CDT FOUNDATION NPC

(Registration Number 1999/014491/08)

Annual Financial Statements

for the year ended 31 December 2012

Audited Financial Statements

in compliance with Companies Act 71 of 2008

Compiled by:

Jesling Auditors

Audited by:

BN Jooste & Co

Index

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

General Information

Country of incorporation and domicile	South Africa
Nature of business and principle activities	Ecumenical loan fund providing loans to Christian Churches and Organisations
Directors	Bishop JT Seoka (Chairman) AE Wentzel (Vice-chairman) IC Aitken The Revd B Arends The Revd J Baker DHL Butcher JM Davidson Pastor PJH de Witt Captain CA Holmes The Revd C Judelsohn S Jwili Dr SD Maluleke SS Manyane AMJ Pinnock Bishop NJ Rohwer MW Schutte The Revd WC van der Merwe
Registered office and business address	4 Gremlin Road Bryanston Ext 8 Sandton, Gauteng 2191
Postal address	PO Box 70458 Bryanston 2021
Bankers	Nedbank Ltd
Attorneys	Tonkin Clacey Ricardo Wyngaard Attorneys
Auditors	BN Jooste & Co
Company secretary	Transfer Administrators (Pty) Ltd
NPO registration number	005-939
Tax registration number	9149/587/84/3

B.N. Jooste & Co.
Practise No. 916900E

Chartered Accountants (SA)
Registered Auditors

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Ferndale
2194
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Barrie Noel Jooste, CA(SA)
Jeffrey Clive Pierce, B. Acc. CA(SA)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CDT FOUNDATION NPC

We have audited the annual financial statements of CDT Foundation NPC, as set out on pages 7 to 18, which comprise the statement of financial position as at 31 December 2012, and the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

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 management, 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 CDT Foundation NPC as at 31 December 2012, and 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 the requirements of the Companies Act 71 of 2008.

Supplementary Information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on pages 19 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.

INDEPENDENT AUDITORS' REPORT

Other reports required by the Companies Act

As part of our audit of the annual financial statements for the year ended 31 December 2012, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited annual financial statements. This report is the responsibility of the respective preparer. Based on reading this report we have not identified material inconsistencies between this report and the audited annual financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

B N Jooste & Co.

B N Jooste & Co
Chartered Accountants (SA)
Registered Auditors
Practice No. 916900 E

Per: JC Pierce
06 February 2012
Randburg

Jesling Auditors

Chartered Accountant, Registered Auditor
Practice number: 903963

Email: gary@jesling.co.za
Website: www.jesling.co.za

Report of the Professional Accountant

To the Members of CDT Foundation NPC

On the basis of information provided by management we have compiled, in accordance with the International Standard on Related Services (ISRS) 4410 applicable to compilation engagements, the statement of financial position of CDT Foundation NPC as of 31 December 2012, statement of comprehensive income and statement of cash flows for the year then ended.

The company's directors are responsible for both the accuracy and completeness of the information supplied to us and are responsible to users for the financial information compiled by us. This includes the maintenance of adequate accounting records and internal controls and the selection and application of appropriate accounting policies.

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa. We have not audited or reviewed these financial statements and accordingly express no assurance thereon.

Jesling Auditors
Practice number: 903963

Gary Jesson CA (SA) RA **6 February 2013**

Directors' responsibilities and approval

The directors are required by the Companies Act No 71 of South Africa, 2008, to maintain adequate accounting records to enable the company to satisfy all reporting requirements applicable to it and provide for the proper conduct of an audit. The accounting records required to be kept by the Act and this regulation must be kept in such a manner as to provide adequate precautions against theft, loss or intentional or accidental damage or destruction, falsification, to facilitate the discovery of any falsification and to comply with any other applicable law dealing with accounting records, access to information, or confidentiality. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards as to form and content and present fairly the state of affairs and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements 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 and the external auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company.

The financial statements have been audited by the independent auditing firm, BN Jooste & Co, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the board of directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' unqualified audit report is presented on page 3 to 4.

