

***CONNECT CHRISTIAN
NETWORK
2006/012058/08***

***FINANCIAL STATEMENTS
For the year ended
28 February 2011***

Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended February 28, 2011

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

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Independent Auditors' Report

To the members of Connect Christian Network

We have audited the financial statements of Connect Christian Network, which comprise the statement of financial position as at February 28, 2011, 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 12.

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.

Auditors' 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 auditors' 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.

Independent Auditors' Report

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 February 28, 2011, 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.

Naudé & Partners
Registered Auditor



Pieter Du Toit

June 10, 2011

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Directors' Responsibilities and Approval

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 February 29, 2012 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 auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 2.

The financial statements set out on pages 5 to 14, which have been prepared on the going concern basis, were approved by the board on June 10, 2011 and were signed on its behalf by:



Director

Somerset West

Friday, June 10, 2011

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Directors' Report

The directors submit their report for the year ended February 28, 2011.

1. Review of activities

Main business and operations

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 shareholders 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. Auditors

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

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Financial Statements for the year ended February 28, 2011

Statement of Financial Position

Figures in Rand	Note(s)	2011	2010
Assets			
Non-Current Assets			
Property, plant and equipment	2	6,273	4,856
Current Assets			
Trade and other receivables	3	7,800	12,100
Cash and cash equivalents	4	315,259	118,340
		323,059	130,440
Total Assets		329,332	135,296
Equity and Liabilities			
Equity			
Retained income		92,391	38,578
Liabilities			
Current Liabilities			
Trade and other payables	6	7,717	7,797
Designated accounts carried forward	5	229,224	88,921
		236,941	96,718
Total Equity and Liabilities		329,332	135,296

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2011	2010
Revenue		846,717	472,934
Interest received		1,100	3,829
Operating expenses		(794,004)	(564,746)
Operating profit (loss)	7	53,813	(87,983)
Profit (loss) for the year		53,813	(87,983)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		53,813	(87,983)

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Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at March 01, 2009	126,561	126,561
Changes in equity		
Total comprehensive loss for the year	(87,983)	(87,983)
Total changes	(87,983)	(87,983)
Balance at March 01, 2010	38,578	38,578
Changes in equity		
Total comprehensive income for the year	53,813	53,813
Total changes	53,813	53,813
Balance at February 28, 2011	92,391	92,391

Note(s)

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Statement of Cash Flows

Figures in Rand	Note(s)	2011	2010
Cash flows from operating activities			
Cash receipts from customers		1,026,437	476,834
Cash paid to suppliers and employees		(824,518)	(577,663)
Cash generated from (used in) operations	8	201,919	(100,829)
Net cash from operating activities		201,919	(100,829)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(5,000)	-
Purchase of assets		-	(2,000)
Net cash from investing activities		(5,000)	(2,000)
Total cash movement for the year		196,919	(102,829)
Cash at the beginning of the year		118,340	221,168
Total cash at end of the year	4	315,259	118,339

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Accounting Policies

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

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Notes to the Financial Statements

Figures in Rand 2011 2010

2. Property, plant and equipment

	2011			2010		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	7,797	(7,797)	-	7,797	(6,775)	1,022
IT equipment	11,880	(5,607)	6,273	6,880	(3,046)	3,834
Total	19,677	(13,404)	6,273	14,677	(9,821)	4,856

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	1,022	-	(1,022)	-
IT equipment	3,834	5,000	(2,561)	6,273
	4,856	5,000	(3,583)	6,273

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. Trade and other receivables

Trade receivables	7,800	12,100
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4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	304	280
Bank balances	314,955	118,060
	315,259	118,340

Cash and cash equivalents held by the entity that are not available for use by the entity.	229,224	88,921
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5. Designated accounts carried forward

- Quality Improvement Systems	25,349	15,496
- Supercamps	162,743	15,619
- Equipped To Serve	34,863	9,768
- Child Friendly Church	6,270	10,901
	229,225	51,784

6. Trade and other payables

Trade payables	3,517	3,597
Accrued audit fees	4,200	4,200
	7,717	7,797

7. Operating profit

Operating profit (loss) for the year is stated after accounting for the following:

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Notes to the Financial Statements

Figures in Rand	2011	2010
7. Operating profit (continued)		
Operating lease charges		
Premises		
▪ Contractual amounts	17,439	15,482
Depreciation on property, plant and equipment	3,583	3,343
Employee costs	364,901	359,783
8. Cash generated from (used in) operations		
Profit (loss) before taxation	53,813	(87,983)
Adjustments for:		
Depreciation and amortisation	3,583	3,343
Movements in designated accounts carried forward	140,303	(16,997)
Changes in working capital:		
Trade and other receivables	4,300	3,900
Trade and other payables	(80)	(3,092)
	201,919	(100,829)

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Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
Revenue			
Donation income		549,517	369,886
Admin / Management fee received		49,957	76,503
Membership fees		18,800	16,800
Donation income - Quality improvement systems		54,481	-
Donation income - Supercamp		133,917	-
Donation income - Equipped to serve		30,420	-
Interest received (trading)		4,933	8,785
Donation income - Child Friendly Church		4,632	-
Event income		60	960
		846,717	472,934
Other income			
Other income		1,100	3,829
Operating expenses			
Accounting fees		(8,106)	(8,569)
Advertising		(5,711)	(26,789)
Auditors' remuneration		(4,200)	(4,200)
Bad debts		(2,000)	(700)
Bank charges		(749)	(835)
Cleaning		(255)	(749)
Computer expenses		(13,238)	(27,261)
Consumables		(9,872)	(7,453)
Depreciation		(3,583)	(3,343)
Employee costs		(364,901)	(359,783)
Entertainment		-	(1,367)
Event expense		(2,552)	(1,549)
Sponsorships		-	(1,000)
Conference expenses		(3,778)	(2,450)
Contract fee - networking		(44,200)	(14,600)
Equipped to serve expense		(30,420)	-
Group expense		(58)	(3,494)
Small assets written off		-	(500)
Supercamp expense		(133,917)	(97)
Child Friendly Church expense		(4,632)	-
Gifts & donations		(2,262)	(695)
Hire Equipment		(500)	(700)
Insurance		(2,385)	(2,344)
Lease rentals on operating lease		(17,439)	(15,482)
Postage		(869)	(757)
Printing and stationery		(8,484)	(10,462)
Repairs and maintenance		(22)	-
Quality improvement systems expense		(54,481)	-
Subscriptions		(1,150)	(285)
Telephone and fax		(5,500)	(6,261)
Training		(4,979)	(1,079)
Transport and freight		(800)	-
Travel - local		(61,161)	(60,212)
Utilities		(1,800)	(1,730)
		(794,004)	(564,746)

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Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
Profit (loss) for the year		53,813	(87,983)