

CDT FOUNDATION INC.
(Association Incorporated Under Section 21)
(Registration number 1999/014491/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

CDT FOUNDATION INC.

Annual Financial Statements for the year ended 31 December 2007

GENERAL INFORMATION

| | |
|--|--|
| Country of incorporation and domicile | South Africa |
| Nature of business and principal activities | Ecumenical loan fund providing loans to Christian Churches and Organisations |
| Directors | Bishop J T Seoka (Chairman) A E Wentzel (Vice-chairman) I C Aitken C Barends D H L Butcher A Classen E W Dedekind Pastor P J H de Witt The Revd C Jack Lt Col I L Lengoasa S S Manyane L X Mtumtum A M J Pinnock The Revd J W Roberts The Revd W van der Merwe The Revd S T van Schalkwyk |
| Registered office and business address | 4 Gremlin Road Bryanston Ext 8 Sandton Gauteng 2191 |
| Postal address | P O Box 70458 Bryanston 2021 |
| Bankers | Nedbank Ltd |
| Attorneys | Webber Wentzel Bowens Tonkin Clacey |
| Auditors | B N Jooste & Co |
| Secretary | Transfer Administrators (Pty) Ltd |
| NPO registration number | 005-939 |
| Tax registration number | 9149/587/84/3 |

CDT FOUNDATION INC.

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B.N. Jooste & Co

*Chartered Accountants (S.A.)
Registered Auditors*

Practice No. 916900 E

Barrie Noel Jooste, C.A. (S.A.)
Jeffrey Clive Pierce, C.A. (S.A.)
Johannes Hendrik Blignaut, C.A. (S.A.)

2nd Floor
Barvic House (North)
4 Burke Street
Kensington "B"
Randburg 2194

Postal Address:
P.O. Box 2719
Randburg 2125
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REPORT OF THE INDEPENDENT AUDITORS

To the members of CDT Foundation Inc.

We have audited the accompanying annual financial statements of CDT Foundation Inc., which comprise the directors' report, the balance sheet as at 31 December 2007, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 15.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual 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 annual 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual 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 annual 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 the directors, as well as evaluating the overall presentation of the annual financial statements.

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

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the company as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, 1973.

Supplementary Information

We draw your attention to the fact that the supplementary information set out on page 16 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

B N Jooste & Co
Registered Auditors
Practice No. 916900 E

Randburg
31 January 2008

CDT FOUNDATION INC.

Annual Financial Statements for the year ended 31 December 2007

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual 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 International Financial Reporting Standards.

The directors acknowledge that they are ultimately responsible for managing the company's resources, risks and the ethical behaviour of its staff and management by ensuring that the appropriate infrastructure, controls and systems have been implemented, applied and managed.

The directors are of the opinion that appropriate measures have been taken to provide reasonable, though not absolute, assurance that the financial records may be relied on for the preparation of the annual financial statements.

The directors 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 engaged to express an independent opinion on the company's annual financial statements and their report is presented on page 3.

The annual financial statements set out on pages 5 to 16, which have been prepared on the going concern basis, were approved by the directors on 31 January 2008 and were signed on their behalf by:

Bishop J T Seoka (Chairman)

L Ballot (CEO)

CDT FOUNDATION INC.

Annual Financial Statements for the year ended 31 December 2007

DIRECTORS' REPORT

The directors submit their report for the year ended 31 December 2007.

1. Incorporation

The company was incorporated on 06 July 1999 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The company operates as an ecumenical loan fund providing loans at low interest rates to Christian churches and organisations primarily for building purposes and secured by first mortgage bonds over property being acquired and/or developed.

Net surplus of the company was R 252,977 (2006: surplus R 215,281), after taxation of R 191,769 (2006: R -).
(See note 11)

3. Post balance sheet events

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

4. Non-current assets

There were 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.

5. Directors

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

| Name | Change in appointment |
|-----------------------------|---------------------------|
| Bishop J T Seoka (Chairman) | |
| A E Wentzel (Vice-chairman) | |
| I C Aitken | |
| C Barends | |
| D H L Butcher | |
| A Classen | |
| E W Dedekind | |
| Pastor P J H de Witt | |
| The Revd S Henderson | Resigned 25 October 2007 |
| The Revd C Jack | |
| Lt Col I L Lengoasa | |
| S S Manyane | Appointed 26 July 2007 |
| L X Mtumtum | |
| W N Nduna | Resigned 14 May 2007 |
| A M J Pinnock | |
| The Revd A Pretorius | Resigned 11 June 2007 |
| The Revd J W Roberts | |
| Bishop J N Rohwer | |
| The Revd W van der Merwe | |
| The Revd S T van Schaikwyk | Appointed 25 October 2007 |

CDT FOUNDATION INC.

