



ASSUPOL COMMUNITY TRUST

2019 ANNUAL REPORT

ASSUPOL
Cares

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The Assupol Community Trust ("Trust") is a registered public benefit organisation, established in 2010 to benefit communities in areas where a significant number of Assupol Life policyholders resided at the time of Assupol Life's demutualisation. Only designated communities may benefit from the Trust. The designated communities are those communities of which at least 85% of the members are black people and were insured under group schemes underwritten by Assupol Life.

The Trust aims to support the South African government in attaining its goal of ensuring universal access to early childhood development for all children by 2030, as prescribed in the National Development Plan (NDP).

In this report we review the socio-economic impact, challenges and achievements of the Trust from the period 2016-2019.

ABOUT THIS REPORT



CHAIRMAN'S REPORT

Ntjantja Ned

In our country, ECD is a national priority, more now than ever with The National Development Plan (NDP) and the National ECD Policy of 2015 making commitments to ensuring that every child has access to a comprehensive package of ECD services. The pronouncement by President Ramaphosa in both the February 2019 and June 2019 State of the Nation (SONA) addresses indicates a renewed sense of urgency towards achieving universal access by 2030.

Against this background, we believe, as part of civil society, and funders, we are set and stand ready to play our role in ensuring the expansion of ECD services, the strengthening of the delivery system, building competencies and capabilities of the women who deliver the service and providing resources to ensure we achieve the outcomes expected "readiness for school" for all the children.

The challenge in numbers... there are 6 million children younger than 5-years-old in South Africa, (Statistics South Africa's 2016 Community Survey estimates), fifty one percent (51%) of which are in two provinces, Gauteng and Kwa-Zulu Natal.

It therefore makes sense that Assupol Community Trust operates mainly in rural KZN, in the Mzinyathi District and in Tshwane Metro, contributing to the provision of nutritious meals for the children in the ECD sites, improving skills and competencies

of the practitioners and investing in infrastructure upgrading and building new sites where nothing exists. These efforts were made relatively easy to undertake because of a range of implementing partners and service providers that we work with.

Going forward is a need to adopt and implement mechanisms that monitor whether we are getting the returns in growth and stimulation for the children, and the extent to which these meet the national standards; whether the practitioners are competent in practice and the extent to which they execute their roles thus meet the expected "professional" standards.

The regulatory framework for compliance, registration and funding ECD in most vulnerable communities remains the biggest challenge. While policies acknowledge the diversity of the sector, very little to no progress is made in codifying inclusion and scaling up community-initiated practices of delivering ECD services, for example play groups and child minding which are options suitable in informal and rural communities.

Unless we get local and provincial government policy, processes and budget aligned, we all face the danger of not achieving the national goal of universal access to quality ECD.

For lasting change to occur, we need an effective, capable state; "strong

leadership and active citizenry" including parents if we are to "see in the faces of our children, the future we have collectively crafted" NDP Vision Statement.

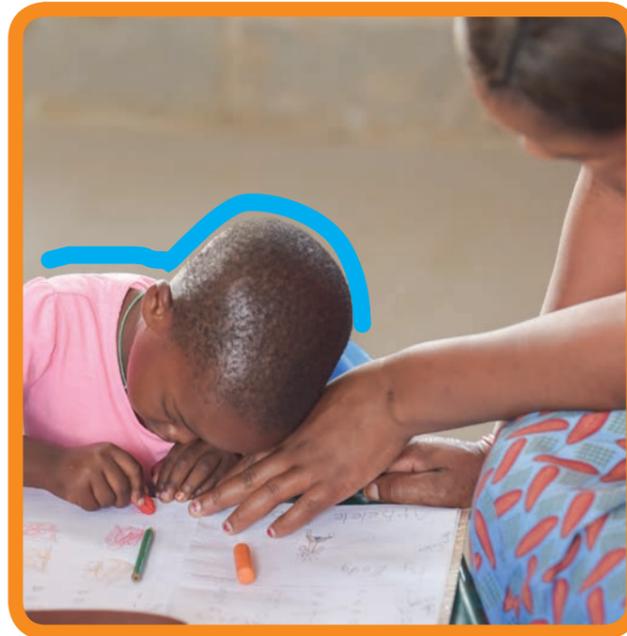
Though a relatively young Trust with operations beginning in earnest in 2017, we are incredibly happy with our strategic direction. The pillars of our strategy remain relevant for the foreseeable future. We will remain open to learning and improving; sharing our lessons; collaborating with other social partners investing in ECD and advocating for improvements in the environment.

My sincere appreciation goes to the management and operational team led by Dr Vuyelwa Nhlapo for making the necessary inroads into the communities, establishing relationships upon which to build going forward and making a visible difference to the lives of the children.

A huge thank you to my fellow trustees for their passion, generosity with their experience and expertise. Their guidance has been invaluable. A special thank you to Ms Bridget Mokwena-Halala and Assupol Life, for donating her time to the Trust and providing Assupol resources to support the operations of the Trust.

We are truly in this together!

Ntjantja Ned
Chairman



ACTING CEO'S REPORT

Dr Vuyelwa Nhlapo

“Early childhood development is the most powerful investment in human capital that a country can make.” – James Heckman, Nobel Prize Winner for Economic Sciences (2000)

The beginning

The publication of this report provides an opportunity to reflect on how far we've come since the work of the Assupol Community Trust began in earnest in 2016. At that stage all we had was the Trust's founding document, which outlined some key parameters and our strategic direction, and a tremendous amount of passion and goodwill.

The Assupol Community Trust Board clearly understood the scale of the challenge that needed to be addressed in terms of early childhood development (ECD) provision in South Africa, but they were also confident that it was an area in which the Trust could make a meaningful difference, and which would have a substantial impact on the lives of those children we would reach, and on South African society at large.

A national commitment

The formation of the Assupol Community Trust came about at an auspicious time for the development of the ECD sector in South Africa.

One year before, the government had ratified the National Early Childhood Development Policy (2015) (“ECD policy”), which is aimed at “transforming early childhood development service delivery in South Africa, in particular to address critical gaps and to ensure the provision of a comprehensive, universally available and equitable early childhood development services.”

South Africa's National Development Plan (NDP), launched in 2012, is a detailed blueprint for how the country can address unemployment, eliminate poverty and reduce inequality by the year 2030. The NDP recognises quality ECD services, especially for the most vulnerable, as a sustainable and cost-effective way of ensuring the optimal development of children, and articulates a vision of universal access to the full range of ECD services by 2030.

So, in theory, and at a national level, ECD is built into South Africa's intended growth path, and the work of the ACT is in accordance with South Africa's national development goals. Our programmes are therefore informed by the NIECDP, and it's Vision, which is that:

“All infants and young children and their families in South Africa live in environments conducive to their optimal development.”

The ECD policy emphasizes six essential components to promote optimal child development from conception to 9 years, namely nutritional support, maternal health, child health, social services, support for primary caregivers and stimulation for early learning.

The first step: understanding

It's important, firstly, to understand the scale of the problem before you try to remediate it. To this end, before beginning any operational activities, we conducted an extensive audit within the designated areas. The objective of the audit was to understand the extent to which children aged between 0-5 years were accessing ECD in these areas, and the quality of available ECD services.

What transpired from this audit was that these areas were in dire straits. The findings of this audit indicated that over 60% of children in these areas had no access to ECD, with the highest percentage of lack of access found amongst children under the age of 2, and those with disabilities. A number of quality factors were identified, including non-compliance to regulatory framework, unsafe infrastructure, lack of qualifications amongst practitioners, lack of or limited stimulation of children, and a lack of nutritious meals.

The plan

Based on the findings, the ACT developed a three-year (2017–2019) business plan to accelerate universal access and improve the quality of ECD in the identified areas. The business plan outlined the way in which the Trust would deliver on its four strategic objectives.

There are over 20,000 children in Nellmapius, Nquthu and Msinga, and so the plan needed to be incremental in nature. It made sense that the first step and a quick win, would involve the training of ECD practitioners. This is fundamental, and the basis for further progress. That training would be followed by provision of educational toys and equipment, infrastructural improvements to assist with compliance and nutritional interventions.

