have and the areas where you as the client retain responsibility. The issue of this letter of engagement is recommended practice by the International Federation of Accountants. It does not seek to limit our professional responsibilities below the standards that are expected of our profession. The objectives of our audit 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) 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.

We have been engaged to audit and report on the annual financial statements of the trust to be presented to the trustee. Accordingly, we are required to carry out our audit free of any restrictions. Although we will be pleased to advise and assist, the maintenance of proper accounting records and the preparation of the financial statements are the responsibilities of management. Your responsibilities include fair presentation, in all material aspects, of the financial position, financial performance and cash flow of the trust, in compliance with IFRS for SME and in the manner required by the Trust Property Control Act 57 of 1988. Our responsibility is to express our opinion on these financial statements.

We will conduct our audit in accordance with International Standards on Auditing ('ISAs'). Those Standards require that we comply with ethical requirements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- (a) 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) The audit will include such tests of transactions and of the existence, ownership and valuation of assets and liabilities, as we consider necessary.
- (c) 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.
- (d) Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

PARC DU LINKS, 7 NIBLICK WAY, SOMERSET WEST, 7130

IN PROFESSIONAL PRACTICE SINCE 1978

EXCEED (CAPE TOWN) INC REG NO. 2000/011257/21

DIRECTORS: JS LOUBSER, DJC KOEGELENBERG, GA VAN RHYN, WF SMITH, M BARKHUYSEN, CP SMITH, SM LOUW, IS VAN ROOYEN

† 021 852 0382 † 021 852 0388 e swest@exceedsw.co.za w www.exceed.co.za

- (e) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (f) 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with ISAs.

Our work will be planned in advance and incorporated into an audit plan. This may be varied on the basis of our findings during the course of the audit and from year to year.

Accordingly, we may modify our audit scope, rotate our audit emphasis and propose matters of special audit emphasis, as the circumstances dictate.

The concept of materiality affects our audit planning and our consideration of matters arising from our audit. We take into account both qualitative and quantitative factors when assessing materiality.

Because our responsibilities are to report on the financial statements as a whole, rather than those of individual units or divisions, the nature and extent of our tests and enquiries at each unit or division will vary according to our assessment of its circumstances. Thus, we will carry out limited work at certain units or divisions, rather than the full audit that would be necessary if we were to report on the separate financial statements of the unit or division concerned.

However, should you at any time require a specific investigation for the purpose of providing affirmation with regard to the operation of any aspect of your internal control structure, or for any other purpose, for example the detection of fraud or error, this would be undertaken at your request.

1. Detection of fraud, error and non-compliance with laws and regulations

The primary responsibility for safeguarding the assets of the entity and the prevention and detection of fraud, error and non-compliance with laws or regulations rests with the trustees and management.

It is the responsibility of the management of the entity through oversight of the directors to ensure that the trust establishes and maintains internal control to provide reasonable assurance with regard to the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

It is the responsibility of the management to establish a control environment and maintain policies and procedures to assist in achieving the objective of ensuring, as far as possible, the orderly and efficient conduct of the business.

Our audit is planned and performed so that we have reasonable, but not absolute, assurance of detecting material misstatements in the financial statements or accounting records, including any material misstatements resulting from fraud, error, irregularities or non-compliance with laws or regulations.

Our audit will not include a detailed audit of transactions, such as would be necessary to disclose errors or fraud that did not cause a material misstatement to the financial statements. Our audit is designed to provide reasonable assurance of detecting errors and irregularities that are material to the financial statements. However, there are inherent limitations in an audit; for example:

- (a) We do not examine evidence supporting every transaction, and
- (b) Although we obtain an understanding of the accounting systems and related controls to assist us in designing our audit, we only study and evaluate those controls on which we intend to rely.

Due to these inherent limitations, and the inherent limitations of any accounting and internal control system, an unavoidable risk remains that some misstatements may remain unresolved, if they exist. Moreover, because of the characteristics of error, fraud or other irregularities, including concealment through collusion or fraud, a properly designed and executed audit may not necessarily detect a significant irregularity.

We will communicate any illegal acts, material errors, identified fraud or information that indicates that a fraud may exist, that we may have identified during our audit, to the appropriate level of management as soon as practicable.

2. Responsibilities of the management

You will retain responsibility and accountability for:

- (a) The management, conduct and operation of your business and affairs;
- (b) Any representations made by you or the entity to third parties, including published information;
- (c) The maintenance of the accounting records that fairly represents the state of affairs and business of entity;
- (d) The establishment and maintenance of an internal control structure necessary to provide reasonable assurance that adopted policies and prescribed procedures are adhered to for the prevention of errors and irregularities, including fraud and illegal acts;
- (e) The preparation of the annual financial statements which fairly present the financial position, results of operations and cash flows of the entity, including adequate disclosure in accordance with IFRS for SME and Trust Property Control Act 57 of 1988;
- (f) The preparation of the financial statements on a going concern basis unless it is inappropriate, in which case the necessary disclosures have to be made;
- (g) The adjustment of the financial statements to correct material misstatements;
- (h) The selection and consistent application of accounting policies;
- (i) The safeguarding of assets;
- (j) The use of, extent of reliance on, or implementation of advice or recommendation supplied by us or other services;

