



Hermannsburg

Treuhänderschaft | Board of Trustees

Support your School – Make a Difference

7 April 2017

Dear Old Scholar, Friend of Hermannsburg

We are privileged to be able to offer an excellent education to children in our communities. Education has the power to change lives, communities - and our country - and it is crucial that we put in every effort to maintain our precious asset which is the Deutsche Schule Hermannsburg. It is a school that we can call our own. It is a school that still carries those values and principles that are dear to us.

As some of you may know, in 2015, the German Government changed the laws pertaining to German Schools outside of Germany. To continue to remain a “Deutsche Auslandsschule” and continue to receive generous financial support from Germany, the DSH had to be able to offer a German qualification – for example, the “Abitur” or a “Mittelschulabschluß”. To do this, the DSH would have had to offer all High School subjects in German following the German curriculum and simultaneously offer these subjects in English following the IEB (Independent Examinations Board of South Africa) curriculum.

This was simply not possible as 1) the DSH does not have the number of German speaking scholars to make this viable, and 2) it would require a substantial increase in staff costs to offer the German curriculum.

Consequently, the support given to the DSH from Germany was cut by R2.745 million from 2015 to 2016. Further to this, Germany no longer funds teachers from Germany to teach German at the DSH.

	2015	2016	Difference
Financial support from Germany	R3,942,024	R1,196,918	R2,745,106

The reduction in this funding has put severe financial pressure on the school as it was totally dependent on this financial support to cover not only a very large portion of its operating costs, but also to provide financial assistance to many parents unable to cover the full tuition fees for their children.

Early in 2015 the Board of Trustees developed a turnaround plan to place the DSH on a path of recovery that would wean the school off the heavy dependence on financial support. The plan required the following:

- 1) Greater reliance on the HMB School Trust (Piggery) to support the school financially.
- 2) An intake of 28 Grade 8 scholars for each year starting in 2016. Total high school scholars must reach 145 by 2020.
- 3) An increase in the number of scholars staying in the Boarding Establishment to at least 100 by 2020.

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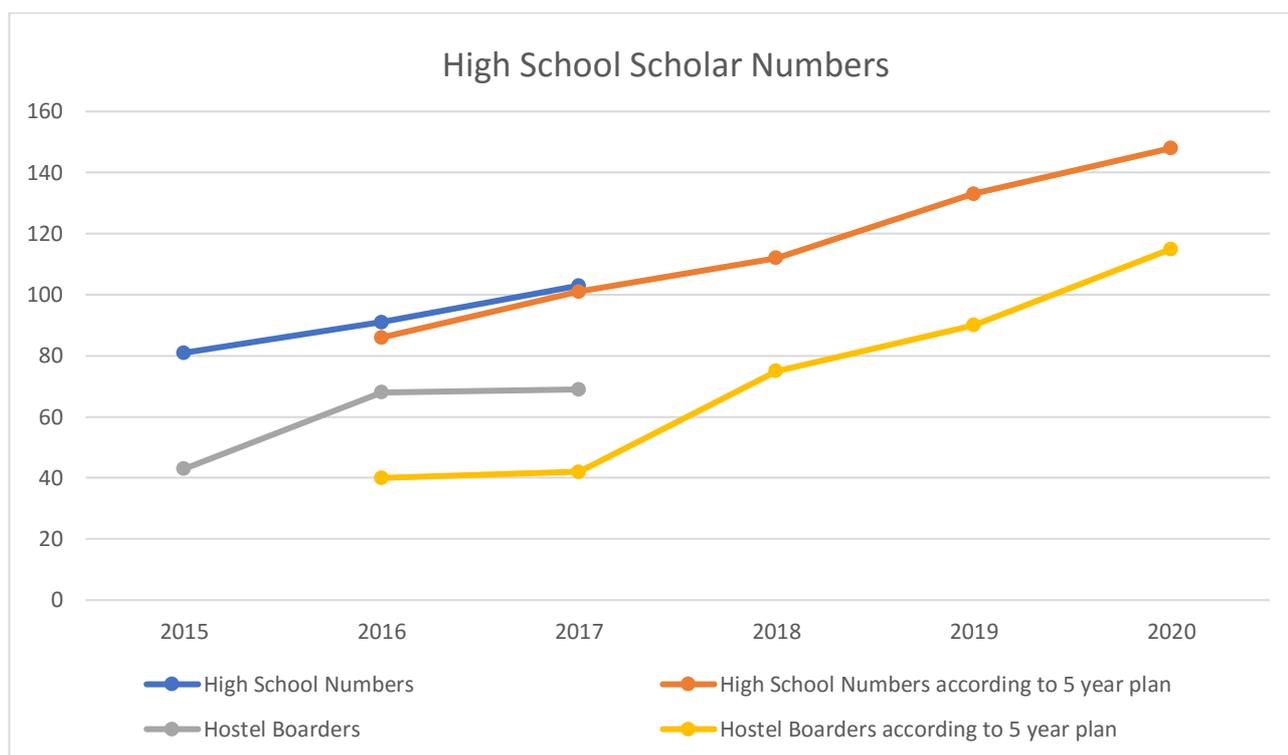
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- 4) A change in the way school fees are collected – school fees have to be paid up front or by debit order.
- 5) Payment of supplementary fees (e.g. excursions, uniform, text books) must be up front.
- 6) Aggressive and persistent collection of arrears and taking legal action against parents who do not pay.
- 7) Careful management of operating costs (particularly fuel and printing).