Achievements

Having established baselines through our audits, it has been possible to accurately measure the results of our interventions, and we go into some detail in the body of this report on those results.

In terms of access to ECD, those figures are easily measured. We know what our baselines were, and we know how many were added to the system in a particular year, and then the question becomes how can we leverage our capabilities, and the capabilities of those whom we can partner with, in order to improve that increase in the following year.

An important consideration is that the services we enhance must be sustainable. If we invest in practitioners and infrastructure, that improved quality must be available to new children entering the system.

Progress is incremental and measurable. We can count the number of children – we know their names and surnames. We've spoken to them. We know their faces. We have tools that measure their height and weight, which are good indicators of physical growth. We have tools that measure cognitive stimulation, fine and gross motor skills, emergent writing, social and emotional connections. So we're measuring access, physical, emotional and cognitive development, and we're comparing those indicators against the outcome that we want to ensure: readiness for schooling.

A parallel success has been the strengthening of our governance structures. The project steering committees are functioning and representative, despite some initial challenges in ensuring the buy-in of district-level government representatives. They now comprise representatives from a number of government departments, including the departments of Health, Education, Social Development, Cooperate Governance and Traditional Leadership and municipalities.

Challenges

Though it's hard for me to be satisfied when so much work remains to be done, I can say that to some extent, we've achieved the goals as set out in 2016. Significant challenges to our continued success do, however, remain.

The effect of non-cooperation on the part of municipalities especially has been debilitating. The difference in progress made in the Umzinyathi District as opposed to the City of Tshwane can be largely attributed to this dynamic.

The issue of land rights is complex, and dependent on context. In KwaZulu-Natal, much of the land used by

ECD centres is administered by The Ngonyama Trust (traditional leadership), and thus, questions of zoning, for instance, are much easier to resolve. The challenges in this regard are more significant in the City of Tshwane, where zoning rights are more difficult to address.

Something we realised early on in our work, and which has only grown in significance over time, is the burden that compliance with regulations places on developing ECD centres. This burden is compounded by a common lack of coordination between organs of the state. Our state is incredibly forward-thinking in terms of its awareness of the importance of ECD to social development. But the mechanisms for encouraging good practice are distributed across state functions, and there is all too often a lack of coordination between these functions. This has a cost implication in that more time and more money is required in order for ECD centres to align themselves with these disparate requirements.

Another issue is that the context in which ECD centres operate is markedly dependent on their geographic location and socio-economic environment. What works in an urban centre is not necessarily what works in an informal settlement.

We would like to encourage the state to be more conscious of the realities in which ECD centres across the country find themselves, and to adapt its requirements to fit those realities.

Appreciation

We are tremendously grateful for the assistance and guidance of our partners in the corporate and not-for-profit sectors. They have been able to provide

crucial insights into the ECD landscape and the work we are doing, and have really enabled us to achieve the results we have achieved. We are fortunate to be part of a consortium of social partners in ECD – the Early Childhood Development Consortium Group (ECDCG). When you put these big players in the sector together you have access to the lessons learnt through almost fifty years of experience in ECD.

In this sector nobody can go the distance by themselves. It's not possible, even if you have every resource you could dream of. You need to collaborate and learn from others. So, in the future, learning is going to continue to be a focus of the Trust.

The future

The Assupol Community Trust has made a telling contribution to ECD in South Africa. But the need is huge. We are confident in the efficacy of the model we have developed. Gratifyingly, we have been informed that the Department of Social Development is considering replicating the models that we have adopted through our work in KwaZulu-Natal. We'd like to replicate and enhance this model and assist various other provinces and organisations to implement it. While our focus continues to be on our designated communities, we do not lose sight of the bigger picture, which is that ECD provision remains a national crisis requiring national solutions.

Dr Vuyelwa Nhlapo
Acting Chief Executive Officer



About the Assupol Community Trust



OUR VISION

Every child ready for the future



OUR VALUES

Loving

- We care for our staff and all the children we serve, including differently abled children

Innovative and responsive

- We look for innovative solutions for our context
- We need to be agile to achieve under different circumstances

Respect and dignity

- We treat all stakeholders: children, mothers, fellow trustees and staff equally with respect and dignity
- Respect and dignity drives us to do the "right thing"

Leaving a legacy

- We have a passion for what we do
- We strive for quality in all we do
- We serve a nation, inclusive of all stakeholders

Collaborative

- We engage with communities and other stakeholders towards sustainability
- We look for opportunities to empower all those we work with in our ecosystem

Integrity and accountability

- We are ethical in all we do
- We are transparent in everything we do



OUR FOCUS AREAS

KwaZulu-Natal: Umzinyathi District Municipality

- Msinga: 20 ECD centres
- Nquthu: 20 ECD centres

Gauteng: City of Tshwane

- Nellmapius: 68 ECD centres
- Nellmapius: 16 day mothers



LIVES IMPACTED

- 1,265 children received 14,418 nutritious meals per annum
- 4,740 children accessed quality early learning opportunities
- 709 ECD practitioners trained
- 40 ECD centres compliant and registered
- 40 ECD centres funded



OUR MISSION

Play a leading role in impacting the delivery of ECD in designated areas

Our strategic objectives

1. To improve access to children between 0–5 years in Nellmapius, Msinga and Nquthu by 2022
2. To improve the quality of ECD services in Nellmapius, Msinga and Nquthu by 2022
3. To facilitate compliance with basic standards of registration, health, and safety in line with the Children's Act and municipal by-laws in ECD facilities in Nellmapius, Msinga and Nquthu by 2022
4. To promote good governance, partnerships and stakeholder relations in the City of Tshwane and Umzinyathi District Municipality

Outcomes we want to achieve

1. Increase the number of children accessing ECD in Nellmapius, Msinga and Nquthu
2. Increase the number of children living in an environment of care, development, safety, and security
3. Children performing better and being ready for school (health, growth, and nutrition)
4. Parents involved and supporting the development of their children
5. The City of Tshwane, Umzinyathi District Municipality, Msinga Municipality and Nquthu Municipality prioritising ECD through funded programmes in their Integrated Development Plans (IDPs)

Our theory of change

Our theory of change has been based on the following:

1. Provide practitioner support to meet child outcomes
2. Provide nutrition to enable children to grow properly
3. Parent and community engagement to take mutual responsibility for the support of children and their attendance
4. Provide infrastructure support to enable government registration and funding. This includes helping existing ECD sites to be viable, i.e. meet municipal compliance, registration and funding requirements.
5. Get local government buy-in to drive scale and quality of ECD
6. Build partnerships to upscale and replicate best practice models

Our partners

Assupol Community Trust works with a number of partners:

Department of Social Development (National, Gauteng and KwaZulu-Natal Provincial Government), Department of Basic Education (KwaZulu-Natal Provincial Government), Department of Health (KwaZulu-Natal Provincial Government), Department of Cooperative Governance and Traditional Affairs (KwaZulu-Natal Provincial Government), City of Tshwane Metropolitan Municipality, Umzinyathi District Municipality, Nquthu Local Municipality, Msinga Local Municipality, Community Work Programme, National Development Agency, DG Murray Trust, the Elma Philanthropies Services (Africa) (Pty) Ltd, the Firstrand Foundation, Yellowwoods Social Investments NPC, Hollard Trust, Tshikululu Social Investments, Ilifa Labantwana, Kago Ya Bana, Standard Bank Tutuwa Community Foundation, Kago Ya Bana ECD Enterprise Incubator, Innovation Edge, and Smartstart Early Learning NPC.



GOVERNANCE

The Assupol Community Trust ("Trust") was established pursuant to the scheme for the demutualization of Assupol Life for the benefit of communities in geographical areas in which a substantial number of insurance group scheme members reside.

The Trust is part of the demutualization and its execution and fulfilment. Its purpose, as contemplated in the scheme document, is to benefit designated communities in a non-profit, charitable manner with an altruistic or philanthropic intent – by carrying on, as a public benefit organization, public benefit activities in those communities.