- (k) The delivery, achievement or realisation of any benefits directly or indirectly related to the services that require implementation by you;
- (l) Ensuring that all arrangements are made for access, security procedures, virus checks, facilities, licenses and/or consents (without any to us), where you require us to do so or the nature of the services is such that it is likely to be more efficient for us to perform work at your premises or use your computer systems or telephone networks;
- (m) Informing us of all trustees, management and committee meetings, and all other meetings owners are entitled to attend. We are entitled to be heard at any such meetings on any matters that concern us as auditors;
- (n) Providing us with access to all information that the management is aware that is relevant to our engagement, including such business account records, as we consider necessary;
- (o) Providing us with additional information that we may request from the management for the purpose of our audit;
- (p) Providing us with unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence; and

If we have any comments affecting the form and contents of the annual financial statements, we will discuss these with the trustees.

Any withholding of information could be considered as a limitation of the scope of our audit and may prevent us from expressing an opinion on the financial statements, cause us to alter the form of the report we may issue or affect our ability to continue as the entity's independent auditor.

As part of our engagement, we will request from you written confirmation concerning representations made to us in connection with our engagement. We will also ask you to confirm in that letter that all important and relevant information has been brought to our attention.

To assist us with our audit of your financial statements, you are also responsible for making available to us, as and when required, all minutes of important meetings, information, explanations and other documents, such as share registers, management accounts and other correspondence, which we consider necessary for the performance of our duties as auditors. We shall also request sight of all documents or statements which are to be issued with the financial statements. We will carry out our work without undue disruption.

Any delay in providing us with the required information may affect our ability to comply with the agreed timetable.

Any time and other expenditure incurred as part of our duties as your auditor, will be included in our fees.

3. Responsibilities of auditors

We have a statutory responsibility to the trustee of the entity, at the conclusion of our audit, to express an opinion as to whether or not the financial statements fairly present the financial position, results of operations and cash flow information of the entity, in conformity with IFRS for SME and in the manner required by the Trust Property Control Act 57 of 1988. In arriving at our opinion, we shall inter alia consider the following matters, and report on any in respect of which we are not satisfied:

- (a) Whether adequate accounting records have been kept by the trust;
- (b) Whether the annual financial statements are in agreement with the accounting records and returns;
- (c) Whether we have obtained all the information and explanations which we consider necessary for the purpose of our audit; and
- (d) Whether the information given in the report of the trustees is consistent with the financial statements.

We also have a professional responsibility to report if the financial statements do not comply in any material respect with IFRS for SME unless in our opinion the non-compliance is justified in the circumstances. In determining whether or not the departure is justified we consider:

- (a) Whether the departure is required in order for the financial statements to achieve fair presentation in all material aspects;
- (b) Whether adequate disclosure has been made concerning the departure.

Our professional responsibilities also include considering whether other information in documents containing audited financial statements is materially consistent with those audited financial statements.

Where we consider it necessary to involve a specialist, e.g. actuary or property evaluator, to express our audit opinion, we will discuss this with you as a separate matter.

4. Staff

Our staff members undergo periodic training and this, together with the taking of annual leave, may lead to staff turnover and lack of continuity. We will use our best endeavours to avoid any disruption to an engagement's progress.

Save as envisaged below, you agree not to make any offer of employment or to otherwise interfere with or entice away from the employment of any persons employed by Exceed (Cape Town) Incorporated. You further agree not to use such person's services as an independent consultant or via a third party for a period of 12 months following the end of such person's involvement, without the prior written consent of Exceed (Cape Town) Incorporated.

Should you make any offer of employment to any person currently employed by Exceed (Cape Town) Incorporated or who was employed by Exceed (Cape Town) Incorporated for the immediately preceding 12 month period from the date of such offer of employment, you will be liable for and will pay to Exceed (Cape Town) Incorporated a placement fee equal to 10% of such employee's total annual cost to company, excluding VAT.

5. Our Reporting

At the conclusion of our audit, we will express an opinion as to whether or not the financial statements fairly present the financial position, results of operations and cash flow information of the entity, in conformity with IFRS for SME, and in the manner required by the Trust Property Control Act 57 of 1988.

The form and content of our report may need to be amended in the light of our audit findings.

Our report may also include certain key audit matters that required significant attention in performing the audit. We will identify key audit matters from matters communicated to directors, having taken into account:

- (a) Areas of higher assessed risk of material misstatement or significant risks identified.

- (b) Significant judgements relating to areas in the financials, including accounting estimates that have high estimation uncertainty.
- (c) The effect of significant events or transactions that occurred during the period.

6. Financial Intelligence Centre Act, No 38 of 2001

In terms of Section 29 of the Financial Intelligence Centre Act we are required by law to report to the Financial Intelligence Centre certain suspicious or unusual transactions, such as those which may involve money laundering, which have no apparent business or lawful purpose, or which may be relevant to an investigation of evasion or attempted evasion of tax. This statutory requirement, which applies to both prospective clients and existing clients, overrides the professional ethics rules of confidentiality, which we observe.