The plan also required that the school address issues that caused unhappiness amongst the parent body:

- 1) Communication with parents.
- 2) Sport and the balance between Sport and extra-curricular activities such as Music.

We have made good progress in achieving our goals as shown in the graph of high school scholar numbers below:



- 1) We have achieved a Grade 8 intake of 27 new scholars in 2015 and 2016.
- 2) Our scholar number growth (Blue Line) is ahead of our 5 year projected plan
- 3) Growth in the number of Boarders staying in the Boarding Establishment (Grey Line) is well ahead of our initial expectations.

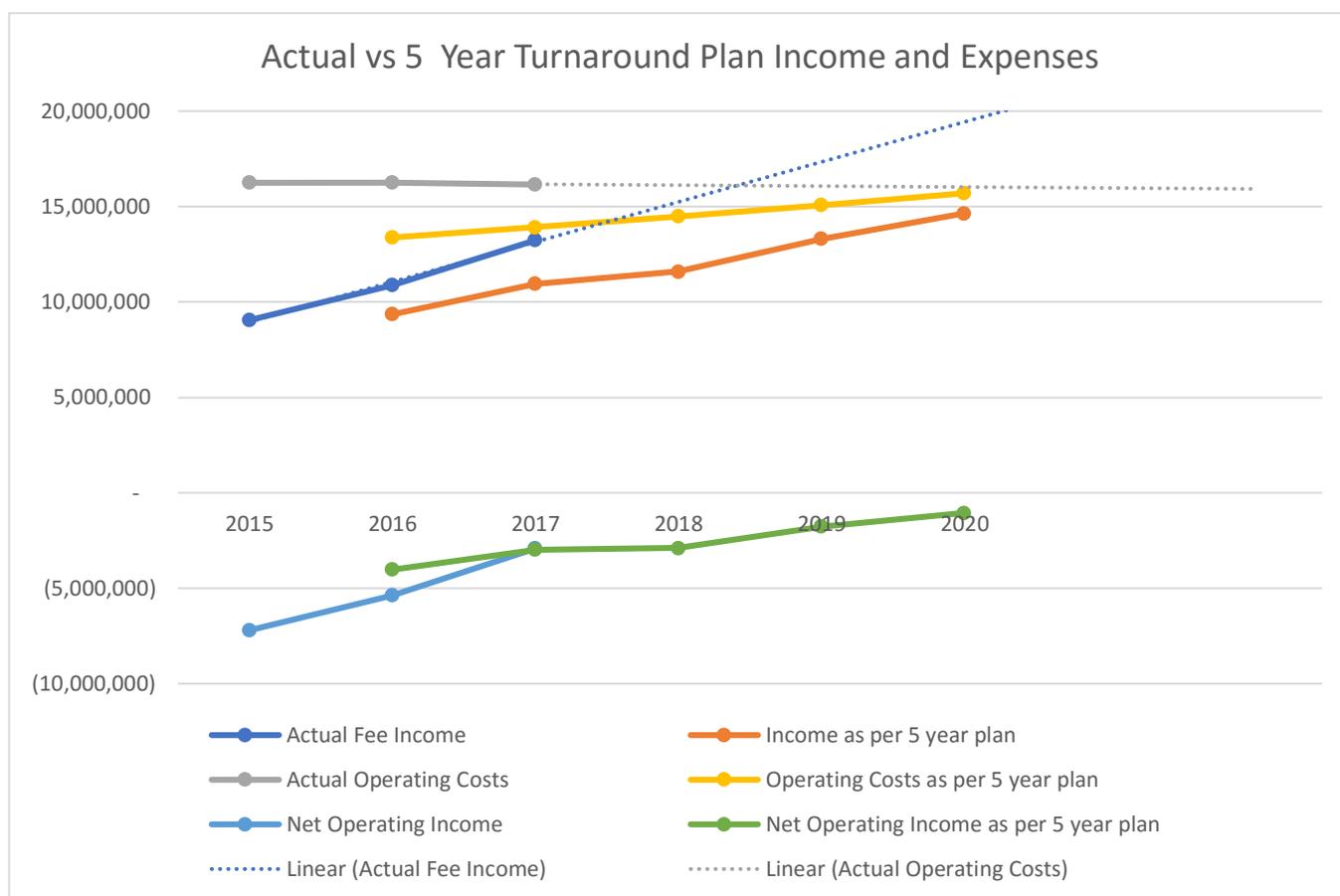
This has also had a positive impact on the school's financial position (see graph below):