Annual Financial Statements for the year ended 31 December 2007

DIRECTORS' REPORT

6. Secretary

The secretary of the company is Transfer Administrators (Pty) Ltd of:

Business address 4 Gremlin Road
Bryanston Ext 8
Sandton
Gauteng
2191

Postal address P O Box 70458
Bryanston
2021

7. Management of the Foundation

The company is managed by the CEO Mrs L M Ballot under the control of secretaries, Transfer Administrators (Pty) Ltd.

8. Auditors

B N Jooste & Co will continue in office in accordance with section 270(2) of the Companies Act.

CDT FOUNDATION INC.

Annual Financial Statements for the year ended 31 December 2007

BALANCE SHEET

| Figures in Rand | Note(s) | 2007 | 2006 |
|-------------------------------------|----------------|-------------------|-------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Long term loans | 2 | 13,246,532 | 14,369,647 |
| Current Assets | | | |
| Long term loans | 2 | 5,261,365 | 4,617,781 |
| Trade and other receivables | 3 | - | 18,845 |
| Bank and fund balances | 4 | 6,286,268 | 5,946,461 |
| | | 11,547,633 | 10,583,087 |
| Total Assets | | 24,794,165 | 24,952,734 |
| Equity and Liabilities | | | |
| Equity | | | |
| Retained surplus | | 20,055,971 | 19,802,994 |
| Liabilities | | | |
| Current Liabilities | | | |
| Managed funds' creditors | 5 | 4,533,964 | 5,064,218 |
| Current tax payable | | 66,907 | - |
| Trade and other payables | 6 | 137,323 | 85,522 |
| | | 4,738,194 | 5,149,740 |
| Total Equity and Liabilities | | 24,794,165 | 24,952,734 |

CDT FOUNDATION INC.

Annual Financial Statements for the year ended 31 December 2007

INCOME STATEMENT

| Figures in Rand | Note(s) | 2007 | 2006 |
|------------------------------------|----------------|----------------|----------------|
| Revenue | 7 | 1,654,505 | 1,430,932 |
| Other income | | - | 109,050 |
| Operating expenses | | (1,376,779) | (1,541,359) |
| Operating surplus/(deficit) | 8 | 277,726 | (1,377) |
| Investment revenue | 9 | 168,269 | 216,658 |
| Finance costs | 10 | (1,249) | - |
| Surplus before taxation | | 444,746 | 215,281 |
| Taxation | 11 | (191,769) | - |
| Surplus for the period | | 252,977 | 215,281 |

CDT FOUNDATION INC.

Annual Financial Statements for the year ended 31 December 2007

STATEMENT OF CHANGES IN EQUITY

| Figures in Rand | Retained surplus |
|------------------------------------|-------------------------|
| Balance at 01 January 2006 | 19,587,713 |
| Changes in equity | |
| Surplus for the year | 215,281 |
| Total changes | 215,281 |
| Balance at 01 January 2007 | 19,802,994 |
| Changes in equity | |
| Surplus for the year | 252,977 |
| Total changes | 252,977 |
| Balance at 31 December 2007 | 20,055,971 |

CDT FOUNDATION INC.

Annual Financial Statements for the year ended 31 December 2007

CASH FLOW STATEMENT

| Figures in Rand | Note(s) | 2007 | 2006 |
|---|----------------|------------------|--------------------|
| Cash flows from operating activities | | | |
| Cash receipts from clients | | 2,152,881 | (2,651,732) |
| Cash paid to suppliers and employees | | (1,832,913) | 2,700,686 |
| Cash generated from operations | 13 | 319,968 | 48,954 |
| Interest income | | 168,269 | 216,658 |
| Finance costs | | (1,249) | - |
| Tax paid | 14 | (124,862) | - |
| Net cash from operating activities | | 362,126 | 265,612 |
| Cash flows from investing activities | | | |
| Long term loans repaid/(advanced) | | 507,935 | (4,136,908) |
| Net cash from investing activities | | 507,935 | (4,136,908) |
| Cash flows from financing activities | | | |
| Repayment of managed funds' creditors | | (530,254) | (904,243) |
| Net cash from financing activities | | (530,254) | (904,243) |
| Total cash movement for the period | | 339,807 | (4,775,539) |
| Cash at the beginning of the period | | 5,946,461 | 10,722,000 |
| Total cash at end of the period | 4 | 6,286,268 | 5,946,461 |

CDT FOUNDATION INC.