The Trust may not provide benefits to Assupol Holdings or a subsidiary of Assupol Holdings.

The Trust is registered as a public benefit organization in terms of section 30 of the Income Tax Act, 1962. SARS has approved as the Trust's purpose the public benefit activity of providing educare or early-childhood development services for pre-school children, as meant in paragraph 4(h) of Part 1 of the Ninth Schedule of the Tax Act.

The Trust operates as a broad-based ownership scheme as defined in the B-BBEE Codes and adheres to the requirements of Annexure 100(B) of the B-BBEE Codes.

The Trustees

The Trust has five Trustees. In terms of the Trust Deed, it is required that three of the Trustees must be black persons. Two Trustees are appointed by Assupol Holdings Limited, and three Trustees are required to be independent as defined in the Trust Deed of the Trust. An "independent" Trustee is defined as a Trustee who:

- a. is not an employee or director of Assupol Holdings or a subsidiary of Assupol Holdings;
- b. is not a connected person of another Trustee;
- c. is not employed by the Trust;
- d. does not have a direct or indirect beneficial interest of the Trust;

Independent Trustees are appointed by the independent Trustees from candidates recruited and recommended by a professional human-resource recruitment firm, which is of high standing and specializes in, or also in, the recruitment of company directors and similar fiduciary functionaries. The appointment of independent Trustees is further subject to a confirmatory vote by designated communities at the annual general meeting of the Trust.

Notwithstanding anything to the contrary in this Trust Deed, the Trustees appointed by Assupol Holdings do not take part in decisions to appoint or remove independent Trustees.

A person may not be appointed as Trustee, and if appointed automatically stops being one, if he is or at any time in the past was:

- a. disqualified from being a director of a company in terms of the Companies Act;
- b. removed from an office of Trust because of misconduct;
- c. sequestrated and has not been rehabilitated;
- d. declared by a court to be incapable of managing his affairs, or placed under curatorship, or otherwise disqualified in law to hold office as a Trustee;
- e. convicted of a crime involving dishonesty, or a crime for which he is or was sentenced to imprisonment without the option of a fine.

Our Trustees



N Ned
Chairman

Independent Trustee from August 2014 until elected as Chairman from November 2018



B Mokwena-Halala

Trustee (appointed by Assupol Holdings Limited) MBL

Chairman from August 2014 to November 2018 and Trustee from November 2018



T Muranda

Trustee (appointed by Assupol Holdings Limited) CA(SA)

Trustee since August 2014



T Malatji

Independent Trustee
B Proc, LLB

Trustee since August 2014



Dr N Skeepers

Independent Trustee
PhD (Engineering Management)

Trustee since November 2017



Dr V Nhlapo

Acting CEO
PhD (Public Affairs)

Programme Director since February 2016 and Acting CEO since November 2018

Meeting attendance

The table below shows the attendance of Trustees at board meetings held from 2016 – 2019.

	20-07-2016	24-10-2016	27-02-2017	22-08-2017	21-11-2017	09-03-2018	13-08-2018	28-11-2018	07-03-2019	08-04-2019	31-05-2019
Trustees											
B Mokwena-Halala	C	C	C	C	C	C	C	X	X	X	X
N Ned	X	X	X	X	X	A	X	C	C	C	C
T Muranda	X	X	X	X	X	X	A	X	X	X	X
T Malatji	X	X	X	A	X	A	X	X	X	X	X
Dr N Skeepers						X	X	X	X	X	X
Executives											
Dr V Nhlapo	X	X	X	X	X	X	X	X	X	X	X
Secretary											
S de Beer	I	A	I	I	I	I	I	I	I	I	I

A - Absent with an apology **C** - Chairman **X** - Trustee **I** - Invitee

Trustee remuneration

The Trustees are entitled to reasonable remuneration commensurate with their duties. Their remuneration is reviewed and determined yearly by a recognized remuneration specialist appointed by the Trustees. The remuneration specialist must take into consideration the provisions of this Trust deed, and may take into consideration any factors that it deems relevant.



SOCIO-ECONOMIC IMPACT

Early childhood development (ECD) is critical in ensuring better performance in formal schooling, which will later result in improved levels of employment. Thus, the National Development Plan Vision 2030 recognises quality ECD as one of the measures to reduce the acute impacts of poverty. Quality ECD refers to a holistic provision of ECD services in line with the National Integrated Policy on Early Childhood Development.

In 2016, the Assupol Community Trust conducted audits in the Nellmapius (City of Tshwane), Nquthu and Msinga (Umzinyathi District Municipality) areas, in order to get an understanding of ECD service delivery challenges faced by these communities, and in particular, how many children were accessing ECD, and the quality of that ECD in those areas.

The audit findings revealed that:

- The majority of ECD centres were non-compliant with the Children's Act of 2005 and municipal by-laws.
 - Nellmapius: 1 out of 72 ECD centres was partially compliant
 - Nquthu: 64 out of 98 ECD centres were partially compliant
 - Msinga: 61 out of 111 ECD centres were partially compliant
- In Nquthu 47% of practitioners had no ECD qualification, in Msinga 56% had no ECD qualification and in Nellmapius 63% had no ECD qualification.

The Assupol Community Trust therefore implemented its strategy to address the gaps depicted by the audits and remedy the situation.

1. Promoting access to ECD

Why promote access to ECD?

Research indicates that in South Africa more than half of all children have no access to ECD. According to Stats SA (2011), 49 out of 100 children aged 3 did not attend any ECD facility.

Children between the ages of 0-4 years are the highest population within the City of Tshwane region. In Nellmapius particularly in 2016 there was a total of 11,760 children aged 0-5, out of whom 3,247 children were accessing ECD, leaving 8,513 children not accessing ECD.

In KwaZulu-Natal most children (approximately 79%) in the surveyed areas did not receive ECD services. This was based on an analysis of 2011 Census data, 2016 Assupol Community Trust ECD field survey data and 2016 LETCEE data on play centres.

The South African government has set itself the ambitious target of universal and equitable ECD by 2030. Save the Children (2015) identified a number of factors that have an adverse effect on the achievement of the set target. These include the following:

- Low enrolment rates of the youngest vulnerable children living in poverty and in underserved areas in early childhood development programmes
- Children living in poverty continue to be at a higher risk of exclusion
- Children with disabilities are at a higher risk of exclusion

Investment in ECD is therefore critical to address the wide gap of children not accessing ECD and contributing to an equal society. Assupol Community Trust therefore aims to assist the South African government in realising the goal of universal access to ECD for all children 0-5 years old.

Achievements

Increased access

The developments of infrastructure have contributed to a total of 1,948 children aged 0–5 years becoming enrolled in the 40 ECD centres in Msinga and Nquthu, since the improvements were made and new structures built. This indicates a 10% increase in access.

Implementation of the day-mother programme

In 2018, Assupol Community Trust adopted the model of non-centre-based ECD to increase access to ECD for children. In Nellmapius to date we have 16 enrolled day-mothers with 96 children.

Parental awareness sessions were conducted from 2016 to 2018

Parental awareness sessions have been conducted since 2016 in Msinga, Nquthu and Nellmapius highlighting the importance of ECD and encouraging parents to take their children to ECD services. The parental awareness sessions resulted in the identification of children not accessing ECD. These children were linked to existing ECD services in Nellmapius, Nquthu and Msinga. Potential day-mothers were also identified and recruited during these awareness programmes.

2. Improving the quality of ECD through training

To address the challenges and obstacles facing ECD facilities, which include the absence of learning materials and resources, especially within the classroom setting, and a lack of skills to stimulate children for their holistic development, the skills of practitioners were enhanced by exposing them to various skills development programmes.

Qualification of teachers has been found to be associated with improved child outcomes in a number of countries, and is therefore often used as a service-quality indicator (Biester, 2008). In Nellmapius the audit found that 63% of practitioners in the 72 ECD centres that were audited did not have any ECD qualifications.