7. Regulatory and professional obligations

We have a professional obligation to act in the public interest, and to act in order to:

- (a) Enable Halli Trust to rectify, remediate or mitigate the consequences of the identified or suspected non-compliance with law or regulation; or
- (b) Deter the commission of the non-compliance or suspected non-compliance with law or regulation where it has not yet occurred.

'Non-compliance with laws or regulations' (non-compliance) refers to an act of omission or commission, intentional or unintentional, committed by Halli Trust, or by those charged with governance, by management or by other individuals working for or under the direction of Halli Trust which are contrary to a prevailing law or regulation.

Where we encounter non-compliance or suspected non-compliance we will seek to obtain an understanding of the matter and where appropriate will discuss the matter with the appropriate people at Halli Trust, or those charged with governance of Halli Trust in order that such people can take appropriate action to rectify, remediate or mitigate the consequences of the non-compliance, deter the commission of non-compliance where it has not yet occurred or disclose the matter to appropriate authority where required by law or regulation or where considered necessary in the public interest.

We, in encountering non-compliance or suspected non-compliance, are also obliged to comply with applicable legislation or professional standards, which may require us to disclose the matter to an appropriate authority, including as referred to in clause 6 and 8.

We also have a professional responsibility to consider whether the response of Halli Trust to the instance of non-compliance or suspected non-compliance is adequate, and may determine that further action is necessary. Such further action may include, amongst other actions, the disclosure of the matter to an appropriate authority. We will disclose the matter to an appropriate authority only where, in the professional judgment of the engagement partner, the extent of the actual or potential harm that is or may be caused to investors, creditors or employees or the general public is sufficient to justify the disclosure.

In exceptional circumstances, we may be required to immediately disclose the matter to an appropriate authority where we have become aware of actual or intended conduct that we have reason to believe would constitute an imminent breach of law or regulation that would cause substantial harm to investors, creditors, employees or the general public. In such circumstances we will discuss the matter with management or those charged with governance of Halli Trust where it is appropriate to do so.

8. Reportable irregularities

A reportable irregularity in terms of the Auditing Profession Act 2005 is any unlawful act or omission committed by any person responsible for the management of an entity, which:

- (a) Has caused or is likely to cause material financial loss to the entity or to any partner, member, shareholder, creditor or investor of the entity in respect of his, her or its dealings with that entity; or
- (b) Is fraudulent or amounts to theft; or
- (c) Represents a material breach of any fiduciary duty owed by such person to the entity or any partner, member, shareholder, creditor or investor of the entity under any law applying to the entity or the conduct or management thereof.

In relation to companies the management board usually comprises:

- (a) The board of directors of the company (including 'shadow' directors) and holding companies in group situations; and
- (b) Any person who in the affairs of the company exercises executive control which reflects the general policy of the company for the time being or which is related to the general administration of the company.

In considering whether a person is responsible for managing an entity, an auditor will have due regard both to the published details of the management structure thereof and to the de facto exercise of the requisite characteristics of control and management.

We are required by the Auditing Profession Act 2005 to send a written report to the Independent Regulatory Board for Auditors (IRBA) if we are satisfied or have reason to believe that a reportable irregularity (as defined in the Auditing Profession Act 2005) has taken place or is taking place.

We undertake to notify the management of such action within three days of sending a report to the IRBA. We will subsequently take all reasonable steps to discuss the report with the management who will be afforded the opportunity to make representations in respect thereof.

We are also required to send a second report to the IRBA, within 30 days from the date on which the initial report was sent, which should contain a statement that we are of the opinion that:

- (a) No reportable irregularity has taken place; or
- (b) The suspected reportable irregularity is no longer taking place and that adequate steps have been taken for the prevention or recovery of any loss as a result thereof, if relevant; or
- (c) The reportable irregularity is continuing.

If the IRBA receives a report that a reportable irregularity is continuing, they must notify any appropriate regulator of the details of the reportable irregularity to which the report relates and provide it with a copy of the report.

Where a reportable irregularity has been reported to the IRBA, we are required to include a paragraph on "Report on Other Legal and Regulatory Requirements" in our report disclosing information relating to the reportable irregularity.

Exceed (Cape Town) Incorporated requires its staff to report any suspected reportable irregularity to the engagement partner immediately, without delay. Should an employee fail to adhere to this requirement they will face a disciplinary hearing and possible termination of their training contract and/or dismissal.

Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material irregularities may remain undiscovered.

9. Reporting to management

We shall report to the management, normally in writing, any significant weaknesses in, or our observations on, the internal control structure and other areas that comes to our attention during the course of our normal audit work and which, in our view, require their attention.

No such report may be provided to a third party without our prior written consent. Such consent will be granted only on the basis that such reports are not prepared with the interests of anyone other than the entity in mind and that we accept no duty or responsibility to any other party.

10. Communication with directors

Audit matters of governance interest are those matters that arise from the audit of financial statements and, in our opinion, are both important and relevant to the directors in overseeing the financial reporting and disclosure process. Audit matters of governance interest will be communicated to the directors.

