

CHRISTIAN DEVELOPMENT TRUST
(Masters Reference No. 8475)
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2008

CHRISTIAN DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 December 2008

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Practical support to religious, charitable and educational institutions
Trustees	Bishop J Seoka (Chairman) A E Wentzel (Vice-chairman) I C Aitken (General alternate) E W Dedekind A M J Pinnock
Registered office	4 Gremlin Road Bryanston Ext 8 Sandton Gauteng 2191
Postal address	P O Box 70458 Bryanston Gauteng 2021
Attorneys	Tonkin Clacey
Bankers	Nedbank Limited
Auditors	B N Jooste & Co
Tax registration number	0157/907/15/5
NPO registration number	019-331

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REPORT OF THE INDEPENDENT AUDITORS

To the trustees of Christian Development Trust

We have audited the accompanying annual financial statements of Christian Development Trust, which comprise the trustees' report, the balance sheet as at 31 December 2008, 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 14.

Trustees' Responsibility for the Annual Financial Statements

The company's trustees are responsible for the preparation and fair presentation of these annual financial statements in accordance with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities. 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 trustees, 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 2008, and of its financial performance and its cash flows for the year then ended in accordance with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities.

Supplementary information

We draw your attention to the fact that the supplementary information set out on page 15 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
Chartered Accountants (S.A.)
Registered Auditors
Practice No. 916900 E

Randburg
02 February 2009

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TRUSTEES' RESPONSIBILITIES AND APPROVAL

The trustees are required 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 the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities.

The trustees 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 trustees 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 trustees 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 15, which have been prepared on the going concern basis, were approved by the trustees on 02 February 2009 and were signed on their behalf by:

Bishop J Seoka (Chairman)

CHRISTIAN DEVELOPMENT TRUST

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TRUSTEES' REPORT

The trustees submit their report for the year ended 31 December 2008.

1. Review of activities

Main business and operations

Initially the trust operated as an ecumenical loan fund providing loans at low rates of interest to Christian Churches and organizations. Subsequently CDT Foundation Inc. took over this activity.

In order to comply with the amended tax legislation, it was decided that the trust would hold the equity investments of the group. Subsequently the tax legislation was amended again which allows PBO's to hold shares. In addition the application for the tax exemption of the Foundation was not successful.

The Trustees have resolved to wind up the trust. Subject to the requirements of the current legislation, it is contemplated that the remaining assets of the trust will be transferred to the Foundation.

The company reflects a net loss for the year of R 16,300 (2007: surplus R 114,932), after taxation of R (7,862) (2007: R 20,427). See Note 6.

2. Post balance sheet events

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

3. Trustees

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

Name

Bishop J Seoka (Chairman)
A E Wentzel (Vice-chairman)
I C Aitken (General alternate)
E W Dedekind
A M J Pinnock

4. 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

5. Auditors

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

6. Secretary

Transfer Administrators (Pty) Ltd
4 Gremlin Road
Bryanston Ext 8
2191

7. Managers of the trust

CDT Foundation Inc
4 Gremlin Road
Bryanston Ext 8
2191

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BALANCE SHEET

Figures in Rand	Note(s)	2008	2007
Assets			
Non-Current Assets			
Investments	2	285,937	325,248
Current Assets			
Accounts receivable		27,391	27,391
Bank balances		21,388	6,239
		48,779	33,630
Total Assets		334,716	358,878
Equity and Liabilities			
Equity			
Retained income		290,914	307,214
Liabilities			
Non-Current Liabilities			
Deferred tax	3	41,949	49,811
Current Liabilities			
Current tax payable		7	7
Accounts payable		1,846	1,846
		1,853	1,853
Total Liabilities		43,802	51,664
Total Equity and Liabilities		334,716	358,878

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INCOME STATEMENT

Figures in Rand	Note(s)	2008	2007
Revenue	4	15,152	33,240
Operating expenses		(3)	18
Operating profit		15,149	33,258
Fair value adjustments	5	(39,311)	102,101
(Loss) profit before taxation		(24,162)	135,359
Taxation	6	7,862	(20,427)
(Loss) profit for the year		(16,300)	114,932

CHRISTIAN DEVELOPMENT TRUST

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STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Retained income
Balance at 01 January 2007	192,282
Changes in equity	
Profit for the year	114,932
Total changes	114,932
Balance at 01 January 2008	307,214
Changes in equity	
Loss for the year	(16,300)
Total changes	(16,300)
Balance at 31 December 2008	290,914

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CASH FLOW STATEMENT

Figures in Rand	Note(s)	2008	2007
Cash flows from operating activities			
Cash generated from operations	7	<u>15,149</u>	<u>5,866</u>
Total cash movement for the year		15,149	5,866
Cash at the beginning of the year		<u>6,239</u>	<u>373</u>
Total cash at end of the year		<u>21,388</u>	<u>6,239</u>

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Annual Financial Statements for the year ended 31 December 2008

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities, 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. They are presented in South African Rands.

These accounting policies are consistent with the previous period, except for the changes set out in note 9 First-time adoption of the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Financial assets measured at cost and amortised cost

The company assesses its financial assets measured at cost and amortised cost for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in the income statement, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investments based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer note 3 .

1.2 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

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.

