

CONNECT CHRISTIAN NETWORK

2006/012058/08

FINANCIAL STATEMENTS

For the year ended

28 FEBRUARY 2009

**CONNECT CHRISTIAN NETWORK
FINANCIAL STATEMENTS
for the year ended 28/02/2009**

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

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The following supplementary schedule does not form part of the financial statements, and is unaudited.

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Approval

The financial statements which appear on pages 3 to 11 were approved by the board of directors on 01/07/2009 and are signed on their behalf.


Director

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 **28 February 2009**, 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 **28 February 2009**, 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

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

1 July 2009

**CONNECT CHRISTIAN NETWORK
REPORT OF THE DIRECTORS
for the year ended 28/02/2009**

The directors present their report for the year ended 28/02/2009. 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	Resigned 18/06/2008
DN Moskoff	
AJ Potts	Resigned 18/06/2008
JJ Serfontein	
PA Williams	Appointed 18/06/2008

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 28/02/2009

	Notes	2009 R	2008 R
Assets			
Non-current assets			
Fixed assets	2	6,198	5,262
Current assets			
Trade and other receivables		16,000	25,300
Cash and cash equivalents		221,168	264,705
Total assets		243,366	295,267
Equity and liabilities			
Capital and reserves			
Distributable reserve		126,563	145,718
Current liabilities			
Trade and other payables		116,803	149,549
Total equity and liabilities		243,366	295,267

**CONNECT CHRISTIAN NETWORK
INCOME STATEMENT
for the year ended 28 February 2009**

	Note	2009 R	2008 R
Gross revenue		410,417	754,254
Cost of sales		<u>1,043</u>	<u>-</u>
Gross profit		409,374	754,254
Operating costs		<u>439,037</u>	<u>668,831</u>
Operating (loss)/profit	3	(29,663)	85,423
Interest received		<u>10,508</u>	<u>-</u>
(Loss)/profit		<u><u>(19,155)</u></u>	<u><u>85,423</u></u>

CONNECT CHRISTIAN NETWORK
STATEMENT OF CHANGES IN EQUITY
for the year ended 28/02/2009

	Distributable reserve R
Balance at 01/03/2007	60,295
Net profit for the year	85,423
	<hr/>
Balance at 01/03/2008	145,718
Net loss for the year	(19,155)
	<hr/>
Balance at 28/02/2009	<u>126,563</u>

CONNECT CHRISTIAN NETWORK
CASH FLOW STATEMENT
for the year ended 28/02/2009

	Notes	2009 R	2008 R
Cash flows from operating activities			
Cash receipts from customers		401,327	689,488
Cash paid to suppliers and employees		<u>(452,282)</u>	<u>(501,367)</u>
Cash (utilised in)/generated by operating activities	5.1	(50,955)	188,121
Interest received		10,508	-
Net cash from operating activities		<u>(40,447)</u>	<u>188,121</u>
Cash flows from investing activities			
<i>Expenditure to maintain operating capacity</i>			
Fixed assets acquired		<u>(3,090)</u>	<u>(1,790)</u>
Net cash used in investing activities		<u>(3,090)</u>	<u>(1,790)</u>
(Decrease)/increase in cash and cash equivalents		(43,537)	186,331
Cash and cash equivalents at beginning of the year	5.2	<u>264,705</u>	<u>78,374</u>
Cash and cash equivalents at end of the year	5.2	<u><u>221,168</u></u>	<u><u>264,705</u></u>

CONNECT CHRISTIAN NETWORK
NOTES TO THE FINANCIAL STATEMENTS
at 28/02/2009

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

	2009			2008		
	Cost / valuation	Accumulated depreciation	Carrying value	Cost / valuation	Accumulated depreciation	Carrying value
<i>Owned assets</i>						
Furniture and fittings	7,797	5,476	2,321	7,797	4,176	3,621
Computer equipment	4,880	1,003	3,877	1,790	149	1,641
	<u>12,677</u>	<u>6,479</u>	<u>6,198</u>	<u>9,587</u>	<u>4,325</u>	<u>5,262</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	3,621	-	(1,300)	2,321
Computer equipment	1,641	3,090	(854)	3,877
	<u>5,262</u>	<u>3,090</u>	<u>(2,154)</u>	<u>6,198</u>

CONNECT CHRISTIAN NETWORK
NOTES TO THE FINANCIAL STATEMENTS
at 28/02/2009

	2009	2008
	R	R
3. Operating (loss)/profit		
Operating (loss)/profit is stated after:		
<i>Expenditure</i>		
Auditors' remuneration		
- Audit fee	4,000	4,000
Depreciation		
- Fixed assets	2,154	1,449
Lease rentals		
- Premises	14,026	12,675
	<u>14,026</u>	<u>12,675</u>
4. Taxation		
No provision has been made for 2009 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 (utilised in)/generated by operating activities</i>		
Net (loss)/profit	(19,155)	85,423
Adjustments for:		
Depreciation	2,154	1,449
Dividends received	(10,508)	-
	<u>(27,509)</u>	<u>86,872</u>
Movements in working capital		
Decrease/(increase) in accounts receivable	9,300	(21,750)
(Decrease)/increase in accounts payable	(32,746)	122,999
	<u>(50,955)</u>	<u>188,121</u>
<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	<u>221,168</u>	<u>264,705</u>

**CONNECT CHRISTIAN NETWORK
DETAILED INCOME STATEMENT
for the year ended 28/02/2009**

	2009 R	2008 R
Gross revenue	410,417	754,254
Donation Income	253,914	246,410
Admin / management fees received	24,870	-
Event Income	124,933	486,522
Membership fees	6,000	6,600
CSE Conference	700	14,722
Cost of sales	1,043	-
Gross profit	409,374	754,254
Other income		
Interest received	10,508	-
Total income	419,882	754,254
Expenditure	439,037	668,831
Accounting fees	7,322	8,732
Advertising	2,160	912
Auditors' remuneration	4,000	4,000
Bad debts	5,300	1,300
Bank charges	1,110	2,431
Cleaning	630	763
Computer expenses	11,746	4,953
Consulting fees	456	-
Consumables	8,811	3,286
Depreciation	2,154	1,449
Donations	3,130	3,796
Employee cost	216,677	186,082
Entertainment	297	1,412
Event expense	892	12,874
Hire Equipment	2,037	-
Group expense	1,642	1,673
Lease rentals on operating lease	14,026	12,675
Magazines, books and periodicals	-	314
QIS Workshop	5,000	-
Conference Expenses	8,332	41,452
ETS Bursary	-	1,180
Champions SS Viva Champions	37,004	-
Contract Fee - Networking	17,001	-
Small assets written off	175	-
Postage	107	540
Printing and stationery	4,220	2,956
Repairs and maintenance	322	251
Staff welfare	-	294
Subscriptions	900	243
Supercamp Expenses	34,012	317,418
Telephone and fax	7,336	8,325

**CONNECT CHRISTIAN NETWORK
 DETAILED INCOME STATEMENT
 for the year ended 28/02/2009**

Training	9,144	23,758
Travel - local	31,744	24,202
Utilities	1,350	1,560
(Loss)/profit	(19,155)	85,423
Retained profits at beginning of year	145,718	60,295
Retained profits at end of year	126,563	145,718