TOUCH AFRICA REHABILITATION ASSOCIATION

Association incorporated under Section 21

(Registration number: 2007/024885/08)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

28 FEBRUARY 2009

TOUCH AFRICA REHABILITATION ASSOCIATION
Registration number : 2007/024885/08

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2009

CONTENTS **PAGE**

Contents and approval of the annual financial statements	1
General information	2
Report of the Independent Auditor	3
Report of the Directors	4
Statement of Financial Position	5
Statement of Comprehensive Income	6
Statement of changes in equity	6
Statement of Cash flow	7
Notes to the annual financial statements	8 – 11
Supplementary schedules	
Detailed Comprehensive Income Statement	13
Tax computation	15

RESPONSIBILITY, CONFIRMATION AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements, which appear on pages 4 to 11, are the responsibility of the Directors.

The Directors are responsible for selecting and adopting sound practices, for maintaining an adequate and effective system of accounting records for the safeguarding of assets, and for developing and maintaining a system of internal control that, amongst other things, will ensure the preparation of financial statements that achieve fair presentation.

After conducting appropriate procedures the Directors are satisfied that the company will be a going concern for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

The annual financial statements were approved by the board of Directors, on the date set out below and signed by them:

M.G. GLOVER **DATE**
(Duly authorised thereto in writing)

TOUCH AFRICA REHABILITATION ASSOCIATION
Association incorporated under Section 21
2007/024885/08

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2009

GENERAL INFORMATION

Nature of business	:	To Establish an Organization to Rehabilitate Schools, Clinics & other Community Facilities and Raising Funds for these purposes.
Type of entity	:	Association incorporated under Section 21
Registration number	:	2007/024885/08
Income tax reference number	:	9930/785/14/3 P
VAT registration number	:	4740247103
PAYE reference number	:	7730770205
SDL reference number	:	N/A
UIF reference number	:	U730770205
Work. Comp reference number	:	TBA
Bankers	:	Standard Bank Current acc : 08 031 669 7 Branch code: 050-107
Representative Director	:	M.G. GLOVER
Registered address	:	6 Bond Street Mount Croix Port Elizabeth 6001
Accountant/Registered Tax Practitioner	:	Fintax PE Trust Royden Bryan Whitfield Professional Accountant (SA) 6 Bond Street Mount Croix Port Elizabeth 6001
Auditors	:	HDP Incorporated Registered Accountants and Auditors 62 Cape Road Mill Park Port Elizabeth 6001

H D P Incorporated

REGISTERED ACCOUNTANTS AND AUDITORS

62 Cape Road, Mill Park, Port Elizabeth, 6001
P O Box 27105 Greenacres Port Elizabeth 6057 SA
Tel. (041) 3738701 Fax (041) 3738731

QUALIFIED REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF TOUCH AFRICA REHABILITATION ASSOCIATION

FOR THE YEAR ENDED 28 FEBRUARY 2009

We have audited the annual financial statements set out on pages 4 to 11 for the year ended 28 FEBRUARY 2009. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Directors

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 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 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.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:
- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation

We believe that our audit provides a reasonable basis for our opinion.

Qualification

The accounting records pertaining to the processing of source documentation were not adequate. This has an impact on the balance sheet.

Audit opinion

Except for the matters discussed in the preceeding paragraph, the financial statements fairly present, in all material respects, the financial position of the company at 28 February 2009 and the result of its operations and cash flows for the year then ended, in accordance with General Accepted Accounting Practice for Small and Medium-sized Entities (GAAP for SME's), and in the manner required by the South African Companies Act No. 61 of 1973, as amended.

Supplementary schedules

The supplementary schedules set out on pages 12 to 15 do not form part of the annual financial statements and are presented as additional information. We have not audited these schedules and accordingly we do not express an opinion on them.

HDP (CA) SA
Registered Accountants and Auditors
Port Elizabeth

Date

TOUCH AFRICA REHABILITATION ASSOCIATION
Registration number: 2007/024885/08

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 28 FEBRUARY 2009

The directors present their report for the year ended 28 FEBRUARY 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. Subsequent events

There have been no facts or circumstances of a material nature that have occurred between the accounting date and the date of this report.