We will communicate only those matters of governance interest that come to our attention as a result of the performance of the audit. We are not required to design procedures for the specific purpose of identifying matters of governance interest.

11. Information

We may rely on any instructions or requests made or notices given or information supplied, whether orally or in writing, by any person whom we know to be or reasonably believe to be authorised by you to communicate with us for such purposes ("an authorised person").

We may receive information from you or from other sources in the course of delivering the services and:

- (a) We will consider the consistency and quality of information received by us;
- (b) We will not seek to establish the reliability of information received from you or any other information source. Accordingly, we assume no responsibility and make no representations with respect to the accuracy, reliability or completeness of any information provided to us; and
- (c) We will not be liable for any loss or damage suffered by you arising from fraud, misrepresentation, withholding of information material to the services, or other default relating to such material information, whether on your part or that of the other information sources.

You undertake to supply information in response to our enquiries to enable us to comply with our statutory obligations relating to the Financial Intelligence Centre Act, No 38 of 2001 and the Prevention of Organised Crime Act, No 121 of 1998.

12. Meetings

To provide an opportunity for us and the management to discuss the matters raised in our various reports, we expect to attend the management meetings prior to the commencement of our audit and before the announcement of interim and annual results. We are also entitled to attend all general meetings of the entity and to receive notice of all such meetings.

13. Documents issued with the financial statements

To assist us with our audit of your financial statements, we shall request sight of all documents or statements, and reports which are to be issued with the financial statements.

ISAs require that we read any annual report and other document that contains our audit opinion. The purpose of this procedure is to consider whether other information in the annual report, including the manner of its presentation, is materially inconsistent with information appearing in the financial statements. We assume no obligation to perform procedures to verify such other information as part of our audit.

Once we have issued our report we have no further direct responsibility in relation to the financial statements for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and the date of issue of the financial statements which may affect the financial statements.

14. Preparation of financial statements

We will prepare from information provided to us, the financial statements of the entity in accordance with IFRS for SME. Management is responsible for both the accuracy and completion of information supplied to us and is responsible to users for the financial statements compiled by us. We will draft wording and numerical disclosures for the annual financial statements to comply with IFRS for SME and Trust Property Control Act 57 of 1988. It is your responsibility to provide us with complete, accurate and relevant information sufficient to enable us to carry out our responsibilities effectively.

Assistance with the preparation of financial statements does not form part of the audit function, but we shall discuss the entity's accounting principles with you, particularly in problem areas, and we may propose adjusting entries for your consideration.

15. Future use of the audit opinion

Any agreement to perform work in connection with an offering, including an agreement to provide such permission or consent, will be a separate engagement and subject to a separate engagement contract. You agree that our audit report, or reference to us, will not be included in any such offering document without our prior written permission or consent.

16. Additional deliverables

The work we undertake to support any conclusions reached in additional deliverables that we have agreed to, will be limited to the work we undertake for reaching our opinion. Any advice and recommendations will therefore be limited by the scope of our work, and may not cover all issues which might arise from a specific in-depth review. Any use made of our advice and recommendations should be viewed in this light.

Any product of the services released to you in any form or medium will be supplied by us on the basis that it is for your benefit and information only and that it may not be copied, referred to or disclosed, in whole or in part (save for your own internal purposes), without our prior written consent. The services will be delivered on the basis that you may not quote our name or reproduce our logo in any form or medium without our prior written consent. You may disclose in whole any product of the services to your bankers and legal and other professional advisers for the purposes of your seeking advice in relation to the services, provided that when doing so you inform them of:

- (a) Disclosure by them (save for their own internal purposes) is not permitted without our prior written consent; and
- (b) We accept no responsibility or liability whatsoever and neither do we owe any duty of care to them in connection with the services.

17. Third party rights

The service contract will not create or give rise to, nor will it be intended to create or give rise to, any third party rights.

Our audit opinion is intended for the benefit of those to whom it is addressed. The audit will not be planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

Any contractual arrangements between you and a third party which seeks to impose such requirements upon us will not, as a matter of law, be binding on us. The entity agrees that it will not seek us to commit to providing reports to third parties unless we have consented to do so in advance. We may decline to provide reports to third parties, save for those reports required by law or regulations. We will stipulate the terms upon which those reports will be provided should we agree to provide such reports in a capacity other than being your auditor. The entity will assist us in agreeing the terms upon which we will report to third parties. Any such possible requirements must be discussed with us at the earliest opportunity and well before the agreement or other arrangement is finalised. In this regard, however, it is our policy not to extend our duty of care in respect of our report in the financial statements.

Where we agree to provide reports to third parties, it remains the entity's responsibility to provide us with copies of the relevant contract documents and with any further information or explanations we may require, enabling us to prepare our report.

We will not, in giving our opinion, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which our report may be used, or to any other person to whom our report is shown or into whose hands it may come, and no other persons shall be entitled to rely on our report save where they have obtained our prior written consent that they may do so. If we have to accept responsibility to the third party, we will require their acceptance of limitation of liability as a condition of providing a report to them and reserve the right to charge additional fees.