The annual financial statements as set out on pages 7 to 18 were approved by the board on 6 February 2013 and were signed on its behalf by:

______________________________	______________________________
AE Wentzel (Vice-chairman)	L Ballot (CEO)

Directors' report

The directors present their report for the year ended 31 December 2012. This report forms part of the audited annual financial statements.

1. Review of activities

Main business and operations

The principal activity of the company is ecumenical loan fund providing loans to christian churches and organisations and there were no major changes herein during the year. In addition:

1) The company manages the Small Project Fund of Bread for the World in South Africa.
2) Provides guidance and executive support to other Christian bodies, NPOs and BEE ventures.

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 reporting date

All events subsequent to the date of financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

3. Directors

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

Bishop JT Seoka (Chairman)
AE Wentzel (Vice-chairman)
IC Aitken
The Revd B Arends
The Revd J Baker
DHL Butcher
JM Davidson
Pastor PJH de Witt
Captain CA Holmes
The Revd C Judelsohn
S Jwili
Dr SD Maluleke
SS Manyane
AMJ Pinnock
Bishop NJ Rohwer
MW Schutte
The Revd WC van der Merwe

4. Secretary

The company's designated secretary is Transfer Administrators (Pty) Ltd.

5. Management of the Foundation

The company is managed by the CEO Mrs LM Ballot and assisted by the secretaries, Transfer Administrators (Pty) Ltd.

6. Auditors

BN Jooste & Co were the auditors for the year under review.

Statement of Financial Position

Figures in R	Note(s)	2012	2011
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	60 059	88 460
Loans receivable	3	14 576 890	14 738 519
Investments	4	608 268	518 045
		15 245 217	**15 345 024**
Current Assets			
Current tax asset		44 862	68 762
Loans receivable	3	4 205 762	4 869 317
Cash and cash equivalents	5	2 258 994	1 610 857
		6 509 618	**6 548 936**
Total Assets		**21 754 835**	**21 893 960**
EQUITY AND LIABILITIES			
Equity			
Retained earnings		21 184 012	21 054 007
Non-Current Liabilities			
Loan from co-funder	6	-	250 045
Deferred taxation	7	33 422	42 382
		33 422	**292 427**
Current Liabilities			
Trade and other payables	8	191 569	112 523
Managed funds' creditors	9	345 832	435 003
		537 401	**547 526**
Total Equity and Liabilities		**21 754 835**	**21 893 960**

Statement of Comprehensive Income

Figures in R	Note(s)	2012	2011
Revenue	10	1 612 758	1 706 727
Other income		90 223	45 898
Operating costs		(1 814 630)	(1 663 143)
Operating (loss)/ profit		**(111 649)**	**89 482**
Finance income	11	237 957	119 967
Finance costs		-	(90 878)
Profit before taxation		**126 308**	**118 571**
Tax expense	12	3 697	(14 485)
Profit for the year		**130 005**	**104 086**

CDT FOUNDATION NPC

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Annual Financial Statements for the year ended 31 December 2012

Statement of Changes in Equity

Figures in R	Retained earnings
Balance at 1 January 2011	20 949 921
Total comprehensive income for the year	104 086
Balance at 31 December 2011	**21 054 007**
Balance at 1 January 2012	21 054 007
Total comprehensive income for the year	130 005
Balance at 31 December 2012	**21 184 012**

CDT FOUNDATION NPC

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Annual Financial Statements for the year ended 31 December 2012