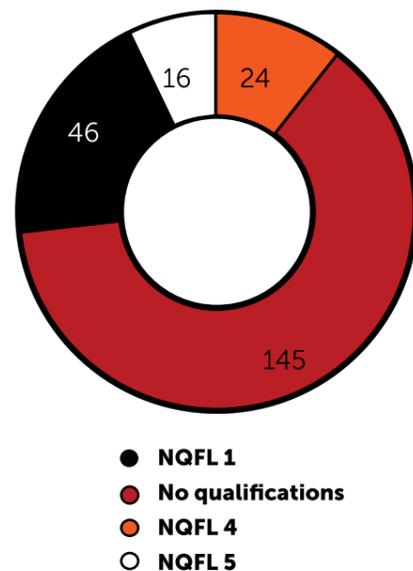


Chart 1: Practitioner qualifications

Training of practitioners was therefore prioritised and during the period under review the following training programmes have been provided to benefit principals, practitioners and management committees of the ECD centres.

Training on early learning standards (developmental milestones)

In order to provide effective teaching, practitioners or teachers at the ECD centres need to understand the stages of development of young children from birth. They also need to have the correct resources to stimulate young children. The purpose of early learning standards training was to assist the ECD practitioners to:

- Improve access to quality teaching in ECD centres
- Track the overall performance of children at the selected ECD centres against the learning standards as indicated in the National Curriculum Framework for children aged 0 to 4 years old.
- Track individual 3 and 4-year-old children's performance against the early learning standards expected from the specific age cohort.

The curriculum focussed on the following developmental areas for 3 and 4-year-old children:

- Cognitive development
- Social and emotional development
- Language development
- Mathematical concept development
- Physical development

The programme has achieved the following results:

- An early learning standard (developmental milestone) checklist was developed to track the performance of the children at the 68 selected ECD centres in Nellmapius, 20 ECD centres in Nquthu and 20 ECDs in Msinga.
- Practitioners have been able to improve basic access to quality teaching in the ECD centres.
- Practitioners are able to track overall performance against the learning standards.
- Children are learning based on their age-appropriate developmental milestones.

All 108 ECD centres that participated in the early learning training were provided with a start-up set of educational toys.



Training on growth monitoring assessment

Growth monitoring focuses on the physical development of the children aged 2–4 years old in ECD facilities. Growth monitoring is an essential part of primary health care in children. The purpose of the growth monitoring assessment was to assist the ECD practitioners, and principals to be competent in assessing and observing each child's growth in the ECD setting.

The training was further aimed at achieving the following objectives:

- To help the practitioners to be able to confidently identify children that are at risk of malnutrition.
- To prevent malnutrition by assisting parents and caregivers to encourage good feeding practices and overall healthy living, and to actively address the nutritional needs of a growing child.
- To empower practitioners with the ability to refer a child with the parent's assistance to a healthcare provider if in need of medical assistance.

Achievements

A total of 19 ECD practitioners from Msinga, 19 ECD practitioners from Nquthu and 63 ECD practitioners from Nellmapius participated in the growth monitoring training and assessment.

Each of the participating ECD practitioners was provided with the following equipment:

- A scale
- Height chart
- A set of growth charts per child
- Recording chart per child
- Recording sheets for data capturing per class
- File for safe keeping of children's graphs
- Pen

Training on Basic ECD

A total of 53 practitioners in Nellmapius were trained in a basic ECD programme. This programme targeted practitioners who did not have any ECD-related qualifications. The programme was comprised of three modules:

- Module 1: Stages of child development.
- Module 2: Importance of learning through play, storytelling, development of daily routine/lesson plan and thematic classroom arrangement.
- Module 3: Outdoor play, use of educational toys, and training on toy making from recycled material.

Practitioners have gained extensive knowledge on understanding stages of child development, programme development, five developmental areas for the stimulation of children and skills on developing their own toys from recycled material. There has been significant improvement in the teaching skills of the practitioners and much more confidence has been displayed in the teaching process.

The Classroom Practice Workshop

The objective of the Classroom Practice Workshop was to train practitioners on two modules of the thematic model of learning. The two modules covered ten themes that can guide learning throughout the year. The workshop was based on sound theoretical principles of learning through activities that enable children to fully experience and cognitively structure their world. It was inclusive of a practical component that equipped practitioners with knowledge, skills and educational resources to enable effective classroom practice implementation within the ECD sites.

Thirteen practitioners in Msinga and 20 in Nquthu attended Classroom Practice Workshops. Practitioners were also trained on toy making to enable them to recognise the value of inexpensive and easily made educational materials made with recycled materials.

Achievements

Through this training programme the practitioners were able to develop their confidence in engaging and interacting with children in a meaningful way that promotes a disposition to playful learning. Practitioners were able to:

- Set and display a theme table according to the month or season
- Plan and design activities relevant to age groups in their site or classroom
- Understand how to use a theme book in terms of knowing relevant themes for each month and supporting resources, and
- Incorporate themes in their daily programme

Training on governance

Nonprofit organisations (NPOs) are expected, in terms of the Nonprofit Organisations Act of 1997, to maintain adequate standards of governance, transparency and public accountability. It is for this reason that through the partnership with the National Development Agency, 53 principals and practitioners in Nellmapius and 40 in Msinga and Nquthu were trained on a three-day programme on governance.

This programme equipped them with knowledge on the roles of the board and the management committees in their respective centres, as well as the importance of compliance and reporting as determined in the Act. Through these training programmes principals and practitioners were able to obtain, improve and retain the skills, knowledge and tools to do their jobs competently.

A number of ECD centres, in particular those that are not funded by government, struggle financially, and were thus, through the partnership with the National Development Agency, equipped with skills to mobilise resources.

Training of day-mothers as part of non-centre-based ECD

According to Unicef (2016), non-centre-based ECD programmes, that could be directly targeting children or their parents or caregivers, or practitioners, must be creative, innovative, sustainable, and replicable. This excludes centre-based programmes such as ECD centres and/or Grade R classes. As indicated earlier, the findings of the audit painted a gloomy picture, with more than half of children between 0–5 years not accessing ECD. To address this challenge, Assupol Community Trust engaged on a drive to recruit unemployed youth with the potential to facilitate children's learning while caring for and protecting them. The aim of this day-mother model is setting our children up for future success including ensuring proper school readiness.

Achievements

Of the 50 women who registered as potential day-mothers during the recruitment drive, 16 were successfully trained with 96 children under their care. In complying with the Children's Act of 2005, each day mother cares for a maximum of six children. In addition to the training, Assupol Community Trust provided day- mothers with start-up learning materials including toys, fire extinguishers, first-aid kits and playmats. Assupol Community Trust has signed an employment contract of 12 months with each of the day-mothers and they are paid a monthly stipend. The aim is to financially support the day-mothers whilst they are establishing themselves as entrepreneurs, managing the day-mother model.

The training programme comprised the following modules:

- Understanding how the Bill of Rights is integrated with the Children's Act of 2005
- Understanding how to develop the child holistically by providing a well-balanced daily programme

- Knowing more about the stages of development and learning in the young child
- Planning a well-balanced menu to meet the nutritional needs of the child
- Knowing and understanding the importance of providing a safe and secure learning environment for developing children.

Environmental Health Practitioners from the City of Tshwane visited the day-mothers and lauded their compliance to health and safety standards. This indicates effective application of the knowledge they received at training, especially given the short period in which the homes had been operational.

Training on toy-making

It is not always possible for practitioners to purchase appropriate educational toys for the children in their care. The Trust equipped practitioners with practical toy-making skills, introducing them to creative and functional use of waste and natural materials in an ECD environment. These practitioners were also encouraged to make use of the resources at their disposal.

Provision of educational toys and playmats

The Assupol Community Trust provided educational toys to 93 ECD centres (53 in Nellmapius, 20 in Msinga and 20 in Nquthu) that had received early learning standards and basic ECD training. The training programme included training on the use of toys that were provided.

The module also provided theoretical knowledge on the value of play, understanding child development and appropriate activities and resources that support developmental outcomes in children. This enables practitioners to interact with the child in an active, stimulating and engaging way, so that age-appropriate competencies are achieved.