You will indemnify Exceed (Cape Town) Incorporated, contracting party and any Exceed (Cape Town) Incorporated persons and hold them harmless against any loss, damage, expense or liability incurred by the parties and/or persons as a result of, arising from, or in connection with a combination of the following two circumstances:

- (a) Any breach by you of your obligations under the service contract; and
- (b) Any claim made by a third party or any other beneficiaries which results from or arises from or is connected with any such breach.

18. Responsibility relating to electronic distribution of Exceed (Cape Town) Incorporated's opinion

We acknowledge that you may wish to publish financial statements and the auditors' report on the entity's website or distribute them to the trustee by means such as e-mail. Your responsibilities concerning the preparation, dissemination and signing of the financial statements do not change because the financial statements are reproduced or distributed electronically. It is your responsibility to ensure that any such publication properly presents the financial information and any auditors' report. We request that you advise us of any intended electronic publication before it occurs. Where our audit report is reproduced in any medium, the complete financial statements, including notes, must also be presented.

By giving our consent to the issue of our opinion with the financial statements on the website we do not accept any duty of care and deny any liability beyond our statutory duties as auditors. As auditors, we will review the process by which the financial statements to be published electronically are derived from the financial information contained in the manually signed financial statements, ensure that the proposed electronic version is identical in content with the manually signed financial statements and ensure that the conversion of the manually signed financial statements into an electronic format has not distorted the overall presentation of the financial information, for example by highlighting certain information so as to give it greater prominence.

You are responsible for the controls over, and the security of, the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information. We remind you that the examination of controls over the maintenance and integrity of the entity's website is beyond the scope of the audit of the financial statements and if your responsibilities statements do not include reference to this we will include it as a note at the end of the electronic version of our audit report. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. However, if we do become aware of any subsequent amendments, we will notify the trustees that the financial statements no longer correspond with the manually signed financial statements.

Uncertainty regarding legal requirements is compounded as information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements and if the responsibilities statement does not refer to this, or if we otherwise consider it appropriate, we will include a note describing this uncertainty at the end of the electronic version of our audit report.

We reserve the right to withhold consent to the electronic publication of our report if the audited financial statements or the auditors' report are to be published in an inappropriate manner or to request amendments to the electronic auditors' report if we are not satisfied with the proposed wording or its presentation in the context of the financial statements.

19. Electronic communications

We may choose to communicate with you by electronic mail or internet where an authorised person wishes us to do so, on the basis that in consenting to this method of communication, you accept the inherent risks of such communications (including the security risks of interception of or unauthorised access to such communications, the risks of corruption of such communications, the risk of errors or loss of information and the risks of viruses or other harmful devices) and that you will perform virus checks. We will use commercially reasonable procedures to check for the most commonly known viruses before sending information electronically.

We recognise that systems and procedures cannot be a guarantee that transmissions will be unaffected by such hazards.

We confirm that we each accept the risks of and authorise electronic communications between us. We each agree to use commercially reasonable procedures to check for the then most commonly known viruses before sending information electronically and to safeguard the security and confidentiality of the information transmitted, but we cannot guarantee that the transmission will be free of infection nor its security and confidentiality. We shall each be responsible for protecting our own systems and interests in relation to electronic communications and the entity and Exceed (Cape Town) Incorporated (in each case including our respective partners/directors, employees or agents) shall have no liability to each other on any basis, whether in contract, delict (including negligence) or otherwise, in respect of any error, damage, loss or omission arising from or in connection with the electronic communication of information between us and our reliance on such information.

The exclusion of liability in the previous clause shall not apply to the extent that any liability arises out of acts, omissions or misrepresentations which are in any case criminal, dishonest or fraudulent on the part of our respective partners/directors, employees, or agents.

If our communication relates to a matter of significance on which you wish to rely and you are concerned about the possible effects of electronic transmission, you should request a hard copy of such transmission from us. If you wish us to password protect all or certain documents transmitted, you may request us to do so.

20. Use of Exceed (Cape Town) Incorporated's software

We may develop software, including spread sheets, documents, databases and other electronic tools to assist us with our assignment. In some cases, these aids may be provided to you upon request. As these tools were developed specifically for our purposes and without consideration of any purpose for which you might use them, they are made available on an "as is" basis for your use only and should not be distributed to or shared with any third party. Further, we make no representations or warranties as to the sufficiency or appropriateness of the software tools for any purpose for which you may use them. Any software tools developed specifically for you will be covered under a separate engagement letter.

21. Ownership of and access to audit files

The working papers and files for this engagement created by us during the course of the audit, including electronic documents and files, are the sole property of Exceed (Cape Town) Incorporated and you have no right to access them. We may decide in our own sole discretion to grant access to you to our working papers, should you wish to.

We have set quality control policies for the retention of documentation, after which time we will commence the process of destroying the contents of our engagement files. To the extent we accumulate any of your original records during the engagement; those documents will be returned to you promptly upon completion of the engagement.

