

CDT FOUNDATION INC.
(Association Incorporated Under Section 21)
(Registration number 1999/014491/08)
Financial statements
for the year ended 31 December 2010

CDT FOUNDATION INC.

Financial Statements for the year ended 31 December 2010

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 The Revd B Arends D H L Butcher Pastor P J H de Witt The Revd C Goeman S S Manyane A M J Pinnock The Revd J W Roberts Bishop N J Rohwer The Revd W van der Merwe The Revd J Baker
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	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.

Financial Statements for the year ended 31 December 2010

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B.N. Jooste & Co
Chartered Accountants (S.A.)
Registered Auditors

Practice No. 916900E

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

366 Kent Avenue
Ferndale
2194

P.O. Box 2719
Randburg
2125

Tel: (011) 787-0300
Fax: (011) 787-8809
Email: pims@barvic.co.za

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF CDT FOUNDATION INC.

We have audited the accompanying financial statements of CDT Foundation Inc., which comprise the directors' report, the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 17.

Directors' Responsibility for the Annual 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, 1973. 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 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 the directors, 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as of 31 December 2010, and of its financial performance and its 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, 1973.

Supplementary Information

We draw your attention to the fact that the supplementary information set out on page 18 does not form part of the 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

28 January 2011
Randburg

CDT FOUNDATION INC.

Financial Statements for the year ended 31 December 2010

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

The financial statements set out on pages 5 to 18, which have been prepared on the going concern basis, were approved by the directors on 28 January 2011 and were signed on their behalf by:

A E Wentzel (Vice-chairman)

L Ballot (CEO)

CDT FOUNDATION INC.

Financial Statements for the year ended 31 December 2010

DIRECTORS' REPORT

The directors submit their report for the year ended 31 December 2010.

1. INCORPORATION

The company was incorporated in South Africa 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.

Net surplus of the company was 37,611 (2009: surplus 488,897), after taxation of (9,991) (2009: 141,017).
(See note 12)

3. EVENTS AFTER THE REPORTING PERIOD

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	Changes
Bishop J T Seoka (Chairman)	
A E Wentzel (Vice-chairman)	
I C Aitken	
The Revd B Arends	
C Barends	Resigned 31 December 2010
D H L Butcher	
E W Dedekind	Resigned 31 December 2010
Pastor P J H de Witt	
The Revd C Goeiman	
The Revd C Jack	Resigned 04 February 2010
Lt Col I L Lengoasa	Resigned 31 December 2010
S S Manyane	
A M J Pinnock	
The Revd J W Roberts	
Bishop N J Rohwer	
Prof A Sipamla	Resigned 31 December 2010
The Revd W van der Merwe	

CDT FOUNDATION INC.

Financial Statements for the year ended 31 December 2010

Statement of Financial Position

Figures in Rand	Note(s)	2010	2009
Assets			
Non-Current Assets			
Property, plant and equipment	2	139,385	190,435
Long term loans	3	19,983,075	20,830,611
Investments	4	522,148	481,660
		20,644,608	21,502,706
Current Assets			
Long term loans	3	962,070	701,333
Current tax receivable		14,128	-
Trade and other receivables		80,000	-
Bank and fund balances	5	2,693,125	3,958,497
		3,749,323	4,659,830
Total Assets		24,393,931	26,162,536
Equity and Liabilities			
Equity			
Retained surplus		20,949,922	20,912,311
Liabilities			
Non-Current Liabilities			
Loans from co-funders	6	2,049,099	2,600,000
Deferred tax	7	40,003	34,335
		2,089,102	2,634,335
Current Liabilities			
Managed funds' creditors	8	1,247,797	2,463,482
Current tax payable		-	45,267
Trade and other payables	9	107,110	107,141
		1,354,907	2,615,890
Total Liabilities		3,444,009	5,250,225
Total Equity and Liabilities		24,393,931	26,162,536

CDT FOUNDATION INC.