Statement of Cash Flows

Figures in R	Note(s)	2012	2011
Cash flows from operating activities			
Profit for the year		130 005	104 086
Adjustments for:			
Finance costs		-	90 878
Income tax		(3 697)	14 483
Depreciation of property, plant and equipment		48 915	50 925
Investment income		(237 957)	(119 967)
Fair value adjustments		(90 223)	(16 996)
Decrease in trade and other receivables		-	80 000
Increase in trade and other payables		79 047	7 710
Cash (utilised in) / generated by operating activities		(73 910)	211 119
Interest received		205 172	91 265
Finance costs		-	(90 878)
Dividends received		32 785	28 702
Income tax paid		18 637	(66 740)
Net cash from operating activities		**182 684**	**173 468**
Cash flows from investing activities			
Property, plant and equipment acquired		(20 514)	-
Proceeds on disposals of investments			21 098
Net cash (utilised in) / generated by investing activities		**(20 514)**	**21 098**
Cash flows from financing activities			
Repayment of co-funders loan		(250 045)	(1 799 054)
Long term loans repaid		825 183	1 337 312
Net movement of managed funds' creditors		(89 171)	(815 092)
Net cash generated by / (utilised in) financing activities		**485 967**	**(1 276 834)**
Increase/(Decrease) in cash and cash equivalents		648 137	(1 082 268)
Cash and cash equivalents at beginning of the year		1 610 857	2 693 125
Cash and cash equivalents at end of the year	5	**2 258 994**	**1 610 857**

Accounting Policies

1. Presentation of Financial Statements

These financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the consolidated financial statements, are disclosed in the notes.

1.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the company’s activities.

The company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities, as described below:

Interest income

Interest income is recognised using the effective interest method.

1.2 Income taxes

The tax expense for the year comprises of current tax and deferred tax and is recognised in profit or loss.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Accounting Policies

1.3 Property, plant and equipment

Items of property plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

Motor vehicles	20%
Computer Equipment	33%
Computer Software	50%

Motor vehicles, furniture, computer equipment and computer software with an initial cost price of less than R3000 are written off in the year in which they were purchased.

1.4 Loans and other receivables

Loans and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

1.5 Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Notes to the Annual Financial Statements

Figures in R	2012	2011

2. Property, plant and equipment

	Cost	Accumulated depreciation	2012 Carrying value	Cost	Accumulated depreciation	2011 Carrying value
Motor vehicles	148 915	(104 241)	44 674	148 915	(74 458)	74 457
Computer and other equipment	75 314	(59 929)	15 385	54 800	(40 797)	14 003
Computer software	-	-	-	6 000	(6 000)	-
	224 229	(164 170)	60 059	209 715	(121 255)	88 460

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2012 Carrying value at end of year
Motor vehicles	74 457	-	-	(29 783)	44 674
Computer and other equipment	14 003	20 514	-	(19 132)	15 385
	88 460	20 514	-	(48 915)	60 059

A register containing the information required by the Companies Act is available for inspection at the registered office of the company.

3. Loans receivable

	2012	2011
Secured loans	15 735 718	15 587 612
The loans are secured by the mortgage bond over fixed property bearing interest between 8.5% and 12% (2011: 8.5% and 12%) p.a.		
Unsecured loans	3 046 934	4 020 224
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% (2011: 8.5% and 12%) p.a.		
	18 782 652	19 607 836
Non-current assets	14 576 890	14 738 519
Current assets	4 205 762	4 869 317
	18 782 652	19 607 836

Notes to the Annual Financial Statements

Figures in R	2012	2011

4. Investments

Listed shares at fair value	438,074	347,851
Unlisted shares at cost	170,194	170,194
	608 268	518 045

The fair values of listed investments are based on the market price at the reporting period date.

The company held investments in the following companies:

Listed		
Times Media Group Ltd - 274 shares	6 466	4 959
MTN Group Ltd - 2 262 shares	401 731	323 466
Naspers Limited - 55 shares	29 876	19 426
Unlisted		
Ditikeni Investment Company Ltd - 48 345 shares	160 194	160 194
Tembeka Social Investment Company Ltd - 10 000 shares	10 000	10 000
	608 268	518 045

5. Cash and cash equivalents

Nedbank current account	91 971	59 438
CDTrust	438	295
Nedbank investment account	2 166 585	1 551 124
	2 258 994	1 610 857

6. Loan to / (from) co-funder

The Natalie Woods Trust	-	(250 045)

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.

