

Human Rights Development Initiative NPC
(Registration number 2004/026920/08)
Annual Financial Statements for the year ended 31 December 2011

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	To promote the adoption and effective implementation of international and regional human rights norms and standards in societies in the continent of Africa
Directors	Aubrey Vance McCutcheon Dan Mikael Bengtsson Narandran Jody Kollapen Asha Sharmila Ramgobin Ronald Thandabantu Nhlapo Mothomang Diaho Pierre Waldemar Brouard
Registered office	909 Church Street Arcadia Pretoria 0083
Auditors	PricewaterhouseCoopers Inc. Registered Auditor
Company registration number	2004/026920/08
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were independently compiled by: D du Plessis CA (SA)

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

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa 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 South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied 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 directors set 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, 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 directors have reviewed the company's cash flow forecast for the year to 31 December 2012 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

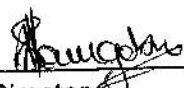
The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 5.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of members, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The annual financial statements set out on pages 6 to 17, which have been prepared on the going concern basis, were approved by the directors on 02/06/12 and were signed on its behalf by:



Director



Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HUMAN RIGHTS DEVELOPMENT INITIATIVE NPC

We have audited the annual financial statements of the Human Rights Development Initiative NPC, which comprise the statement of financial position as at 31 December 2011, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 6 to 16.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's 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 about 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 management, 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.

*PricewaterhouseCoopers Inc, 32 Ida Street, Menlo Park, P O Box 35296, Menlo Park 0102, South Africa
T: +27 (12) 429 0000, F: +27 (12) 429 0100, www.pwc.co.za*

Executive: S P Kana (Chief Executive Officer) T P Blandin de Chateau D J Fetscher P J Mothibe S Subramoney F Tonelli
Resident Director in Charge: M S I Geni
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Human Rights Development Initiative NPC, as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the Companies Act of South Africa.

Emphasis of matter

Without qualifying our opinion, we draw attention to the fact that the accounting policy for property, plant and equipment is not in accordance with IAS 16, Property, plant and equipment, which requires capital assets to be capitalised and depreciated over the estimated useful life of the asset. In terms of the company policy, all capital items purchased are written off to the statement of comprehensive income in the year of purchase.

Other matters

The supplementary information set out on page 17 does not form part of the annual financial statement and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion thereon.


PricewaterhouseCoopers Inc.

Director: P I Heslinga

Registered Auditor

32 Ida Street

Menlo Park

Date.....2.6.2012.....

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Directors' Report

The directors submit their report for the year ended 31 December 2011.

1. Review of activities

Main business and operations

The company is engaged in the promotion of the adoption and effective implementation of international and regional human rights norms and standards in societies in the continent of Africa and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Registered office	909 Church Street Arcadia Pretoria 0083
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2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after the reporting period

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

4. Directors

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

Name

Aubrey Vance McCutcheon
Dan Mikael Bengtsson
Narandran Jody Kollapen
Asha Sharmila Ramgobin
Ronald Thandabantu Nhlapo
Mothomang Diaho
Pierre Waldemar Brouard

5. Secretary

The company had no secretary during the year.

6. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the Companies Act of South Africa.

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Statement of Financial Position

	Notes	2011 R	2010 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	-	-
Current Assets			
Trade and other receivables	3	379,746	72,175
Cash and cash equivalents	4	3,964,528	4,042,929
		<u>4,344,274</u>	<u>4,115,104</u>
Equity and Liabilities			
Equity			
Retained income		<u>2,753,523</u>	<u>3,021,566</u>
Liabilities			
Current Liabilities			
Trade and other payables	5	<u>1,590,751</u>	<u>1,093,538</u>
Total Equity and Liabilities		<u>4,344,274</u>	<u>4,115,104</u>

The notes on pages 14 to 16 are an integral part of these financial statements.

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Statement of Comprehensive Income

	Notes	2011 R	2010 R
Revenue	6	4,821,965	6,283,019
Operating expenses	7	(5,090,008)	(3,695,982)
Operating (loss)/profit		(268,043)	2,587,037
Finance costs		-	(9)
(Loss)/profit for the year		(268,043)	2,587,028
Other comprehensive income		-	-
Total comprehensive (loss)/income		(268,043)	2,587,028

The notes on pages 14 to 16 are an integral part of these financial statements.