Financial Statements for the year ended 31 December 2010

Statement of Comprehensive Income

Figures in Rand	Note(s)	2010	2009
Revenue	10	1,844,118	2,186,270
Other income		-	80,000
Operating expenses		(1,714,875)	(1,612,601)
Operating surplus	11	129,243	653,669
Investment revenue	12	76,696	82,030
Fair value adjustments		40,488	245,247
Finance costs	13	(218,807)	(351,032)
Surplus before taxation		27,620	629,914
Taxation	14	9,991	(141,017)
Surplus for the period		37,611	488,897
Other comprehensive income		-	-
Total comprehensive income for the year		37,611	488,897

CDT FOUNDATION INC.

Financial Statements for the year ended 31 December 2010

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Retained surplus
Balance at 01 January 2009	20,300,235
Changes in equity	
Total comprehensive income for the year	488,897
Reserves transferred from Christian Development Trust	123,179
Total changes	612,076
Balance at 01 January 2010	20,912,311
Changes in equity	
Total comprehensive income for the year	37,611
Total changes	37,611
Balance at 31 December 2010	20,949,922

CDT FOUNDATION INC.

Financial Statements for the year ended 31 December 2010

Statement of Cash Flows

Figures in Rand	Note(s)	2010	2009
Cash flows from operating activities			
Cash receipts from customers		1,844,118	2,175,324
Cash paid to suppliers and employees		(1,743,856)	(1,470,142)
Cash generated from operations	16	100,262	705,182
Interest income		54,566	66,104
Dividends received		22,130	15,926
Finance costs		(218,807)	(351,032)
Tax paid	17	(43,736)	(32,143)
Net cash from operating activities		(85,585)	404,037
Cash flows from investing activities			
Purchase of property, plant and equipment	2	-	(209,715)
Sale of property, plant and equipment	2	-	80,000
Long term loans repaid/(advanced)		586,799	3,129,667
Acquisition of investment shares		-	(94,582)
Net cash from investing activities		586,799	2,905,370
Cash flows from financing activities			
Net movement of managed funds' creditors		(1,215,685)	(641,928)
Repayment of co-founders loan		(550,901)	(2,314,844)
Net cash from financing activities		(1,766,586)	(2,956,772)
Total cash movement for the year		(1,265,372)	352,635
Cash at the beginning of the year		3,958,497	3,605,862
Total cash at end of the year	5	2,693,125	3,958,497

CDT FOUNDATION INC.

Financial Statements for the year ended 31 December 2010

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, 1973. The financial statements have been prepared on the historical cost basis, 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.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 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 reporting period date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, 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.

TAXATION

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

1.2 Property, plant and equipment

Property, plant and equipment are tangible items that:

- 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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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
Motor vehicles	5 years
Computer equipment	3 years
Computer software	2 years

The residual value, depreciation method and the useful life of each asset are reviewed at each annual reporting period if there are indicators present that there is a change from the previous estimate.

Equipment, furniture and vehicles less than R3 000 are written off in the year that they are purchased.

CDT FOUNDATION INC.

Financial Statements for the year ended 31 December 2010

ACCOUNTING POLICIES

1.3 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 date, 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.

1.4 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

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting period date.

TAX EXPENSES

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

CDT FOUNDATION INC.

Financial Statements for the year ended 31 December 2010

Notes to the Financial Statements

Figures in Rand	2010	2009
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2. Property, plant and equipment

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Motor vehicles	148,915	(44,675)	104,240	148,915	(14,892)	134,023
IT equipment	54,800	(22,530)	32,270	54,800	(4,263)	50,537
Computer software	6,000	(3,125)	2,875	6,000	(125)	5,875
Total	209,715	(70,330)	139,385	209,715	(19,280)	190,435

Reconciliation of property, plant and equipment - 2010

	Opening Balance	Depreciation	Total
Motor vehicles	134,023	(29,783)	104,240
IT equipment	50,537	(18,267)	32,270
Computer software	5,875	(3,000)	2,875
	190,435	(51,050)	139,385

Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Depreciation	Total
Motor vehicles	-	148,915	(14,892)	134,023
IT equipment	-	54,800	(4,263)	50,537
Computer software	-	6,000	(125)	5,875
	-	209,715	(19,280)	190,435

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. Long term loans

Secured loans	18,748,440	19,919,892
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The loans are secured by mortgage bonds over fixed property bearing interest between 8.5% and 12% (2009 : 8.5% and 12%) p.a.