Annual Financial Statements for the year ended 31 December 2007

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa, 1973. The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Equipment, furniture and vehicles for administrative purposes are not capitalised but are written off on acquisition.

1.2 Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other 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.

Loans and receivables

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period.

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Annual Financial Statements for the year ended 31 December 2007

ACCOUNTING POLICIES

1.4 Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

1.5 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

1.6 Revenue

Interest is recognised, in profit or loss, using the effective interest rate method on an accrual basis.

1.7 Turnover

Turnover comprises of interest charged and services rendered to customers.

CDT FOUNDATION INC.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| Figures in Rand | 2007 | 2006 |
|--|--------------------------|--------------------------|
| 2. Long term loans | | |
| Secured loans | 16,783,297 | 16,579,362 |
| The loans are secured by mortgage bonds over fixed property bearing interest between 8,5% and 12.5% (2006 : 8,5% and 12.5%) p.a. | | |
| Unsecured loans | 2,137,287 | 2,875,774 |
| The loans are supported by instruments of debt and, in many instances, guarantees of the denomination of the debtor. The loans bear interest between 8,5% and 12.5% (2006 : 8,5% and 12.5%) p.a. | | |
| Subtotal | <u>18,920,584</u> | <u>19,455,136</u> |
| Provision for impairments | (412,687) | (467,708) |
| | <u>18,507,897</u> | <u>18,987,428</u> |
| Non-current assets | | |
| Loans and receivables | <u>13,246,532</u> | <u>14,369,647</u> |
| Current assets | | |
| Loans and receivables | <u>5,261,365</u> | <u>4,617,781</u> |
| | <u>18,507,897</u> | <u>18,987,428</u> |
| 3. Trade and other receivables | | |
| Other receivables | - | 52,262 |
| Provision for impairments | - | (33,417) |
| | <u>-</u> | <u>18,845</u> |
| 4. Bank and fund balances | | |
| Bank and fund balances consist of: | | |
| Bank balances | 197,736 | 88,602 |
| Call account | 2,178,967 | 1,545,948 |
| Money market account - CWM Regional Empowerment Fund | 3,909,565 | 4,311,911 |
| | <u>6,286,268</u> | <u>5,946,461</u> |
| 5. Managed funds' creditors | | |
| Held at amortised cost | | |
| CIG SA | 4,500 | - |
| Council for World Mission | - | 4,296 |
| Council for World Mission - Regional Empowerment Fund | 3,909,565 | 4,311,911 |
| God's Golden Acre | 97,506 | 91,841 |
| Sakisizwe Trust | 30,721 | 30,721 |
| South African Young Christian Workers | 243,907 | 325,826 |
| W K Kelloggs Foundation - Capital | 4,316 | 4,316 |
| WACC - AR (Aids in Africa) | - | 132,947 |
| WACC - AR (Membership and admin) | 219,184 | 162,360 |
| WACC - Congress 2008 | 24,265 | - |
| | <u>4,533,964</u> | <u>5,064,218</u> |
| Current liabilities | | |
| At amortised cost | <u>4,533,964</u> | <u>5,064,218</u> |

CDT FOUNDATION INC.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| Figures in Rand | 2007 | 2006 |
|--|------------------|------------------|
| 6. Trade and other payables | | |
| Trade payables | 95,323 | 47,522 |
| Accrued expenses | 42,000 | 38,000 |
| | 137,323 | 85,522 |
| 7. Revenue | | |
| Rendering of services | 95,375 | 114,374 |
| Interest received (trading) | 1,559,130 | 1,316,558 |
| | 1,654,505 | 1,430,932 |
| 8. Operating surplus/deficit | | |
| Operating surplus for the year is stated after accounting for the following: | | |
| Impairment of long term loans | (28,404) | 35,726 |
| Impairment of trade and other receivables | - | 33,417 |
| Employee costs | 312,483 | 251,513 |
| 9. Investment revenue | | |
| Interest revenue | | |
| Bank | 168,269 | 216,658 |
| 10. Finance costs | | |
| South African Revenue Services | 1,249 | - |
| 11. Taxation | | |
| Major components of the tax expense/(income) | | |
| Current | | |
| Local income tax - current period | 129,338 | - |
| Local income tax - recognised in current tax for prior periods | 62,431 | - |
| | 191,769 | - |
| Reconciliation of the tax expense | | |
| Reconciliation between accounting profit and tax expense. | | |
| Accounting profit | 444,746 | 215,281 |
| Tax at the applicable tax rate of 29% (2006: 29%) | 128,976 | 62,431 |
| Tax effect of adjustments on taxable income | | |
| Disallowable charges | 362 | - |
| Prior year adjustments - tax exemption | 62,431 | (62,431) |
| | 191,769 | - |