3. Directors and secretary

The directors of the company as reflected by CIPRO are:

W.M. PEARCE
M.G. GLOVER

The secretary of the company as reflected by CIPRO is:
J-L MURRAY-SMITH

6. Auditors

HDP Incorporated will continue in office in accordance with section 270(2) of the South African Companies Act No.61 of 1973.

TOUCH AFRICA REHABILITATION ASSOCIATION
Association incorporated under Section 21
Registration number : 2007/024885/08

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 28 FEBRUARY 2009

	Note	2009 R	2008 R
ASSETS			
Non-current assets		**82,755**	**-**
Loans receivable	2	82,755	-
Current assets		**159,120**	**-**
Trade and other receivables	3	73,664	-
Cash and cash equivalents	4	85,456	-
TOTAL ASSETS		**241,875**	**-**
EQUITY AND LIABILITIES			
Capital and reserves		**189,391**	**(99,636)**
General Fund	5	189,391	(99,636)
Non-current liabilities		**-**	**90,200**
Non-interest bearing borrowings	6	-	90,200
Current liabilities		**52,484**	**9,436**
Trade and other payables	7	52,484	9,436
TOTAL LIABILITIES		**52,484**	**99,636**
TOTAL EQUITY AND LIABILITIES		**241,875**	**-**

TOUCH AFRICA REHABILITATION ASSOCIATION
Association incorporated under Section 21
Registration number : 2007/024885/08

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2009

	Note	2009 R	2008 R
Revenue	**8**	**912,592**	**501,608**
Operating expenses		(623,565)	(401,244)
Profit from operations		**289,027**	**100,364**
Interest received		-	-
Finance charges		-	-
Abnormal Item		-	(200,000)
NET PROFIT /(LOSS) for the year		289,027	(99,636)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED

	Retained income	Total
Balance at 1 March 2007	-	-
- Net loss for the year	(99,636)	(99,636)
Balance at 29 February 2008	(99,636)	(99,636)
- Net profit for the year	289,027	289,027
Balance at 28 FEBRUARY 2009	189,391	189,391

TOUCH AFRICA REHABILITATION ASSOCIATION
Association incorporated under Section 21
Registration number : 2007/024885/08

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 28 FEBRUARY 2009

	Note	2009 R	2008 R
Cash flows from operating activities			
Profit/(loss) before tax		289,027	(99,636)
Adjustments for:			
- Finance charges		-	-
- Interest received		-	-
Operating profit before working capital changes		289,027	(99,636)
Working capital changes		(30,616)	9,436
Decrease in trade and other receivables		(73,664)	-
Decrease in trade and other payables		43,048	9,436
Cash generated from operating activities		258,411	(90,200)
Cash flows from investing activities		(82,755)	-
Interest received		-	-
Increase in loans receivable		(82,755)	-
Cash flows from financing activities		(90,200)	90,200
Finance charges		-	-
Increase in non-interest bearing borrowings		(90,200)	90,200
Decrease in cash and cash equivalents		85,456	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		85,456	-
Comprised of			
Financial institutions - Favourable		86,699	-
Cash on hand		(1,243)	-
		85,456	-

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, for Small and Medium-sized Entities (GAAP for SME's), and the Companies Act of South Africa.

The annual financial statements for the year ended are prepared on the historical cost basis and incorporate the following principle accounting policies which are consistent with those of the previous year.

1. ACCOUNTING POLICIES

1.1 Revenue

Revenue is recognised when the risks and rewards of ownership are transferred to the purchaser.

1.2 Financial instruments

Loans

Loans to group entities are recognised initially at fair value plus direct transactions costs.

The initial fair value of such loans is the cash consideration given or received. However, when there is evidence that the fair value is different to the cash consideration given or received, the initial fair value is determined using a valuation technique and by applying terms and conditions on similar or market-related loans. Any difference between the initial fair value of the loan and the cash consideration given or received is recorded in the income statement immediately.