Furthermore, all 40 ECD centres in KwaZulu-Natal were provided with playmats to encourage interactive play as an alternative to children sitting on chairs.

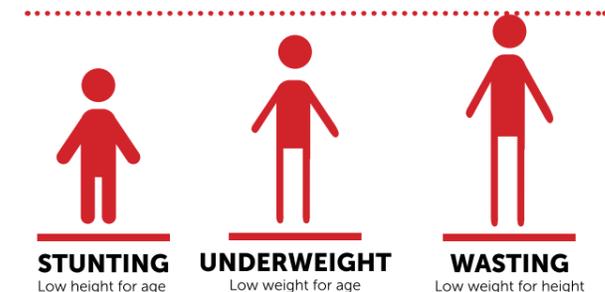
3. Improving quality of ECD through nutrition

Why nutrition?

Nutrition is one of the most important components in ensuring the healthy development of children. The relationship between nutrition, health and learning is inextricable. In order for children to grow properly they must eat a well-balanced diet. Despite its status as a middle-income country, South Africa has distressingly high levels of low-growth and stunting in children, which stems from inadequate nutrition. Early learning stimulation efforts are ineffective when a child is stunted. The healthy feeding of children in ECD enhances good brain development.

In KwaZulu-Natal, the Assupol Community Trust contracted JAMSA to provide Corn Soya Sugar (CSS+) porridge to 40 ECD centres (20 in Msinga and 20 in Nquthu) that were identified for integrated support to meet key essential aspects of ECD provisioning. The CCS+ porridge that was provided by JAMSA contained 75% of the daily nutrients required by each child. During the period July 2017 to January 2019, a total of 1,265 children in Nquthu and Msinga were fed a total of 14,418 meals of nutritious JAMSA porridge.

The provision of the JAMSA porridge is aimed at reducing levels of stunting, wasting and underweight in children at the selected ECD centres.



The training done on growth monitoring mentioned previously in this report equipped the trained ECD centre to be able to assess the proper development of children.

The body mass index of 218 children in six ECD centres was measured in August 2018 and again in November 2018 and compared with the baseline assessments. Reduced stunting, wasting and fewer underweight children were recorded. Nutritional assessments conducted indicate significant improvement in the nutritional state of children. The results are below the average in South Africa. The following results were achieved:

- Stunting 11%
- Wasting 0%
- Underweight 0.6%

To ensure that food is prepared and handled correctly, JAMSA provided ongoing individual training on the preparation of food, storage and completion of stock registers every month. JAMSA monitored the programme to ensure the following:

- The kitchen is kept hygienic at all times
- The cook is wearing the right clothes to handle food
- The cook knows how to prepare the food according to the ratio chart provided by JAMSA
- Food is stored properly
- Each child has a bowl with a spoon
- ECD centres have facilities to wash hands, and
- The toilets are kept in a clean condition

4. Facilitating compliance through infrastructure improvements

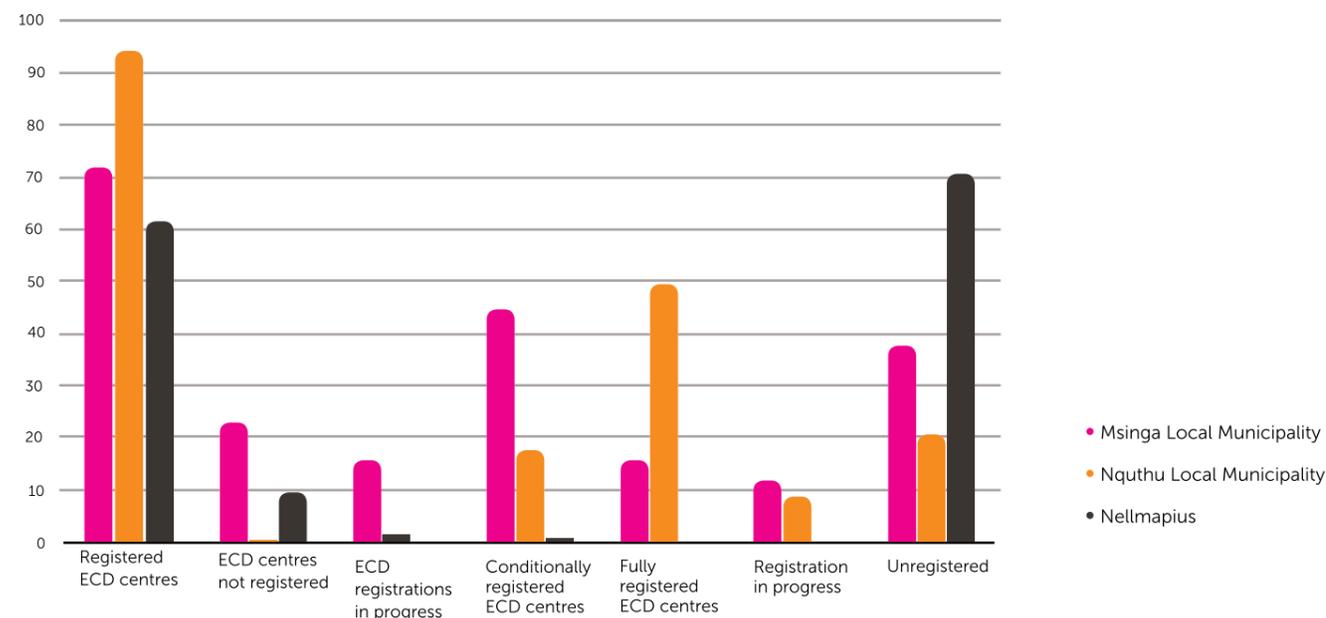
Why ensure compliance?

The operation of ECD centres is regulated by the Children’s Act of 2005, in which norms and standards on partial care are set out. Therefore, any person wishing to care for children has to abide by those regulations including compliance to guidelines prescribed for the infrastructure used for partial care.

Investment in ECD infrastructure improvement is important and contributes to the safety and growth of children in an environment conducive to their holistic development. Furthermore, we have seen the number of children accessing ECD increasing with the building of new infrastructure.

Of the 72 ECD centres audited in Nellmapius, not a single one was fully registered with the Department of Social Development (DSD) – which means that not one had access to state funding or support. This is understandable from a governance perspective: for accountability and governance issues, government can’t issue funds if you are not compliant and subsequently registered. But it also means there’s an often-insurmountable barrier in terms of costs for ECD centres trying to become compliant.

Compliance levels of ECD centres audited



The audit findings showed that infrastructure challenges were an important barrier to registration. Of the 209 ECD centres audited in Nquthu and Msinga, 8% had informal structures; 42% had roof problems; 45% had wall problems; 32% had no space for food preparation; 71% had no piped water on site; 52% were without acceptable sanitation (i.e. no flushing toilet, ventilated improved pit (VIP) or urine-diversion (UD) toilet or chemical toilet) and 20% were without any toilets; 53% had no electricity; 31% had partial/no fencing; 20% were without outdoor play equipment; 35% had identified health and safety issues requiring mitigation and 7% were without proper refuse-management practices.



When government developed the policy on integrated ECD they realised that the problem was so enormous that there had to be a buffer to assist these ECD centres to reach a point where they are fully registered. A system of conditional registration was introduced, according to which those who are close to registration receive a three-year term to get to full registration, and some support to help them achieve that. The conditional registration system has three levels – bronze, silver and gold – with specific criteria associated with each level in terms of compliance. This approach, which came into effect in 2016, is, in the view of the Trust, tremendously beneficial to the sector.

Assupol Community Trust committed to the objective of improving compliance of ECD centres in the three designated areas, working closely with municipalities and the DSD in order to change the status quo.

KwaZulu-Natal

The Msinga and Nquthu regions in KwaZulu-Natal are very rural, with little access to electricity or water, and with pit latrines commonly used. Acceptable sustainable water provision is deemed to be from a municipal tap on site or own borehole. Though communal taps or municipal

truck delivery (usually to a central point somewhere in the community) are acceptable water sources, it requires the ECD practitioner to travel a distance to fetch the water.

