

***CONNECT CHRISTIAN NETWORK***

***2006/012058/08***

***FINANCIAL STATEMENTS***  
***For the year ended***  
***28 February 2010***

# Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect christian Network

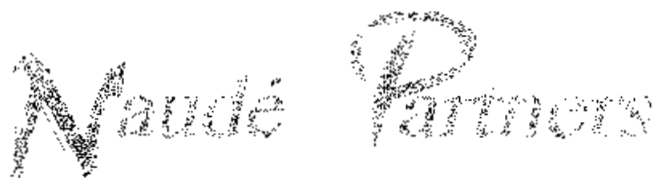
Financial Statements for the year ended 28 February 2010

## Index

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

<b>Index</b>	<b>Page</b>
Independent Auditor's report	2 - 3
Directors' Responsibilities and Approval	4
Directors' Report	5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of changes in equity	8
Statement of Cash Flows	9
Accounting Policies	10
Notes to the Financial Statements	11
The following supplementary information does not form part of the financial statements and is unaudited:	
Statement of Financial Performance	12 - 13



## Independent Auditor's report

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### To the member of Connect Christian Network

We have audited the financial statements of Connect Christian Network, which comprise the statement of financial position as at 28 February 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 5 to 11

### Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa. 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend 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 qualified audit opinion.

### Basis for Qualified Opinion

As in the case with similar organisations, it is 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.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Connect Christian Network as at 28 February 2010, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa.

**Naude & Partners  
Registered Auditor**



Per J Du Toit

23 June 2010

## Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect christian Network

Financial Statements for the year ended 28 February 2010

### Directors' Responsibilities and Approval

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The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

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

The directors have reviewed the company's cash flow forecast for the year to 28 February 2011 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor's is responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor's and their report is presented on page 2.

The financial statements set out on pages 5 to 13, which have been prepared on the going concern basis, were approved by the board on 23 June 2010 and were signed on its behalf by:



Director

# Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect christian Network

Financial Statements for the year ended 28 February 2010

## Directors' Report

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The directors submit their report for the year ended 28 February 2010.

### 1. Review of activities

#### Main business and operations

The company is engaged in and operates principally in South Africa and [state other countries].

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

### 2 Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

### 3. Non-current assets

There have been no major changes in the nature of the non-current assets of the company during the year or any changes in the policy relating to their use.

### 4. Dividends

No dividends were declared or paid to shareholder during the year.

### 5. Directors

The directors of the company during the year and to the date of this report are as follows:

Name

Deidre Nora Moskoff

Johannes Jurie Serfontein

Peter Audley Williams

### 6. Auditor's

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

# Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect christian Network

Financial Statements for the year ended 28 February 2010

## Statement of Financial Position

Figures in Rand	Note(s)	2010	2009
<b>Assets</b>			
Non-Current Assets			
Property, plant and equipment	2	4,856	6,198
Current Assets			
Trade and other receivables		12,100	16,000
Cash and cash equivalents	3	118,340	221,168
		<b>130,440</b>	<b>237,168</b>
<b>Total Assets</b>		<b>135,296</b>	<b>243,366</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained income		38,581	129,564
<b>Liabilities</b>			
Current Liabilities			
Trade and other payables		96,715	116,802
<b>Total Equity and Liabilities</b>		<b>135,296</b>	<b>243,366</b>

## Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect christian Network

Financial Statements for the year ended 28 February 2010

### Statement of Comprehensive Income

Figures in Rand	Note(s)	2010	2009
Revenue		472,934	420,925
Cost of sales		-	(1,043)
<b>Gross profit</b>		<b>472,934</b>	<b>419,882</b>
Interest received		3,829	-
Operating expenses		(564,746)	(439,036)
<b>Operating loss</b>	<b>4</b>	<b>(87,983)</b>	<b>(19,154)</b>
<b>Loss for the year</b>		<b>(87,983)</b>	<b>(19,154)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(87,983)</b>	<b>(19,154)</b>



## Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect christian Network

Financial Statements for the year ended 28 February 2010

### Statement of changes in equity

Figures in Rand	Share capital	Retained income	Total equity
<b>Balance at 01 March 2008</b>	-	<b>145,718</b>	<b>145,718</b>
Changes in equity			
Total comprehensive loss for the year	-	(19,154)	(19,154)
<b>Total changes</b>	-	<b>(19,154)</b>	<b>(19,154)</b>
<b>Balance at 01 March 2009</b>	-	<b>126,564</b>	<b>126,564</b>
Changes in equity			
Total comprehensive loss for the year	-	(87,983)	(87,983)
<b>Total changes</b>	-	<b>(87,983)</b>	<b>(87,983)</b>
<b>Balance at 28 February 2010</b>	-	<b>38,581</b>	<b>38,581</b>

Note(s)

# Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect christian Network

Financial Statements for the year ended 28 February 2010

## Statement of Cash Flows

Figures in Rand	Note(s)	2010	2009
<b>Cash flows from operating activities</b>			
Cash receipts from customers		460,249	401,327
Cash paid to suppliers and employees		(561,076)	(441,774)
Cash used in operations	5	(100,827)	(40,447)
<b>Net cash from operating activities</b>		<b>(100,827)</b>	<b>(40,447)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(2,000)	-
Purchase of assets		-	(3,090)
<b>Net cash from investing activities</b>		<b>(2,000)</b>	<b>(3,090)</b>
<b>Total cash movement for the year</b>		<b>(102,827)</b>	<b>(43,537)</b>
Cash at the beginning of the year		221,168	264,705
<b>Total cash at end of the year</b>	3	<b>118,341</b>	<b>221,168</b>

# Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect christian Network

Financial Statements for the year ended 28 February 2010

## Accounting Policies

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### 1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. These accounting policies are consistent with the previous year. They are presented in South African Rands.

#### 1.1 Property, plant and equipment

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes, and
- are expected to be used during more than one period.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Furniture and fixtures	6
IT equipment	3

# Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect christian Network

Financial Statements for the year ended 28 February 2010

## Notes to the Financial Statements

Figures in Rand 2010 2009

### 2. Property, plant and equipment

	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	7,797	(6,775)	1,022	7,797	(5,476)	2,321
IT equipment	6,880	(3,046)	3,834	4,880	(1,003)	3,877
<b>Total</b>	<b>14,677</b>	<b>(9,821)</b>	<b>4,856</b>	<b>12,677</b>	<b>(6,479)</b>	<b>6,198</b>

#### Reconciliation of property, plant and equipment - 2010

	Opening Balance	Additions	Depreciation	Total
Furniture and fixtures	2,321	-	(1,299)	1,022
IT equipment	3,877	2,000	(2,043)	3,834
	<b>6,198</b>	<b>2,000</b>	<b>(3,342)</b>	<b>4,856</b>

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	280	467
Bank balances	118,060	220,701
	<b>118,340</b>	<b>221,168</b>

Cash and cash equivalents held by the entity that are not available for use by the entity. 88,921 105,913

### 4. Operating profit

Operating loss for the year is stated after accounting for the following.

#### Operating lease charges

Premises		
• Contractual amounts	15,482	14,026

Depreciation on property, plant and equipment	3,343	2,154
Employee costs	359,783	216,676

### 5. Cash used in operations

Loss before taxation	(87,983)	(19,154)
<b>Adjustments for:</b>		
Depreciation and amortisation	3,343	2,154
Other non-cash items	-	(1)
<b>Changes in working capital:</b>		
Trade and other receivables	3,900	9,390
Trade and other payables	(20,087)	(32,748)
	<b>(100,827)</b>	<b>(40,447)</b>

# Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect christian Network

Financial Statements for the year ended 28 February 2010

## Statement of Financial Performance

Figures in Rand	Note(s)	2010	2009
<b>Revenue</b>			
Donation income		369,886	253,914
Admin / Management fee received		76,503	24,870
Event income		960	124,933
Membership fees		16,800	6,000
CSE Conference		-	700
Interest received (trading)		8,785	10,508
		<b>472,934</b>	<b>420,925</b>
<b>Cost of sales</b>			
Purchases		-	(1,043)
<b>Gross profit</b>		<b>472,934</b>	<b>419,882</b>
<b>Other income</b>			
Other income		3,829	-
<b>Operating expenses</b>			
Accounting fees		(8,569)	(7,322)
Advertising		(26,789)	(2,160)
Auditors remuneration		(4,200)	(4,000)
Bad debts		(700)	(5,300)
Bank charges		(835)	(1,110)
Cleaning		(749)	(630)
Computer expenses		(27,261)	(11,748)
Consulting fees		-	(456)
Consumables		(7,453)	(8,811)
Depreciation		(3,343)	(2,154)
Employee costs		(359,783)	(216,678)
Entertainment		(1,367)	(297)
Event expense		(1,549)	(892)
Champions SS Viva Champions		-	(37,004)
Conference expenses		(2,450)	(8,332)
Contract fee - networking		(14,600)	(17,001)
QIS workshop		-	(5,000)
Group expense		(3,494)	(1,642)
Small assets written off		(500)	(175)
Supercamp expense		(97)	(34,012)
Sponsorships		(1,000)	-
Gifts & donations		(695)	(3,130)
Hire Equipment		(700)	(2,037)
Insurance		(2,344)	-
Lease rentals on operating lease		(15,482)	(14,029)
Postage		(757)	(107)
Printing and stationery		(10,462)	(4,220)
Repairs and maintenance		-	(322)
Subscriptions		(285)	(900)
Telephone and fax		(6,261)	(7,336)
Training		(1,079)	(9,144)
Travel - local		(60,212)	(31,744)
Utilities		(1,730)	(1,350)
		<b>(564,746)</b>	<b>(439,036)</b>
<b>Loss for the year</b>		<b>(87,983)</b>	<b>(19,154)</b>

# Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect christian Network

Financial Statements for the year ended 28 February 2010

## Statement of Financial Performance

Figures in Rand

Note(s)

2010

2009