Notes to the Annual Financial Statements

Figures in R	2012	2011

7. Deferred taxation

Balance at beginning of year	(42 382)	(40 003)
Movements consisting of:		
Temporary differences	23 087	(2 379)
Change in rate of tax	(14 127)	-
Prior year adjustments	-	
Balance at end of year	(33 422)	(42 382)

The deferred taxation liability arises from the following temporary differences:		
- Fair value adjustment on Investment shares	(33 422)	(42 382)
Deferred tax liability	(33 422)	(42 382)

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 18.6% (2011: 14%) is used. If the expected manner of recovery is through indefinite use, the normal tax rate of 28% (2011: 28%) is applied.

8. Trade and other payables

Accrued audit fee	35 000	55 000
Accrued compilation fee	10 000	-
Trade creditors	146 569	57 523
	191 569	112 523

9. Managed funds' creditors

Council for World Mission	-	(108 809)
God's Golden Acre	(36 440)	(113 048)
Sakhisizwe Trust	(30 721)	(30 721)
WACC - AR (Membership and admin)	(134 666)	(180 126)
Valley Kids	(144 005)	(2 300)
	(345 832)	(435 003)

Current liabilities		
At amortised cost	(345 832)	(435 003)

Notes to the Annual Financial Statements

Figures in R	2012	2011

10. Revenue

An analysis of revenue is as follows:

Interest received (trading)	1 470 765	1 610 011
Rendering of services	141 993	96 716
	1 612 758	1 706 727

11. Finance income

Interest received - Banks	205 172	91 265
Dividends received	32 785	28 702
	237 957	119 967

12. Income tax expense

Local income tax - current period	5 263	12 106
Deferred tax		
Temporary differences - current period	(8 960)	2 379
Income tax for the year	(3 697)	14 485

Reconciliation of tax expense

Accounting profit	126 308	118 571
Tax at applicable tax rate of 28% (2011: 28%)	35 366	33 200
Adjusted for:		
Exempt Income - Dividends received	(9 180)	(16 129)
Assessed loss utilised	-	(7 590)
Disallowable charges	4 339	7 384
Deferred tax rate difference	(34 222)	(2 380)
	(3 697)	14 485

13. Auditors remuneration

Fees	35 000	55 000
Adjustment for previous year	(2 280)	(6 482)
	32 720	48 518

Notes to the Annual Financial Statements

Figures in R	2012	2011

14. Related party transactions

Relationships

Entities related to the directors	Christian Development Trust
	Transfer Administrators (Pty) Ltd
	The Natalie Woods Trust

Related party transactions

				Amounts owed to the related party at year-end	
Name	**Transactions**	**2012**	**2011**	**2012**	**2011**
Transfer Administrators	Management fees paid	763 992	832 693	(64 257)	(55 223)
The Natalie Woods Trust	Interest paid	-	-	-	(250 045)

Detailed Statement of Financial Performance

Figures in R	2012	2011
Gross Revenue		
Interest received (trading)	1 470 765	1 610 011
Rendering of services	141 993	96 716
	1 612 758	1 706 727
Other Income		
Dividends received from listed investments	32 785	28 702
Fair value gains	90 223	16 996
Investment income	205 172	91 265
Profit on sale of investments	-	28 902
	328 180	165 865
Expenditure		
Accounting fees	3 192	-
Administration fees paid	366 478	394 693
Auditors' remuneration	32 720	48 518
Bad debts	82 314	-
Bank charges	2 271	1 261
Compilation fee	10 000	-
Computer expenses	115 756	95 774
Depreciation - Tangible assets	48 915	50 925
Entertainment	12 256	-
Finance costs	-	90 878
Grants paid	15 497	26 371
Insurance	66 316	13 471
Legal expense	15 726	5 005
Management fees - retainer	464 400	438 000
Managment fees - special assignments	299 592	285 538
Meetings	1 100	6 358
Motor vehicle expenses	22 475	26 080
National credit regulator	7 711	7 845
Payroll maintenance	15 247	6 555
Printing and Stationery	11 661	10 893
Repairs and Maintenance	2 870	21 820
Subscriptions	18 304	29 008
Telephone expenses	51 454	52 052
Travel local	74 748	64 972
Travel overseas	73 627	78 004
	1 814 630	1 754 021
Profit before taxation	**126 308**	**118 571**
Taxation	(3 697)	14 485
Profit after taxation	**130 005**	**104 086**