

**CONNECT CHRISTIAN NETWORK
(PTY) LTD
(incorporated under Section 21)
2006/012058/07**

**FINANCIAL STATEMENTS
For the year ended
29 FEBRUARY 2008**

CONNECT CHRISTIAN NETWORK
FINANCIAL STATEMENTS
for the year ended 29 February 2008

The reports and statements set out below comprise the financial statements presented to shareholders:

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Approval

The financial statements which appear on pages 3 to 10 were approved by the board of directors on 25 June 2008 and signed on their behalf.



Director

Naudé Partners

REPORT OF THE INDEPENDENT AUDITORS TO THE SUBSCRIBERS OF CONNECT CHRISTIAN NETWORK (PTY) LTD

We have audited the accompanying financial statements of **CONNECT CHRISTIAN NETWORK (PTY) LTD**, which comprise the balance sheet as at **29 February 2008**, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Standards. This responsibility includes:

- Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- Selecting and applying appropriate accounting policies, and
- Making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depends on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements..

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Qualification

As is the case with similar organisations, it's not possible for the management committee to apply accounting measures to cash collections during fund raising and donations before the actual recording of the collections in the accounting records. It was not possible for us to investigate the collections further than those that were recorded. In these circumstances we were unable to carry out the full scope of auditing procedures, or to obtain all information and explanations we considered as necessary or to satisfy ourselves that proper accounting records have been kept.

Opinion

In our opinion, except for the above, the financial statements give a true and fair view of the financial position of the company as of **29 February 2008**, and of its financial performance and its cash flow for the year then ended in accordance with South African Generally Accepted Accounting Practice, and comply with the Companies Act.

Naudé & Partners
Chartered Accountants (S.A.)
Registered Accountants and Auditors


Per I Du Toit

20 May 2008

WT NAUDÉ - CA (SA) • I DU TOIT - CA (SA)

CONNECT CHRISTIAN NETWORK
REPORT OF THE DIRECTORS
for the year ended 29 February 2008

The directors present their report for the year ended 29 February 2008. This report forms part of the audited financial statements.

1. General review

The company's business and operations and the results thereof are clearly reflected in the attached financial statements. No material fact or circumstance has occurred between the accounting date and the date of this report.

2. Statements of responsibility

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with generally accepted accounting practice and in the manner required by the Companies Act, 1973.

The directors are also responsible for the company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

3. Dividends

No dividends were declared or recommended during the year.

4. Fixed assets

There have been no major changes in the fixed assets during the period or any changes in the policy relating to their use.

5. Directors

The directors of the company during the accounting period and up to the date of this report were as follows:

DM Hancox
DN Moskoff
AM Davids
AJ Potts
JJ Serfontein
BN van der Linde

During the year a number of directors resigned, the company paperwork was only completed after year end.

6. Auditors

Naude & Partners will continue in office in accordance with section 270(2) of the Companies Act.

CONNECT CHRISTIAN NETWORK
BALANCE SHEET
as at 29 February 2008

	Notes	2008 R	2007 R
Assets			
Non-current assets			
Fixed assets	2	5,262	4,921
Current assets			
		290,005	81,924
Trade and other receivables		25,300	3,550
Cash and cash equivalents		264,705	78,374
Total assets		295,267	86,845
Equity and liabilities			
Capital and reserves			
Distributable reserve		145,717	60,294
Current liabilities			
Trade and other payables		149,550	26,551
Total equity and liabilities		295,267	86,845

CONNECT CHRISTIAN NETWORK
INCOME STATEMENT
for the year ended 29 February 2008

	Note	2008 R	2007 R
Gross revenue		754,254	520,434
Operating costs		<u>668,831</u>	<u>547,573</u>
Operating profit/(loss)	3	<u><u>85,423</u></u>	<u><u>(27,139)</u></u>

**CONNECT CHRISTIAN NETWORK
STATEMENT OF CHANGES IN EQUITY
for the year ended 29 February 2008**

	Distributable reserve R
Balance at 01 March 2006	87,433
Net loss for the year	<u>(27,139)</u>
Balance at 01 March 2007	60,294
Net profit for the year	<u>85,423</u>
Balance at 29 February 2008	<u><u>145,717</u></u>

CONNECT CHRISTIAN NETWORK
CASH FLOW STATEMENT
for the year ended 29 February 2008