We will retain ownership of the copyright and all other intellectual property rights in the product of the services, whether oral or tangible, including written advice, methodologies, software, systems know-how and working papers. For the purposes of delivering services to you or other clients, we will be entitled to use or develop knowledge, experience and skills of general application gained through performing the services.

We have the right to use your name as a reference in proposals or other similar submissions to other prospective clients, unless you specifically withhold permission for such disclosure. If we wish to use details of the work done for you for reference purposes, we will obtain your permission in advance.

22. Circumstances beyond our or your control

Neither of us will be in breach of our contractual obligations, nor will either of us incur any liability to the other, if we or you are unable to comply with the services contract as a result of any cause beyond our or your reasonable control. In the event of any such occurrence affecting one of us, that one shall be obliged as soon as reasonably practicable to notify the other, who will have the option of suspending or terminating the operation of the services contract on notice, which notice will take effect immediately on delivery thereof.

23. Waiver, assignment and sub-contractors

Failure by any one of us to exercise or enforce any rights available to us shall not amount to a waiver of any rights available to either of us. However, neither party should be liable in any way for failure to perform, or delay in performing, our respective obligations under this engagement if the failure or delay is caused outside reasonable control of the failing party.

Neither of us will have the right to assign the benefit or burden of the services contract without the written consent of the other.

We will have the right to appoint sub-contractors to assist us in delivering the services.

24. Exclusions and limitations on our liability

Save for any exclusions provided for in Auditing Profession Act 2005 the maximum liability of Exceed (Cape Town) Incorporated or any individual partner/director, member or employee, as the case may be, of the Exceed (Cape Town) Incorporated contracting party in respect of direct economic loss or damage suffered by you or by other beneficiaries arising out of or in connection with the services shall be limited to two times the fees charged and paid for these services. The maximum liability will be an aggregate liability for all claims arising, whether by contract, delict, negligence or otherwise.

In the particular circumstances of the services set out in the engagement letter, the liability to you and to other beneficiaries of each and all Exceed (Cape Town) Incorporated persons in contract or delict or under Trust Property Control Act 57 of 1988 or otherwise, for any indirect or consequential loss or damage (including loss of profits) suffered by you (or by any such other party) arising from or in connection with the services, however the indirect or consequential loss or damage is caused, excluding our wilful misconduct, shall be excluded to the extent that such limitation is permitted by law.

Our liability to you will in no circumstances exceed the lower of the amount determined by the application of the monetary limit based upon fees charged to, and recovered from, you and the amount determined by the apportionment of responsibility, as the case may be.

You and other beneficiaries may not bring any claim personally against any individual partner/director, member, employee or agent, as the case may be, of the Exceed (Cape Town) Incorporated contracting party or of anybody or entity controlled by us or owned by us or associated with us in respect of loss or damage suffered by you or by other beneficiaries arising out of or in connection with the services. You agree that any claim of any sort whatsoever arising out of or in connection with this engagement shall be brought only against Exceed (Cape Town) Incorporated. This restriction shall not operate to limit or exclude the liability of the Exceed (Cape Town) Incorporated contracting party for the acts or omissions of its partners, directors, members, employees and agents. Any claim by you or other beneficiaries must be made (for these purposes a claim shall be made when court or other dispute resolution proceedings are commenced) within two years of the date on which you or they became aware, or ought reasonably to have become aware, of circumstances giving rise to a claim or potential claim against us.

25. Timetable

We will agree on a timetable to enable you to meet your statutory obligations to issue annual financial statements and to meet any other deadlines you have brought to our attention. However, any such timetable will be based on the assumption that we will receive the appropriate co-operation and assistance to perform an effective and efficient audit.

26. Fees

We will render invoices in respect of the services comprising fees, disbursements and VAT thereon (where appropriate), together with any other foreign taxes (if applicable) ('fees') that might be payable thereon.

Our fees are based on the time spent on your affairs by our partners/directors and staff, and on the levels of skill and responsibility involved, the nature and complexity of the services and the resources required to complete the engagement. These fees may differ from estimates that may have been supplied, of which estimates will only be provisional.

Fees are calculated:

- (a) On an hourly basis at charge-out rates applicable to the person undertaking the work. Stringent reporting requirements or deadlines imposed by you might require work to be carried out at a higher level than usual or in extreme cases outside normal working hours. This will result in increased costs. Our current maximum and minimum rates for normal work within normal working hours applicable from time to time may be obtained on request.
- (b) Or on a tariff basis for taxation or company secretarial services. These rates are available on request at the time matters are specifically referred to us.

Disbursements in respect of travelling expenses, photocopies, stationery, revenue stamps, postage, e-mails, and telephone calls will be recoverable at our predetermined rates.

Our fee estimate is based on the assumption that the information we require is made available to us in accordance with the agreed timetables, and that key executives and personnel are available during the course of our work. If delay or any other problems beyond our control occurs, this may result in additional fees for which invoices will be raised on the above basis.

In return for the delivery of the services by us, you will be required to pay our fees, without any right of set-off, on presentation of our invoice.