Unsecured loans	2,196,705	1,612,052
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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% (2009 : 8.5% and 12%) p.a.

	20,945,145	21,531,944
Non-current assets	19,983,075	20,830,611
Current assets	962,070	701,333
	20,945,145	21,531,944

CDT FOUNDATION INC.

Financial Statements for the year ended 31 December 2010

Notes to the Financial Statements

Figures in Rand	2010	2009
4. Investments		
At fair value		
Listed shares	330,856	290,368
Equity Instruments at cost		
Unlisted shares	191,292	191,292
Total other financial assets	522,148	481,660
Non-current assets		
At fair value	330,856	290,368
Equity Instruments at cost	191,292	191,292
	522,148	481,660
The fair values of listed or quoted investments are based on the quoted market price at reporting period date.		
Details of investments		
Avusa Limited (274 shares)	6,247	9,374
MTN Group Holdings (2 262 shares)	303,108	264,495
Naspers Limited (55 shares)	21,501	16,499
Unlisted - at cost		
Ditikeni Investment Company Limited (48 345 shares)	160,194	160,194
Christian Network Media (Pty) Ltd (21 098 shares)	21,098	21,098
Tembeka Social Investment Company Limited (10 000 shares)	10,000	10,000
	522,148	481,660
5. Bank and fund balances		
Bank and fund balances consist of:		
Bank balances	109,345	68,424
Call account	2,214,858	2,455,100
Money market account - CWM Regional Empowerment Fund	368,922	1,434,973
	2,693,125	3,958,497
6. Loans from co-funders		
The Natalie Woods Trust	2,049,099	2,600,000
The loan is secured by an instrument of debt, bears interest at 8.5% p.a. repayable on or before 31 December 2008, and the provider has agreed to the extension of the date.		

CDT FOUNDATION INC.

Financial Statements for the year ended 31 December 2010

Notes to the Financial Statements

Figures in Rand	2010	2009
7. Deferred tax		
Deferred tax liability		
Fair value adjustment on investment shares	(40,003)	(34,335)
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 14% (2009 : 14%) is used. If the expected manner of recovery is through indefinite use, the normal tax rate of 28% (2009 : 28%) 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.		
8. Managed funds' creditors		
At amortised cost		
Council for World Mission	477,356	669,081
Council for World Mission - Regional Empowerment Fund	368,922	1,434,973
God's Golden Acre	113,640	112,015
Sakisizwe Trust	30,721	30,721
WACC - AR (Membership and admin)	257,158	216,692
	1,247,797	2,463,482
Current liabilities		
At amortised cost	1,247,797	2,463,482
9. Trade and other payables		
Trade payables	52,110	57,141
Accrued audit fees	55,000	50,000
	107,110	107,141
10. Revenue		
Rendering of services	72,000	161,588
Interest received (trading)	1,772,118	2,024,682
	1,844,118	2,186,270
11. Operating surplus/deficit		
Operating surplus for the year is stated after accounting for the following:		
Profit on sale of property, plant and equipment	-	80,000
Depreciation on property, plant and equipment	51,050	19,280
Administration and secretarial services	368,462	374,195

CDT FOUNDATION INC.