Subsequently, these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. The amortised cost method results in the accrual of interest in each period by applying the effective interest rate implicit to the loan to the outstanding balance on the loan. Any repayments received or paid reduce the loans.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

Loan receivables where there are no determinable terms of repayment are included in non-current assets on the assumption that repayment will only occur after 12 months from the balance sheet date. In these situations, the amortised cost is calculated using the effective interest rate method over a 12-month discounting period.

Loan receivables that bear no interest and where there are no determinable terms of repayment are sometimes included in non-current assets on the assumption that repayment will only occur after 12 months from the balance sheet date. Any adjustment arising from applying the effective interest rate method over a 12 month period is ignored if it is immaterial and the loan is then recorded at cost.

1.2 Financial instruments(continued)

Loans

When the estimates of receipts on loans to group companies are revised or the repayment terms contained within the loan agreement are altered, the carrying amount of the loan is adjusted to reflect the revised cash flows by computing the present value of the estimated future cash flows using the loan's original effective interest rate. Any adjustment is recognised in the income statement.

On loans receivable an impairment loss is recognised in the income statement when there is objective evidence that the loan receivable is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Trade receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for estimated irrecoverable amounts is recognised in the income statement when there is objective evidence that the asset is impaired. Where there was an arrangement for a deferred payment from a debtor, then the amount is carried at amortised cost, with the subsequent increase in the debtor being recognised as interest.

Trade payables

Trade payables are recognised and carried at original invoice amount less repayments. Where payment has been deferred beyond the normal payment terms the trade payables are then subsequently measured at amortised cost, with the creditor being discounted its present value. The increase in the creditor over the terms of the payment is subsequently recognised as interest income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short term deposits, deposits with an original maturity of three months or less. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

For purposes of the cash flow statement, cash and cash equivalents comprise cash and cash equivalents defined above, net of outstanding bank overdrafts.

	2009 R	2008 R
2. LOANS RECEIVABLE		
Cherry Place (Pty) Ltd	82,755	-
	82,755	-

The loans bear no interest and have no fixed terms of repayment.

	2009 R	2008 R

3. TRADE AND OTHER RECEIVABLES

Dimension Data	74,100	-
Refined Precious Metals Ltd	(436)	-
	73,664	-

4. CASH AND CASH EQUIVALENTS

Standard Bank Current account	86,699	-
Cash on hand	(1,243)	-
	85,456	-

5. GENERAL FUND

At beginning of year	(99,636)	-
Net profit/loss after tax for the year	289,027	(99,636)
	189,391	(99,636)

6. NON-INTEREST BEARING BORROWINGS

Unsecured

Loan : Cherry Place (Pty) Ltd	-	90,200
	-	90,200

The loan is repayable at the discretion of the directors.

	2009 R	2008 R

7. TRADE AND OTHER PAYABLES

Anchor Distributors	-	1,710
Aurora Special Care Centre	-	3,996
Urban Angel	-	3,730
BNI	95	-
Deckpro	5,300	-
Fintax PE Trust	570	-
Footballer & Sports	1,198	-
Kulula	1,908	-
Moolman Inc	4,190	-
Sizwe Moko	1,228	-
Vat control account	4,583	-
Accrual - PAYE	33,412	-
	52,484	9,436

8. REVENUE

Revenue comprises the invoiced value of goods supplied and services rendered, exclusive of value-added tax.

9. TRANSACTIONS WITH RELATED PARTIES

Related party	Nature of transaction		
Loans			
Cherry Place (Pty) Ltd	Loan to/(from)	82,755	(90,200)
Start-up costs paid to related parties			
RCP a div of RED CHERRY MEDIA HOLDINGS		-	200,000
Various operating expenses paid to related parties			
RED CHERRY ADVERTISING			

10. GUARANTEE

(a) The liability of the member is limited to the amount referred to in paragraph

(b) Each member undertakes to contribute to the assets of the company in the event of its being wound up while he/she is a member or within one year afterwards, for payment of the debts and liabilities of the company contracted before he ceases to be a member, and of the costs, charges and expenses of the winding up, and for adjustment of the rights and the contributaries amount themselves an amount of (ONE) R1,00 rand.