Delivery of our services shall mean:

- (a) Audit: five working days after delivering draft financial statements or upon delivering final financial statements, whichever is sooner.
- (b) Taxation services: upon rendering advice or upon dispatch of documents or correspondence to you or the Inland Revenue authorities, as appropriate.
- (c) Consulting and other services: upon rendering advice or upon dispatch of correspondence, as appropriate.

We will be entitled to raise fees upon delivery as set out above. In the event that you are not in agreement with any fee raised you will notify us in writing of your objection within 21 working days of our dispatch of the invoice. Failure to do so will constitute acceptance of the fee. Approval of financial statements or minutes reflecting our fees will constitute acceptance of the fees, including any under provision which does not warrant redrawing the financial statements.

Notwithstanding anything to the contrary contained herein, should our accrued fees reach a level which we consider to be material, such accrued fees will become due and payable immediately upon presentation of our invoice, failing which, the rendering of all further professional services will be suspended pending receipt of payment.

In the event of your appointing an alternative firm in our stead, or otherwise terminating our mandate, we will be entitled to raise a fee upon receipt of such notification for an amount adequate to cover all work done to date and not yet billed, at our standard charge out rates, including disbursements incurred. In such event you undertake to settle our account in full prior to our handing over of books and records to you or to our successor.

Our fees will be inclusive of Value Added Tax which will rank for deduction as input tax by registered vendors.

Subject to the foregoing, our fees are payable on presentation. We will be entitled to charge interest on all amounts outstanding, for whatsoever reason, for more than 30 days from the date of presentation of our invoice at the maximum rate allowed by law. Such interest will be calculated on a monthly basis. All payments will be allocated first as to interest, then as to outlays, then to the longest outstanding fee.

In the event that invoices are not settled within 30 days of presentation, we reserve the right to charge compound interest monthly at 3% above the prime rate until the debt is settled.

Without prejudice to any other rights that we may have in law, we reserve the right to suspend or terminate the performance of the services or any part thereof to you immediately, at any time, with or without notice, should payment of any of our fees become overdue.

The fees will be subject to review by us each year and will vary with a number of factors, including the extent of the assistance we receive from members of staff in preparing routine schedules and analyses.

It is our usual practice to provide estimates of our fees in advance of the work commencing and we shall require payments on account as our work progresses.

27. Quality of service

We will seek to ensure that our service is satisfactory at all times and delivered with reasonable skill and care. If at any time you would like to discuss with us how the service can be improved, you are invited to contact us.

A requirement of the IRBA is to provide excellent quality audit work, in order to achieve this we are required to review certain of our files internally. Independent third party reviewers may be utilised to facilitate this process. The person or institution that will be selected by us will be required by us to sign a confidentiality agreement and will treat all information inspected with the strictest of confidence.

28. Future years

We propose that the engagement letter will be in place until replaced. If circumstances change, we will issue a new engagement letter. Until such time, this letter will be in force even where there is a change in group structure.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities. If there is anything that you do not agree with or wish to amend, please contact us.

This engagement letter is contractual in nature and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

Yours faithfully

DocuSigned by:

Exceed (Cape Town) Incorporated

2488980173500454
Exceed (Cape Town) Incorporated

Accepted on behalf of Halli Trust by:

Position: **Trustee**

Name: **Heidi Naude**

Signature:

DocuSigned by:

HC Naude

238972B86C694AD...

Date: **2018/03/01**

2019/10/23

Dirk Koegelenberg

Exceed (Cape Town) Incorporated

Parc du Links

7 Niblick Way

Somerset West

7130

Dear Sir(s)

This representation letter is provided in connection with your audit of the financial statements of Halli Trust for the year ended 28 February 2019 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with IFRS for SME.

We confirm that, to the best of our knowledge and belief, and having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves, the following:

1. **Financial statements**

We have fulfilled our responsibilities, as set out in the terms of the engagement dated 01 March 2018, for the preparation of the financial statements, and confirm that the financial statements fairly present, in all material respects, the state of affairs, results of the operations and cash flows of Halli Trust in accordance with IFRS for SME and the manner required by the Trust Property Control Act 57 of 1988.

2. **Information provided**

I have provided you with:

- (a) Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- (b) Additional information that you have requested from us for the purpose of the audit; and
- (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

All transactions have been recorded in the accounting records and are reflected in the financial statements.

3. **Accounting estimates and fair value measurements**

We confirm that the following representations made to you or implied by us during the course of the audit are, to the best of our knowledge and belief accurate:

- (a) That the assumptions and models used in determining the accounting estimates are appropriate in the context of the IFRS for SME and applied consistently throughout the process;
- (b) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;
- (c) That the assumptions appropriately reflect management's intent;
- (d) That disclosures related to accounting estimates are complete and appropriate under IFRS for SME; and
- (e) That no subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements.

4. **Laws and regulations**

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

5. **Litigations and claims**

The estimated effect of pending or threatened litigation and claims against Halli Trust have been properly recorded or disclosed in the financial statements.

Except as disclosed in the notes to the financial statements, we are not aware of any additional claims that have been or are expected to be received.

6. **Related parties**

We have disclosed to you the identity of all related parties to Halli Trust and all related party relationships and transactions of which we are aware.