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- 4) Operating losses, without considering donations and grants, have reduced from (R7,2 million) in 2015 to (R2,9 million) in 2017. This is ahead of our 5-year plan expectation.
- 5) If one projects current income trends (Blue Line) and current cost trends (Grey Line), we are expected to reach break-even by 2019 - one year ahead of the 5-year plan.
- 6) Bad debts have been reduced.



Due to the fact that the school currently still makes a **substantial operating loss**, this loss must be funded by outside sources. Prior to 2016 this outside source was mainly the German State funding. The significant drop in German funding has left a big hole. The turnaround plan aims at bringing the operating loss to zero. According to this plan, we will require five years to achieve this. The results in the graphs above show that we are on track. In the meantime, the hole remains and must be filled by alternative funding. We achieved that through various means in 2016, particularly with the help of the piggery. In order to continue to execute the financial turnaround plan, the school requires a further R6.8 million in funding until 2020, of which R3 million is required in 2017. In 2015 and 2016 the piggery could support the school with substantial capital as follows:

2015 = R2,2 million

2016 = R1,67 million



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However, due to reasons beyond our control the piggery is not able to provide such levels of support in 2017 and 2018. They have embarked on necessary capital expansion projects and have had an increase in the incidence of disease that had to be addressed.

The Board of Trustees has approached First National Bank for a loan to fund working capital shortages. This application was declined on the basis that the Bank has no appetite to finance working capital requirements for the school.

The Board of Trustees has also pursued numerous avenues to obtain these funds from national and international partners. While we have achieved some success (in, for example, securing significantly higher funding for bursaries), we have not been able to secure the levels of funding we need. This places the school under significant financial pressure for the current financial year.

We have therefore undertaken to request your help! As part of the Old Scholar community of the DSH you can help YOUR school achieve its turnaround plan and continue to provide an excellent education to the next generation with a financial contribution of R10,000, R20,000 or any amount of your choice. **This amount is tax deductible as the school is a registered public benefit organisation.**

OUR GOAL IS TO RAISE R3 MILLION IN 3 MONTHS WE NEED YOUR HELP TO ACHIEVE THIS

Our Banking Details: **Please use MAD2017 as the deposit reference.**

Bank Name: FNB (First National Bank)

Acc. No: 52340017013

Branch Code: 250655

SWIFT CODE: FIRNZAJJ

Account Name: Deutsche Schule Hermannsburg Trust

Bank Address: First National Bank, Redlands Office Park, Old Howick Road, Pietermaritzburg, 3201, South Africa

PLEASE EMAIL PROOF OF PAYMENT, YOUR NAME AND ADDRESS TO THE BURSAR (finance@hmb.school.co.za) OR CALL THE BURSAR ON 0724687787 TO NOTIFY HER OF THE DEPOSIT Should have any further queries, please feel free to contact the Chairman of the Board of Trustees, Manfred Kuhn on 0823346487 or me.kuhn7@gmail.com or the Vice Chairman, Pastor Udo Lütge on 0335031021 or udol@telkomsa.net

Yours faithfully

Dr Manfred Kuhn
Chairman

Pastor Udo Lütge
Vice Chairman