Deferred tax assets and liabilities

Deferred tax is recognised for all taxable/deductible temporary differences, except to the extent that the deferred tax arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax asset is recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

1.4 Revenue

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2008	2007
2. Investments		
At fair value through profit and loss		
Listed shares	254,812	294,123
Equity Instruments at cost		
Unlisted shares	31,125	31,125
Total other financial assets	285,937	325,248
Non-current assets		
At fair value	254,812	294,123
Equity Instruments at cost	31,125	31,125
	285,937	325,248
The fair values of listed or quoted investments are based on the quoted market price at balance sheet date.		
Details of investments		
Listed - at fair value		
Avusa Limited (274 shares)	5,340	4,357
MTN Group Holdings (2215 shares)	240,328	289,766
Naspers Limited	9,144	-
Unlisted - at cost		
Ditikeni Investment Company Limited (26913 shares)	27	27
Christian Network Media Ltd (21098 shares)	21,098	21,098
Tembeka Social Investment Company Limited (10000 shares)	10,000	10,000
	285,937	325,248
3. Deferred tax		
Deferred tax liability		
Fair value adjustment of financial assets	(41,949)	(49,811)
Use and sales rate		
The deferred tax rate applied to the fair value adjustments of financial assets is determined by the expected manner of recovery. Where the expected recovery of the financial assets is through sale the capital gains tax rate of 20% (2007 : 20%) is used. If the expected manner of recovery is through indefinite use the normal tax rate of 40% (2007 : 40%) is applied.		
If the manner of recovery is partly through use and partly through sale, a combination of capital gains rate and normal tax rate is used.		
4. Revenue		
Dividends received	15,152	33,240
5. Fair value adjustments		
Listed investments	(39,311)	102,101

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2008	2007
6. Taxation		
Major components of the tax (income) expense		
Current		
Local income tax - current period	-	7
Deferred		
Originating and reversing temporary differences	(7,862)	20,420
	(7,862)	20,427
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting (loss) profit	(24,162)	135,359
Tax at the applicable tax rate of 40% (2007: 40%)	(9,665)	54,144
Tax effect of adjustments on taxable income		
Exempt income - dividends	(6,059)	(13,297)
Fair value adjustment	7,862	(20,420)
	(7,862)	20,427
No provision has been raised for 2008 taxation as the company did not earn any taxable income.		
7. Cash (used in)/generated from operations		
Surplus/(deficit) before taxation	(24,162)	135,359
Adjustments for:		
Fair value adjustments	39,311	(102,101)
Changes in working capital:		
Accounts receivable	-	(27,392)
	15,149	5,866
8. Related parties		
Relationships		
Related entities	CDT Foundation Inc.	
Related party balances		
Amounts included in Trade receivables/(Trade payables) regarding related parties		
CDT Foundation Inc.	27,391	27,391

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

9. First-time adoption of the Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities.

The company has applied the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities, for the first time for the 2008 year end. In principle this standard has been applied retrospectively and the 2007 comparatives contained in these annual financial statements differ from those published in the annual financial statements published for the year ended 31 December 2007. The standard gives certain mandatory exemptions from this principle, and certain optional exemptions which have been detailed below. All adjustments were made to the opening comparative balance sheet.

The date of transition was 01 January 2007 and the effect of the transition was as follows.

Reconciliation of equity at 01 January 2007 (Date of transition to the new standard)

	As reported under previous GAAP	Effects of transition to GAAP for SME	GAAP for SME
Financial assets	229,822	(6,675)	223,147
Cash and cash equivalents	373	-	373
Trade and other payables	1,845	-	1,845
Deferred tax liability	-	29,391	29,391
Total liabilities	1,845	29,391	31,236
Total assets less total liabilities	228,350	(36,066)	192,284
Retained earnings	228,350	(36,066)	192,284

Reconciliation of equity at 31 December 2007

	As reported under previous GAAP	Effects of transition to GAAP for SME	GAAP for SME
Financial assets	379,282	(54,034)	325,248
Trade and other receivables	27,391	-	27,391
Cash and cash equivalents	6,239	-	6,239
Total current assets	33,630	-	33,630
Trade and other payables	1,844	-	1,844
Current tax liability	7	-	7
Deferred tax liability	57,430	(7,619)	49,811
Total liabilities	59,281	(7,619)	51,662
Total assets less total liabilities	353,631	(46,415)	307,216
Retained earnings	353,631	(46,415)	307,216

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

9. First-time adoption of the Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities. (continued)

Reconciliation of profit or loss for 2006

	As reported under previous GAAP	Effects of transition to GAAP for SME	GAAP for SME
Revenue	3,889	-	3,889
Gross profit	<u>3,889</u>	<u>-</u>	<u>3,889</u>
Operating expenses	(8,229)	-	(8,229)
Fair value adjustment	(469,329)	(6,675)	(476,004)
Net loss before tax	<u>(473,669)</u>	<u>(6,675)</u>	<u>(480,344)</u>
Taxation	-	(29,391)	(29,391)
Net loss	<u>(473,669)</u>	<u>(36,066)</u>	<u>(509,735)</u>

Notes

The South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities allows for equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably to be carried at cost less impairment. Therefore, the unlisted investments have been adjusted to cost.

Explanation of material adjustments to the cash flow statement for 2006

No material adjustments have been made to the cash flow statement for 2006.

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DETAILED INCOME STATEMENT

Figures in Rand	Note(s)	2008	2007
Revenue			
Dividend revenue		15,152	33,240
Other income			
Fair value adjustments	5	-	102,101
Operating expenses			
Bank charges		3	51
Levies rented properties		-	(69)
		3	(18)
Operating surplus/(deficit)		15,149	135,359
Fair value adjustments	5	(39,311)	-
(Loss) profit before taxation		(24,162)	135,359
Taxation	6	7,862	(20,427)
Surplus/(deficit) for the period		(16,300)	114,932