TOUCH AFRICA REHABILITATION ASSOCIATION
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Registration number : 2007/024885/08

SUPPLEMENTARY SCHEDULES NOT FORMING PART OF
THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2009

CONTENTS **PAGE**

Detailed statement of comprehensive income	13
Notes to the detailed statement of comprehensive income	14
Tax computation	15

The information in the supplementary schedules are in excess of those required by the South African Companies Act No.61 of 1976, and have not been subject to the audit procedures applied to the financial statements.

Accordingly, no opinion is expressed on the supplementary schedules.

TOUCH AFRICA REHABILITATION ASSOCIATION
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Registration number : 2007/024885/08

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2009

	Note	2009 R	2008 R
Revenue		**912,592**	**501,608**
Sponsorships and Projects		769,786	438,193
Donations and Pledges		142,806	63,415
Interest received		-	-
		912,592	**501,608**
Expenses		**623,565**	**601,244**
Administration		**286,418**	**443,965**
Accounting fees		900	-
Advertising and media		16,846	167,584
Bank charges		3,727	-
Commission paid		-	20,730
Computer expenses		2,357	-
Consulting fees		152,809	-
Internet and website		5,650	-
Legal fees		-	7,200
Protective clothing		-	17,540
Rent		3,000	-
Salaries and wages		49,387	-
Small items		1,278	-
Sponsor entertainment		-	10,510
Start-up costs		-	200,000
Telephone and fax		6,045	-
Travel and accommodation		44,419	20,401
Projects		**305,017**	**157,279**
Aurora fees		56,900	11,867
Aurora (Mondre's operation)		15,789	-
Clinic equipment		4,700	-
Community development - Life straws		98,455	-
Container conversion		-	37,481
Schools furniture and equipment		47,248	38,249
School bus repair		-	1,415
Schools refurbishment		79,558	51,767
Sundry equipment		2,367	-
T-shirts		-	16,500
Donations		**32,130**	**-**
Callie Evans Lodge Old Age Home		8,850	-
Esher Farm School		20,000	-
Real Madrid Football Club		1,000	-
Sundry cash donation		2,280	-
Profit / (loss) for the year		**289,027**	**(99,636)**

TOUCH AFRICA REHABILITATION ASSOCIATION
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NOTES TO THE DETAILED STATEMENT OF COMPREHENSIVE INCOME

	2009 R	2008 R
1. SPONSORS & PROJECTS		
Wholesale Housing	150,000	60,000
Barloworld Plascon SA (Pty) Ltd	100,000	100,000
EDCON	-	100,000
M-Net	80,000	16,500
Cacadu Municipality	-	22,874
Build-it	-	93,819
Mc Cain Foods	-	45,000
PG Glass	150,000	-
Canon SA	15,000	-
Luxco Importers	4,386	-
Refined Precious Metals Ltd	39,395	-
Egg Entertainments & Productions	1,500	-
Roger Harris	38,605	-
2 Wheels	30,935	-
Dimension Data	65,000	-
Air tickets sponsored	11,757	-
Cash sponsors	13,684	-
Foreign exchange	68,289	-
Sale of Life Straws	1,235	-
	769,786	438,193
4. TRAVEL		
Directors	-	12,964
Project Managers and staff	44,419	7,437
	44,419	20,401

TOUCH AFRICA REHABILITATION ASSOCIATION
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TAX COMPUTATION FOR THE YEAR ENDED 28 FEBRUARY 2009

	2009 **R**
Profit/(Loss) per the financial statements	289,027
Loss brought forward	(99,636)
	189,391
Less:	
- Non trading income	188,156
Trading income (Sale of Life Straws)	1,235
Less:	
Exempt portion (Greater of 5% or R100,000)	(1,235)
Taxable income	-