- When the team originally surveyed the region, the houses in the area were huts built with mud and grass.
- A few ECD centres are operating in shacks.
- The people have land ownership, and land size is ample. 93.7% of the ECD centres are formal buildings and 5.4% informal.
- One of the centres reported on operates under a tree and has no building.

In KwaZulu-Natal more than 60% of the ECD centres are conditionally registered because they do not meet all the requirements for compliance.

We have seen improvements in the compliance status of ECD centres since the infrastructure improvement facilitated by the Trust. In KwaZulu-Natal 22 ECD centres were repaired to ensure compliance and 18 new ECD centres were built, each with a kitchen, two or three classrooms, a storeroom, an office and a sickbay. Furthermore, water and sanitation were improved in each of these centres by building toilets suitable for children and practitioners including provision for those with disabilities.

Each centre was provided with a JoJo tank to improve access to water, addressing the water scarcity challenge. The ECD centres were further fenced to ensure the safety of the children. All 40 ECD centres are now compliant and have health and safety certificates. They are registered with, and are accessing funding from the DSD.

The new facilities built through the 20/20 project which is comprised of infrastructure upgrades at 20 ECD centres in Msinga and 20 ECD centres in Nquthu, have provided the perfect starting point in the development of an appropriate, replicable ECD centre which is cost effective, low maintenance and which complies with both Environmental Health Requirements and National Building Regulations.

This programme has not only assisted the 40 ECD centres benefiting from the programme, it has also provided the opportunity for the concept of an ECD centre that can be replicated throughout South Africa. This included a benchmark model of a safe and secure pit toilet system. The new toilets built in 40 ECD centres are flushable and have a funnel-like structure which is completely safe – no child can fall into the pit. The Department of Basic Education and Department of Social Development have expressed interest in using this model in other rural provinces.

Benefits of infrastructure development

Assupol Community Trust infrastructure development projects in KwaZulu-Natal have had great benefits for the communities of Msinga and Nquthu.

- Local business has benefitted from the Trust’s infrastructure project, as material was procured from local suppliers, contributing to the development of the local economy.
- There was transfer of construction skills, resulting in skills upliftment. 100 jobs were created for local artisans.
- Innovation and benchmark in construction: There have been exciting developments in this regard. A strategy has been developed whereby it is proposed that an appropriate ECD centre will be included in the scope of each housing project delivered by the Department of Human Settlements (DoHS). The DSD has assessed the buildings developed through the 20/20 project and provided positive contributions. Lima has considered these contributions, and developed the catalogue of offerings to present to DSD as a cost-effective solution to the shortage of adequate ECD centres. This process has been funded by our partner Ilifa Labantwana. The DoHS is currently being engaged in this regard and a positive outcome is anticipated in the near future.



Achievements

The following factors contributed to the success of the infrastructure programme in KwaZulu-Natal:

1. Data-based decision making

Assupol Community Trust contracted Project Preparation Trust (PPT) to survey and assess 209 ECD centres in the

uMzinyathi District Municipality: 111 in Msinga and 98 in Nquthu. Of these, 20 centres were shortlisted for support in Msinga and 20 in Nquthu.

2. Leading and governing through partnership

uMzinyathi District as well as Msinga and Nquthu Local Municipalities championed and supported the ECD programme, ensuring that it was included in the IDPs and represented at district and local task team meetings, as well as council meetings.

The ECD Project Steering Committee included members from district and local municipalities, DSD KwaZulu-Natal regional office, Cooperative Governance and Traditional Affairs KwaZulu-Natal regional office, and the NGOs, Lima Rural Development Foundation, PPT, Ilifa Labantwana and the Assupol Community Trust.

Collaboration and partnership between government, the private sector and NGOs sustained the programme and contributed to its ultimate success.

3. Funding

Assupol Community Trust provided funding for the programme.

4. Cost-effective delivery mechanism

A programme was developed in partnership with Ilifa Labantwana and Project Preparation Trust to help municipalities and funders make decisions on how to allocate limited funding and resources in the most cost-effective way.

5. Effective procurement process

Renovation costs for each centre were small. Instead of procuring multiple contractors, the Assupol Community Trust contracted Lima to do all renovations as a bundle and benefitted from their experience and expertise.

Gauteng

Nellmapius is an urban area in the City of Tshwane Region 6. ECD structures audited in Nellmapius are church buildings, stand-alone houses with ECD centres operating in backrooms or garages, as well as shacks in the informal settlement. Nellmapius generally has access to electricity, tap water and proper sanitation unlike in KwaZulu-Natal. Gauteng ECD owners, unlike their counterparts in KwaZulu-Natal have very limited land space – not more 40m² – and mostly operate from rooms and garages.

The Nellmapius audit findings on ECD infrastructure and compliance were as follows:

- ECD centres were reported to be overcrowded and did not comply with minimum standards stipulated in the guidelines of ECD services.
- The guidelines stipulate that “each child must have enough space to move about freely, meaning there must be 1.5m² of indoor play space per child, and 2m² of outdoor play space per child.”
- Furthermore, it was noted that 16 ECD centres operated from shacks which were not well ventilated.
- To comply with the norms and standards for ECD, there was therefore a need to extend those ECD centres with limited space for children, and to improve structures in ECD centres operating from shacks or/and converted garages. The day-mother model was recommended as an option to deal with overcrowding in the 31 ECD centres.

Achievements

A total of 22 ECD centres have been shortlisted for assistance with infrastructure improvements. The 22 centres were further categorised into three phases and work is in progress for the phase 1. To date, plans for 7 centres have been developed for submission to the City of Tshwane. Building of four new ECD centres and renovation of three ECD centres, will commence once approved by the City.

ECD centres in phases 1 and 2 have been assisted with both the application for consent use, and the DSD application for registration. We now have two ECD centres that have been granted consent use and three that have successfully appeared before DSD panels for both registration and funding.



5. Governance of ECD

Why governance?

The ECD policy makes reference to the national multi-sectoral early childhood development coordination mechanism, which is a proven vehicle for reaching consensus and developing stronger integration of care, early learning and development, while improving the quality of these, and, as a result, bringing about effective improvements in nutritional, social, educational and cognitive outcomes.

Furthermore, the ECD policy prescribes that the National Inter-Ministerial Committee for Early Childhood Development, supported by a National Inter-Departmental Committee for Early Childhood Development, will support the improved capacity, planning, coordination and monitoring of ECD services, and the design and development of the specific programmes described in this policy.

Local and metropolitan municipalities are required to establish similar structures supporting the planning, coordination and monitoring of ECD services and implementation of the specific programmes described above.

Achievements

ECD Project Steering Committee

Terms of reference have been developed outlining governance matters relating to the steering committee. Each role player accounts to the steering committee on progress in terms of the implementation of ECD business plans.

Assupol Community Trust has an active ECD Steering Committee in KwaZulu-Natal combining the entire key organisations of Umzinyathi, namely: the municipalities of Msinga and Nquthu, Department of Social Development serving as secretariat, Department of Health, Department of Cooperative Governance and Traditional Affairs, Department of Basic Education, Ilifa Labantwana and chairpersons of local ECD forums. Contracted service providers like Lima, Tree, PPT, JAMSA attend the steering committee meetings as invitees to report progress.

Why partnership?

Richard Branson once said, "The brands that will thrive in the coming years are the ones that have purpose beyond profit." Real value comes from the mutual benefits that people and organisations create by working together.

The ECD policy highlights that all responsible role players are required to commit to and align their policies, laws, programmes and budgets to achieve the common national ECD vision, goals and objectives. It further states that the realisation of this commitment requires that role players work together at times to:

1. Network – this involves the exchange of information for mutual benefit;
2. Coordinate – this involves a process of information exchange as well as altering activities to achieve a common purpose;
3. Cooperate – this involves sharing of information for mutual benefit, altering activities for a common purpose as well as sharing resources for attainment of a mutual benefit and common purpose;
4. Collaborate – this involves networking, coordination and cooperation as well as improving the capacity of the other partner for mutual benefit and a common purpose; and
5. Contract – where financing and service delivery are provided by different role players, to ensure accountability and cost-effective provision early childhood development services.