	Notes	2008 R	2007 R
Cash flows from operating activities			
Cash receipts from customers		689,488	520,433
Cash paid to suppliers and employees		<u>(501,367)</u>	<u>(549,332)</u>
Cash generated by/(utilised in) operating activities	5.1	188,121	(28,899)
Cash flows from investing activities			
<i>Expenditure to maintain operating capacity</i>			
Fixed assets acquired		<u>(1,790)</u>	<u>(930)</u>
Net cash used in investing activities		<u>(1,790)</u>	<u>(930)</u>
Increase/(decrease) in cash and cash equivalents		186,331	(29,829)
Cash and cash equivalents at beginning of the year	5.2	<u>78,374</u>	<u>108,203</u>
Cash and cash equivalents at end of the year	5.2	<u><u>264,705</u></u>	<u><u>78,374</u></u>

CONNECT CHRISTIAN NETWORK
NOTES TO THE FINANCIAL STATEMENTS
at 29 February 2008

1. Accounting basis

The financial statements are prepared on the historical cost basis. The following are the principal accounting policies used by the company which are consistent with those of the previous year.

These statements comply with statements of generally accepted accounting practice.

1.1 Fixed assets

Depreciation is calculated by a charge to income computed on a straight line basis so as to write off the cost or amount of the valuation of the assets over their expected useful lives.

The expected useful lives are as follows:

Furniture and fittings	6 years
Computer equipment	3 years

2. Fixed assets

	2008			2007		
	Cost / valuation	Accumulated depreciation	Carrying value	Cost / valuation	Accumulated depreciation	Carrying value
<i>Owned assets</i>						
Furniture and fittings	7,797	4,176	3,621	7,797	2,876	4,921
Computer equipment	1,790	149	1,641	-	-	-
	<u>9,587</u>	<u>4,325</u>	<u>5,262</u>	<u>7,797</u>	<u>2,876</u>	<u>4,921</u>

The carrying amounts of fixed assets can be reconciled as follows:

	Carrying value at beginning of year	Additions	Depreciation	Carrying value at end of year
<i>Owned assets</i>				
Furniture and fittings	4,921	-	(1,300)	3,621
Computer equipment	-	1,790	(149)	1,641
	<u>4,921</u>	<u>1,790</u>	<u>(1,449)</u>	<u>5,262</u>

CONNECT CHRISTIAN NETWORK
NOTES TO THE FINANCIAL STATEMENTS
at 29 February 2008

	2008 R	2007 R
3. Operating profit/(loss)		
Operating profit/(loss) is stated after:		
<i>Expenditure</i>		
Auditors' remuneration		
- Audit fee	4,000	-
Depreciation		
- Fixed assets	1,449	2,073
Lease rentals		
- Premises	12,675	7,624
	12,675	7,624
4. Taxation		
No provision has been made for 2008 taxation. The association is exempt from payment of Income Tax in terms of section 10 of the Income Tax Act, Nr 58 of 1962, as amended for registered non profit organisation.		
5. Notes to the cash flow statement		
<i>5.1 Cash generated by/(utilised in) operating activities</i>		
Net profit/(loss)	85,423	(27,139)
Adjustments for:		
Depreciation	1,449	2,073
Extraordinary items	-	1
	86,872	(25,065)
Movements in working capital		
(Increase)/decrease in accounts receivable	(21,750)	4,750
Increase/(decrease) in accounts payable	122,999	(8,584)
	188,121	(28,899)
<i>5.2 Cash and cash equivalents</i>		
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Cash and cash equivalents	264,705	78,374

**CONNECT CHRISTIAN NETWORK
DETAILED INCOME STATEMENT
for the year ended 29 February 2008**

	2008 R	2007 R
Gross revenue	754,254	520,434
Donation Income	246,410	197,325
Event Income	486,522	303,185
Membership fees	6,600	14,100
Other income	-	5,824
CSE Conference	14,722	-
Expenditure	668,831	547,573
Accounting fees	8,732	5,882
Advertising	912	16,160
Auditors' remuneration	4,000	-
Bad debts	1,300	8,600
Bank charges	2,431	875
Cleaning	763	710
Computer expenses	4,953	199
Consulting fees	-	25,754
Consumables	3,286	1,191
Depreciation	1,449	2,073
Donations	3,796	9,401
Employee cost	186,082	118,542
Entertainment	1,412	-
Event expense	12,874	24,065
Group expense	1,673	11,152
Lease rentals on operating lease	12,675	7,624
Magazines, books and periodicals	314	80
Music Expenses	-	2,640
Conference Expenses	41,452	-
ETS Bursary	1,180	-
Postage	540	494
Printing and stationery	2,956	1,895
Repairs and maintenance	251	15
Staff welfare	294	300
Subscriptions	243	100
Supercamp Expenses	317,418	218,702
Telephone and fax	8,325	17,700
Training	23,758	56,403
Travel - local	24,202	15,326
Utilities	1,560	1,690
Profit/(loss)	85,423	(27,139)
Retained profits at beginning of year	60,294	87,433
Retained profits at end of year	145,717	60,294