CDT FOUNDATION INC.

Annual Financial Statements for the year ended 31 December 2007

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| Figures in Rand | 2007 | 2006 |
|---|--|----------------------|
| 12. Auditors' remuneration | | |
| Fees | 42,000 | 38,000 |
| Adjustment for previous year | 1,306 | 983 |
| Other services | 9,234 | - |
| | <u>52,540</u> | <u>38,983</u> |
| 13. Cash generated from operations | | |
| Surplus before taxation | 444,746 | 215,281 |
| Adjustments for: | | |
| Interest received | (168,269) | (216,658) |
| Finance costs | 1,249 | - |
| Impairment | (28,404) | 69,143 |
| Changes in working capital: | | |
| Trade and other receivables | 18,845 | (14,899) |
| Trade and other payables | 51,801 | (3,913) |
| | <u>319,968</u> | <u>48,954</u> |
| 14. Tax (paid)/refunded | | |
| Current tax for the period recognised in income statement | (191,769) | - |
| Balance at end of the period | 66,907 | - |
| | <u>(124,862)</u> | <u>-</u> |
| 15. Commitments | | |
| Approved but not advanced | | |
| • Loans | <u>4,720,000</u> | <u>3,170,000</u> |
| 16. Related parties | | |
| Relationships | | |
| Entities related to directors | Christian Development Trust Transfer Administrators (Pty) Ltd | |
| Related party balances | | |
| Amounts included in Trade receivable/(Trade Payable) regarding related parties | | |
| Christian Development Trust | <u>(25,546)</u> | <u>1,845</u> |
| Related party transactions | | |
| Management fees paid to/(received from) related parties | | |
| Transfer Administrators (Pty) Ltd | <u>717,580</u> | <u>750,435</u> |

CDT FOUNDATION INC.

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DETAILED INCOME STATEMENT

| Figures in Rand | Note(s) | 2007 | 2006 |
|--------------------------------------|----------------|------------------|------------------|
| Revenue | | | |
| Rendering of services | | 95,375 | 114,374 |
| Interest received (trading) | | 1,559,130 | 1,316,558 |
| | 7 | 1,654,505 | 1,430,932 |
| Other income | | | |
| Recoveries | | - | 109,050 |
| Interest received | 9 | 168,269 | 216,658 |
| | | 168,269 | 325,708 |
| Operating expenses | | | |
| Auditors remuneration | 12 | 52,540 | 38,983 |
| Bank charges | | 279 | 783 |
| Computer expenses | | 97,582 | 44,408 |
| Employee costs | | 312,483 | 251,513 |
| Grants paid | | (6,805) | 89,266 |
| Impairments | | (28,404) | 69,143 |
| Insurance | | 42,656 | 36,532 |
| Legal expenses | | 24,215 | 2,408 |
| Management fees - retainer | | 378,000 | 360,555 |
| Management fees - special assignment | | 339,580 | 389,880 |
| Motor vehicle expenses | | 24,829 | 77,644 |
| National credit regulator | | 8,585 | - |
| Printing and stationery | | 82,540 | 80,125 |
| RSC levies | | - | 1,224 |
| Subscriptions | | 18,915 | 22,668 |
| Training | | 2,280 | - |
| Travel - local | | 44,041 | 46,774 |
| Travel - overseas | | (16,537) | 29,453 |
| | | 1,376,779 | 1,541,359 |
| Operating surplus | 8 | 445,995 | 215,281 |
| Finance costs | 10 | (1,249) | - |
| Surplus before taxation | | 444,746 | 215,281 |
| Taxation | 11 | (191,769) | - |
| Surplus for the period | | 252,977 | 215,281 |