The Assupol Community Trust is part of the ECD Consortium Group, comprising the DG Murray Trust, the Elma Philanthropies Services (Africa) (Pty) Ltd, the Firstrand Foundation, Yellowwoods Social Investments NPC, Hollard Trust, Tshikululu Social Investments, Ilifa Labantwana, Kago Ya Bana, Standard Bank Tutuwa Community Foundation, Kago Ya Bana ECD Enterprise Incubator, Innovation Edge, and Smartstart Early Learning NPC.

Achievements

The Assupol Community Trust has also entered into a formal partnership with the Umzinyathi District Municipality, and a formal partnership is pending with the City of Tshwane. The Trust works very closely with municipalities and the Department of Social Development (DSD) as it seeks to advance the compliance of ECDs.

As a member of the ECD Consortium Group, the Assupol Community Trust has contributed R1.5 million towards infrastructure grants over a period of three years. The MOUs are critical as they symbolise a formalised working relationship whereby parties agree on the nature of collaboration, including budgets.



Stakeholder relations

Deloitte refers to the AccountAbility 1000 Stakeholder Engagement Standard which defines stakeholders as "those individuals, groups of individuals or organisations that affect and/or could be affected by an organisation's activities, products or services and/or associated performance." This does not include all those who may have knowledge of or views about the organisation. Organisations will have many stakeholders, each with distinct types and levels of involvement, and often with diverse and sometimes conflicting interests and concerns.

Stakeholder engagement is defined as "the process used by an organisation to engage relevant stakeholders for a clear purpose to achieve agreed outcomes."

Achievements

Stakeholder meetings and platform

Assupol Community Trust supports and participates in the following local ECD structures by presenting business plans and reporting on progress:

- Quarterly Steering Committee meetings
- Monthly ECD Forums in Nellmapius, Nquthu and Msinga
- Monthly ECD Interdepartmental Technical Task Team

Stakeholder analysis

We have a number of organisations who are our stakeholders with shared interests as indicated on the next page:

Strategic partner	Function	Role in ECD services
Department of Social Development (Region/District)	<ul style="list-style-type: none"> Ensure implementation of the Children's Act Caring for children and their protection Community development and empowerment 	<ul style="list-style-type: none"> Registration: partial care and programme Compliance with norms and standards Registration of NPOs Monitoring and evaluation Capacity building (training) Assisting ECD facilities applications for funding, supported by the local service office
Department of Social Development (Local Service Office)	Implementation of the Children's Act	<ul style="list-style-type: none"> Ensure compliance in line with legislation Child protection register Monitoring of quality
Department of Education	Education of children	<ul style="list-style-type: none"> Training of practitioners Curriculum development and provision (norms and standards) Provision of toys and learning material
Department of Health	Primary health care	<ul style="list-style-type: none"> Nutrition Immunisation Food handlers training Growth monitoring
Department of Sports and Recreation (DOS&R)	<ul style="list-style-type: none"> Ensure access to sports and recreation Provision of outdoor equipment 	<ul style="list-style-type: none"> Provision of outdoor equipment Support on Toy Library programme
Department of Agriculture and Rural Development	Food security	<ul style="list-style-type: none"> Relationship with EHPs to be formalised to support with seeds for food gardens
COGTA	Funding and promoting fulfilment of municipal responsibility	<ul style="list-style-type: none"> Capacity development of municipalities Development of early learning facilities Synergising fulfilment of EPWP Mobilising of communities and parents promoting ECDs
City of Tshwane and Umzinyathi District Municipality	Integrated Development Plans	<ul style="list-style-type: none"> Ensure effective coordination of ECD in the city/district Support ECDs in terms of compliance with municipal by-laws Ensure infrastructure for provision of water and sanitation Fire safety: evacuation plans, training on firefighting, and fire equipment
Local municipalities	Integrated Development Plans	<ul style="list-style-type: none"> Responsible for support of child care facilities and ECD centres Planned activities on ECD to be reflected in the IDPs Role of ward councillors to support communities
Environmental health and other departments	Carrying measures for protecting public health including administering and enforcing legislation related to environmental health and providing support to minimize health and safety.	<ul style="list-style-type: none"> Health and safety inspections Issuing of health certificates
Department of Public Works	Municipal Infrastructure Grants (MIGs) to support municipalities Infrastructure development and job creation	<ul style="list-style-type: none"> Infrastructure needs of children and caregivers Funding for CWP and EPWP, made accessible for ECD
Parents	Primary caregivers creating a nurturing environment for children	<ul style="list-style-type: none"> Monitoring of growth and development Parental involvement (attending meetings and working with principals) Participating through governance committees Paying fees at ECD centres
NGOs and private sector	Giving back to society Societal upliftment Provision of services to community not for profit	<ul style="list-style-type: none"> Funding Provision of learning material, toys, and food Training of practitioners Development of children in totality
Department of Home Affairs	Citizen identification and registration	<ul style="list-style-type: none"> Child birth registration and provision of identification documents
Local ECD forums	Coordination of all ECD services in the Msinga, Nquthu and Nellmapius area	<ul style="list-style-type: none"> Oversight function on the compliance of ECD centres to policy and municipal by-laws.
Local ECD committee working with the Assupol Community Trust board	Support implementation of Assupol Community Trust board decisions at local level	<ul style="list-style-type: none"> Communication of board decisions to the local structures and vice versa



GRATITUDES AND TESTIMONIALS



UMSINGA MUNICIPALITY
UMKHANDLU WASEMSINGA
P/Bag x 530
TUGELA FERRY 3010
Tel: 033-4938000
Fax: 033-4930766
EMAIL: nontokozi.ndlovu@umsinga.gov.za

MSINGA MUNICIPALITY
UMKHANDLU WASEMSINGA
ENQ: S.L. Sokhela
DATE: 20/19/05/29
REF NO:

OFFICE OF THE MUNICIPAL MANAGER

The Chairman
Assupol Community Trust
Summit Place Office Park
Building 6,
221 Garstfontein Road
Menlyn, Pretoria
0181

Attention: Ms. Ned Njantja

Dear Sir

LETTER OF APPRECIATION

- Msinga Municipality would like to appreciate the assistance received from your organization for the project of Early Childhood Development (ECD).
- You are hereby advised that this municipality supports the projects your company implements in the municipal area.

Your cooperation is always appreciated.

Yours Faithfully



S.L. SOKHELA
MUNICIPAL MANAGER



NQUTHU MUNICIPALITY
UMASIPALA WASE NQUTHU
Private Bag X5521, NQUTHU, 3135
Tel: +27(0) 34 271 6100, Fax: +27(0) 34 271 6111
80 May 2019

The Board Chairperson
Assupol Community Trust
Summit Place Office Park
221 Garstfontein Road, Menlyn
Pretoria
0181

Dear Ms. Ned Njantja

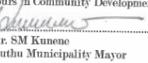
RE: Letter of Appreciation

We would like to extend our sincere gratitude to Assupol Community Trust for the intervention they have made in Nquthu area. Your contribution in the upgrading of Early Childhood Development centres has assisted different communities. This has brought a positive impact in a number of children who are on a childhood development stage. On behalf of their parents, I would like to express our appreciations for the positive hope you have put before this young nation.

As the municipality, we regard this as a huge development and a good investment to the brighter future of more generations to come. As the political head of Nquthu Municipality, I would like to congratulate Assupol Community Trust for their good work. We commit ourselves to take good care of these centres for the best interest of our communities. We wish your continued support may not stop for the benefit of our rural communities.

We wish you all the best.

Yours in Community Development



S.M. KUNENE
Nquthu Municipality Mayor

NQUTHU MUNICIPALITY
2019-05-30
PRIVATE BAG X5621
NQUTHU 3135



FINANCIAL STATEMENTS

ASSUPOL COMMUNITY TRUST REPORT OF THE BOARD OF TRUSTEES for the year ended 28 February 2019

The Assupol Community Trust presents its unaudited condensed financial results for the year ended 28 February 2019.