Financial Statements for the year ended 31 December 2010

Notes to the Financial Statements

Figures in Rand	2010	2009
12. Investment revenue		
Dividend revenue		
Listed financial assets - Local	8,546	4,372
Unlisted financial assets - Local	13,584	11,554
	<u>22,130</u>	<u>15,926</u>
Interest revenue		
Bank	54,566	66,104
	<u>76,696</u>	<u>82,030</u>
13. Finance costs		
Co-funders	210,916	351,032
South African Revenue Services	7,891	-
	<u>218,807</u>	<u>351,032</u>
14. Taxation		
Major components of the tax expense/(income)		
Current		
Local income tax - current period	5,668	142,041
Local income tax - recognised in current tax for prior periods	(15,659)	(1,024)
	<u>(9,991)</u>	<u>141,017</u>
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	27,620	629,914
Tax at the applicable tax rate of 28% (2009: 28%)	7,734	176,376
Tax effect of adjustments on taxable income		
Exempt income	(11,865)	(34,335)
Disallowable charges	2,209	-
Assessed loss	7,590	-
Prior year adjustments	(15,659)	(1,024)
	<u>(9,991)</u>	<u>141,017</u>
15. Auditors remuneration		
Fees	52,528	49,144
Taxation services	-	8,664
	<u>52,528</u>	<u>57,808</u>

CDT FOUNDATION INC.

Financial Statements for the year ended 31 December 2010

Notes to the Financial Statements

Figures in Rand	2010	2009
16. Cash generated from operations		
Surplus before taxation	27,620	629,914
Adjustments for:		
Depreciation and amortisation	51,050	19,280
Profit on sale of assets	-	(80,000)
Dividends received	(22,130)	(15,926)
Interest received	(54,566)	(66,104)
Finance costs	218,807	351,032
Fair value adjustments	(40,488)	(245,247)
Transfer from Christian Development Trust	-	123,179
Changes in working capital:		
Trade and other receivables	(80,000)	-
Trade and other payables	(31)	(10,946)
	<u>100,262</u>	<u>705,182</u>
17. Tax (paid)/refunded		
Balance at beginning of the year	(45,267)	29,272
Current tax for the year recognised in profit or loss	9,991	(141,017)
CGT adjustment on fair value of listed investments	5,668	34,335
Balance at end of the year	(14,128)	45,267
	<u>(43,736)</u>	<u>(32,143)</u>
18. Commitments		
Approved but not advanced		
• Loans	<u>2,360,000</u>	<u>4,565,000</u>
19. Related parties		
Relationships		
Entities related to directors	Christian Development Trust Transfer Administrators (Pty) Ltd The Natalie Woods Trust The Mvume Dandala Family Trust	
Related party transactions		
Management fees paid to/(received from) related parties		
Transfer Administrators (Pty) Ltd	<u>790,464</u>	<u>801,672</u>
Interest paid to/(received from) related parties		
The Natalie Woods Trust	210,916	237,253
The Mvume Dandala Family Trust	-	113,780

CDT FOUNDATION INC.

Financial Statements for the year ended 31 December 2010

Statement of Financial Performance

Figures in Rand	Note(s)	2010	2009
Revenue			
Rendering of services		72,000	161,588
Interest received (trading)		1,772,118	2,024,682
	10	1,844,118	2,186,270
Other income			
Dividend revenue	12	22,130	15,926
Interest received	12	54,566	66,104
Gains on disposal of assets		-	80,000
Fair value adjustments		40,488	245,247
		117,184	407,277
Operating expenses			
Administration and secretarial services		368,462	374,195
Auditors remuneration	15	52,528	57,808
Bank charges		2,261	3,568
Computer expenses		76,770	55,580
Depreciation, amortisation and impairments		51,050	19,280
Grants paid		29,408	17,068
Insurance		48,029	42,916
Legal expenses		11,270	342
Management fees - retainer		420,000	420,000
Management fees - special assignment		370,464	381,672
Meetings		3,234	-
Motor vehicle expenses		30,495	24,537
National credit regulator		10,823	8,913
Printing and stationery		50,943	61,084
Subscriptions		45,554	40,032
Travel - local		67,073	42,031
Travel - overseas		76,511	63,575
		1,714,875	1,612,601
Operating surplus	11	246,427	980,946
Finance costs	13	(218,807)	(351,032)
Surplus before taxation		27,620	629,914
Taxation	14	(9,991)	141,017
Surplus for the period		37,611	488,897