We have appropriately accounted for and disclosed the identity of, and balances and transactions with, related parties in accordance with the requirements of IFRS for SME.

7. Going concern

We have disclosed to you all information relevant to preparation of the financial statements in accordance with the going concern assumption.

8. Subsequent events

All events subsequent to the date of the financial statements and for which IFRS for SME require adjustment or disclosure have been adjusted for or disclosed in the financial statements and notes thereto.

9. Fraud

We understand that the term 'fraud' includes misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Misstatements resulting from fraudulent financial reporting involve intentional misstatements including omissions of amounts or disclosures in the financial statements to deceive financial statement users. Misstatements resulting from misappropriation of assets involve theft of an entity's assets, often accompanied by false or misleading records or documents to conceal the fact that the assets are missing or have been pledged without proper authorisation.

I acknowledge that it is my responsibility to design, implement and maintain internal controls to prevent and detect fraud.

There have been no instances of fraud or possible fraud known to me that may have affected the , involving:

- (a) Management;
- (b) Employees who have significant roles in internal control; or
- (c) Others where the fraud could have a material effect on the financial statements.

There have been no allegations of fraud, or suspected fraud, affecting Halli Trust's financial statements communicated by employees, former employees, analysts, regulators or others.

I have disclosed to you the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud or may have been misappropriated.

I have disclosed to you my knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.

10. Uncorrected misstatements

The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.

11. Comparatives

There are no significant matters that have arisen that would require a restatement of the comparatives.

12. Current assets

Current assets have a value, on realisation in the normal course of business or an expected cost benefit, at least equal to the amounts at which they are stated in the statement of financial position.

Receivables reported in the financial statements represent valid claims against debtors for sales or other charges arising on or before year-end date and appropriate provisions have been made for any impairment losses that may be sustained.

13. Property, plant and equipment

The carrying values at which property, plant and equipment are stated in the balance sheet were arrived at after:

- (a) Taking into account, as additions, all expenditure (excluding expenditure of a revenue nature) during the year, which represented capital outlay on these assets.
- (b) Writing off of all amounts relating to items which have been sold and scrapped by year-end date.
- (c) Providing for depreciation / amortisation on a scale to cover obsolescence as well as wear and tear and thus reduce the net book value of the assets to their estimated residual values over the economically useful lives thereof.

14. Impairment

We have reviewed the carrying amount of assets whenever events or changes in the circumstances have indicated that the carrying amount of assets may not be recoverable and have appropriately recorded any impairment adjustment.

15. Financial instruments

We confirm that we have reviewed all financial assets and liabilities outstanding as at 28 February 2019 and have correctly classified them as required by IFRS for SME.

Financial assets and financial liabilities were offset and the net amount reported in the balance sheet only where the entity had a legal enforceable right to offset the recognised amounts; and the entity intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Information regarding financial risk exposure and our financial risk management objectives and policies has been adequately disclosed in the notes to the financial statements, as required by IFRS for SME.

The necessary information about financial instruments with off-balance-sheet risk and those financial instruments with credit risk and / or interest rate risk have been properly disclosed in the financial statements as required by IFRS for SME.

16. Financial institutions

All financial institution accounts have been dealt with in the financial statements and accounting records. All necessary disclosures arising from the entity's relationship with the financial institution have been disclosed in the financial statements.

17. Income tax

The deferred tax valuation has been determined pursuant to the provisions of IFRS for SME including the company's estimation of future taxable income.

The deferred tax valuation has been recognised for all deductible temporary differences as required by IFRS for SME.

18. Contractual agreements

The trust has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. All contractual arrangements entered into by the company have been properly reflected in the accounting records and where material or potentially material to the financial statements have been disclosed.

19. Encumbrances

The trust has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, except those disclosed in the notes to the financial statements.

20. Commitments

At year-end date, there were no material commitments under contracts concluded for capital expenditure, forward contracts of purchase and sale of foreign exchange or amounts of capital expenditure authorised by the attorneys which had not been contracted for, other than those provided for or disclosed in the financial statements.

21. Financial statement disclosure

The following have been properly recorded and when appropriate, adequately disclosed in the financial statements:


- (a) Losses arising from sale and purchase commitments;
- (b) Agreement and options to buy back assets previously sold;
- (c) Assets pledged as collateral;
- (d) Off-balance-sheet activities, including transactions with special purpose entities, non-consolidation and revenue recognition;
- (e) Significant common ownership or management control relationships;
- (f) Changes in accounting principles affecting consistency; and
- (g) Share repurchase options and agreements and share reserved for options, warrants, conversions and other requirements.

Except as disclosed in the financial statements or notes thereto, there are no:

- (a) Other gain or loss contingencies or other liabilities that are recognised or disclosed in the financial statements, including liabilities or contingencies arising from environmental matters resulting from illegal or possible illegal acts, or possible violations of human rights; or
- (b) Other environmental matters that may have a material impact on the financial statements.

No Partner, Director or Attorneys joined or resigned from the firm.

Yours faithfully

DocuSigned by:

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Heidi Naude
Trustee
2019/10/23