1. NATURE OF BUSINESS

The principal objective of the Trust is to benefit designated communities through public benefit activities in a non-profit manner and for an altruistic or philanthropic purpose. The Commissioner of the South African Revenue Services approved the Trust as a public benefit organisation in terms of paragraph 4(h) of Part 1 of the Ninth Schedule of the Income Tax Act, 1962, with the specific purpose of providing educare or early-childhood development ('ECD') services for pre-school children.

2. REVIEW OF OPERATIONS AND FINANCIAL POSITION

During the financial year, the main activities of the Trust revolved around the execution of ECD projects approved by the Trustees. Resources to the value of R12.9m were utilised on specific projects and collaborative efforts, including:

- (a) Umzinyathi District Municipality: The Trust is providing 20 ECD sites in the Nquthu region and 20 sites in the Msinga region with the necessary infrastructural and safety improvements with the view to conform these facilities to the standards of the Department of Social Development and obtain registration as ECD centres.
- (b) City of Tshwane: The Trust is providing similar services to 66 (2018: 76) ECD sites in the Nellmapius region in Tshwane.

The Trust entered into a cooperation agreement with various other parties that collectively have the necessary experience of investing and working in the early childhood development sector in South Africa. The DG Murray Trust acts as fund manager for participants. In terms of the most recent agreement the Trust committed to contribute a minimum of R1.5 million over a 3-year period ending in February 2020.

The Trust changed the accounting policy for its investment in Assupol Holdings from "Investments held at cost" to "Investments held at fair value through profit or loss". The comparative figures have been restated.

3. TRUSTEES

The Trustees of the Trust are:

	Appointment date
TBN Ned (Independent trustee) (Chair)*	26 August 2014
TSS Malatji (Independent trustee)	26 August 2014
MB Mokwena-Halala	22 November 2010
T Muranda (Independent trustee)	26 August 2014
NC Skeepers (Independent trustee)	31 December 2017

TBN NED was appointed as chair of the board of trustees with effect from 28 November 2018, following the stepping down of MB Mokwena-Halala as chair.

4. AUDITORS

PricewaterhouseCoopers are the independent auditors of the Trust and will continue in office in accordance with clause 9.1 of the Trust Deed.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2019

	Notes	2019 R	Restated 2018 R
Income resources	2	93,651,517	69,479,031
Resources utilised			
Projects	3	(12,856,743)	(9,242,089)
Collaborative efforts	4	-	(1,500,000)
Operating and administration expenses		(696,171)	(374,061)
SURPLUS FOR THE YEAR		80,098,603	58,362,881

STATEMENT OF FINANCIAL POSITION

as at 28 February 2019

	Notes	2019 R	Restated 2018 R
ASSETS			
Property, plant and equipment		181,853	21,834
Intangible assets - Software		5,551	4,731
Investments held at fair value through profit/loss	5	328,193,884	234,255,044
Accounts receivables		4,609	428,635
Cash and cash equivalents		11,479,148	25,244,527
TOTAL ASSETS		339,865,045	259,954,771
RESERVES			
Accumulated funds		338,407,146	258,308,543
LIABILITIES			
Accounts payable		957,899	646,228
Provisions		500,000	1,000,000
		1,457,899	1,646,228
TOTAL RESERVES AND LIABILITIES		339,865,045	259,954,771

STATEMENT OF CHANGES IN RESERVES

for the year ended 28 February 2019

		ACCUMULATED FUNDS R
Balance at 01 March 2017		61,370,862
Change in accounting policy	6	138,574,800
Restated total equity at 01 March 2017		199,945,662
Surplus for the year		58,362,881
Restated total equity at 01 March 2018		258,308,543
Surplus for the year		80,098,603
Balance at 28 February 2019		338,407,146

STATEMENT OF CASH FLOWS

for the year ended 28 February 2019

	Notes	2019	Restated 2018
Cash flow from operating activities			
Cash utilised in operations		(13,264,068)	(9,958,125)
Interest income	2	1,250,678	3,964,522
Net cash flow from operating activities		(12,013,390)	(5,993,603)
Cash flow from investing activities			
Acquisition of property, plant and equipment		(210,089)	(24,999)
Acquisition of intangible assets - software		(3,900)	(3,950)
Acquisition of investments	5	(92,300,000)	(38,700,000)
Disposal of investments in Assupol Holdings	5	62,010,000	-
Disposal of investments in unit trusts		10,800,000	-
Dividend income	2	17,952,000	14,112,000
Net cash flow from investing activities		(1,751,989)	(24,616,949)
Net movement in cash and cash equivalents		(13,765,379)	(30,610,552)
Cash and cash equivalents at beginning of the year		25,244,527	55,855,079
Cash and cash equivalents at end of the year		11,479,148	25,244,527

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2019

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Trust is registered with the Master of the High Court under the Trust Property Control Act, 1988, and as such no part of its income or property shall be transferred to its Trustees directly or indirectly that is not in line with the Trust deed. Consequently all reserves of the Trust may only be applied in line with the purpose of the Trust.

The financial statements are prepared on a going concern basis based on the Trust's specific basis of accounting and incorporate the principal accounting policies set out below.

The condensed financial results have not been audited.

The condensed report does not include all the notes normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 28 February 2019. The accounting policies adopted are consistent with those of the previous financial year, except for the accounting policy for the valuation of the investment in Assupol Holdings which was changed from "Investments held at cost" to Investments held at fair value through profit or loss". Comparative information has been restated (refer note 5).

2. INCOME RESOURCES

	2019 R	Restated 2018 R
Dividend income	17,952,000	14,112,000
Accrued dividend income	176,837	50,527
Profit on sale of investment in Assupol Holdings Ltd (note 5) *	13,260,000	-
Interest income	7,308,145	3,964,522
Accrued interest income	2,416,500	624,584
Fair value adjustments on investments	52,538,035	50,727,398
	<u>93,651,517</u>	<u>69,479,031</u>

* The shares in Assupol Holdings were sold at a value higher than fair value.

3. PROJECTS

Specific projects:

Umzinyathi District Municipality - Nquthu and Msinga	9,045,191	7,195,007
City of Tshwane - Nellmapius	1,516,125	511,995

Operating expenses in respect of projects:

Consulting fees	2,094,080	1,387,147
Travel and subsistence	201,347	147,940

<u>12,856,743</u>	<u>9,242,089</u>
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4. COLLABORATIVE EFFORTS

DG Murray Trust	-	1,500,000
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5. INVESTMENTS

Held at fair value through profit and loss

Investment in Assupol Holdings Limited	192,610,000	189,000,000
Unit trusts	135,583,884	45,255,044
Total investments	<u>328,193,884</u>	<u>234,255,044</u>

The investment in Assupol Holdings Limited was sold at R62.0m, a value higher than fair value, realising a profit of R13.3m (note 2).

6. CHANGE IN ACCOUNTING POLICY

During the year the Trust changed its accounting policy for the measurement of its investment in Assupol Holdings Limited from "Investments held at cost" to "Investments held at fair value through profit or loss".

Management takes the view that this change will provide more relevant and reliable information on the Trust's financial position as all investments in the company are now measured on the same basis.

Since acquisition of the shares the value of the investment has grown exponentially and therefore the investment when valued at fair value is significantly higher than when valued at cost. Management believes that by disclosing the investment at fair value, the investment will be shown at its true market value in the financial statements, therefore presenting more accurate financial disclosure of the Trust's financial position than when using the cost model.

This change in accounting policy has been accounted for retrospectively and the comparative amounts have been appropriately restated.

The effect of this change is as follows:

	2019 R	2018 R
Income Statement		
Increase in fair value adjustments on investments	3,610,000	50,400,000
Increase in income resources	<u>3,610,000</u>	<u>50,400,000</u>
Statement of financial position		
Increase in investments	3,610,000	50,400,000
Increase in assets	<u>3,610,000</u>	<u>50,400,000</u>
Increase in retained earnings at beginning of year	<u>50,400,000</u>	<u>138,574,800</u>





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