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Statement of Changes in Equity

	Retained income R	Total equity R
Balance at 01 January 2010	434,538	434,538
Changes in equity		
Total comprehensive income for the year	2,587,028	2,587,028
Total changes	2,587,028	2,587,028
Balance at 01 January 2011	3,021,566	3,021,566
Changes in equity		
Total comprehensive loss for the year	(268,043)	(268,043)
Total changes	(268,043)	(268,043)
Balance at 31 December 2011	2,753,523	2,753,523

The notes on pages 14 to 16 are an integral part of these financial statements.

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Statement of Cash Flows

	Notes	2011 R	2010 R
Cash flows from operating activities			
Cash receipts from donors		4,514,396	4,775,500
Cash paid to donors, suppliers and employees		(4,578,749)	(7,211,595)
Cash used in operations	9	(64,353)	(2,436,095)
Finance costs		-	(9)
Net cash from operating activities		(64,353)	(2,436,104)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(14,392)	(4,358)
Gain/(loss) on market securities		344	(8,049)
Repayment of staff loan		-	2,020
Net cash from investing activities		(14,048)	(10,387)
Total cash, cash equivalents and bank overdrafts movement for the year		(78,401)	(2,446,491)
Cash, cash equivalents and bank overdrafts at the beginning of the year		4,042,929	6,489,420
Total cash, cash equivalents and bank overdrafts at end of the year	4	3,964,528	4,042,929

The notes on pages 14 to 16 are an integral part of these financial statements.

Accounting Policies

1. Basis of preparation

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and the Companies Act of South Africa. The annual 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 Property, plant and equipment

Although property, plant and equipment was accounted for at cost less accumulated depreciation in prior periods, it was decided that, as of 1 January 2006, all capital items purchased are to be written off to the statement of comprehensive income in the year of purchase. Therefore, the full carrying amount of property, plant and equipment at the end of December 2011, has been written off to the income statement.

1.2 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

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.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Accounting Policies

1.2 Financial instruments (continued)

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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other receivables are classified as loans and receivables.

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.

1.3 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.4 Revenue

i) Donations

Donation income is accounted for on an accrual basis in accordance with the substance of the relevant agreements.

Revenue comprises of the fair value of the consideration received or receivable from donations in the ordinary course of the Company's activities.

The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the company.

ii) Interest income

Interest income comprises of interest earned on investment accounts.

1.5 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Accounting Policies

1.5 Translation of foreign currencies (continued)

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

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Notes to the Annual Financial Statements

2. Property, plant and equipment

	2011			2010		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	90,147	(90,147)	-	86,855	(86,855)	-
Office equipment	29,557	(29,557)	-	29,557	(29,557)	-
Computer equipment	170,363	(170,363)	-	159,263	(159,263)	-
Computer software	5,908	(5,908)	-	5,908	(5,908)	-
Total	295,975	(295,975)	-	281,583	(281,583)	-

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	-	3,292	(3,292)	-
Office equipment	-	-	-	-
Computer equipment	-	11,100	(11,100)	-
Computer software	-	-	-	-
	-	14,392	(14,392)	-

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	-	-	-	-
Office equipment	-	-	-	-
Computer equipment	-	4,358	(4,358)	-
Computer software	-	-	-	-
	-	4,358	(4,358)	-

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

3. Trade and other receivables

Deposits	22,000	22,000
VAT receivable	103,716	27,979
Prepayments	236,065	782
Interest receivable	17,965	21,414
	379,746	72,175

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	19,931	11,193
Bank balances	3,944,597	4,031,736
	3,964,528	4,042,929

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	2011 R	2010 R
5. Trade and other payables		
Other accruals	218,807	16,108
Operating lease accrual	46,614	20,387
Leave accrual	177,751	106,051
Danida's interest	783,221	783,221
Sida's interest	364,358	167,771
	1,590,751	1,093,538
6. Revenue		
Sida Donation income phase 1	-	202,206
Sida Donation income phase 2	4,779,399	4,775,499
Sida interest income	-	1,304,054
Sundry interest	42,566	1,260
	4,821,965	6,283,019
7. Expenses by nature		
Depreciation	14,392	4,358
Auditors remuneration	79,500	86,689
Lease rentals on operating lease	229,326	200,305
Employee costs	1,867,388	1,473,308
Other expenses	2,899,402	1,931,322
Total cost of sales, distribution costs and administrative expenses	5,090,008	3,695,982
8. Income tax expense		
No provision has been made for 2011 tax as the company is registered as a non-profit organisation and is therefore exempt from taxation.		
9. Cash used in operations		
Loss before taxation	(268,043)	2,587,028
Adjustments for:		
(Gain)/loss on market securities	(344)	8,049
Finance costs	-	9
Depreciation	14,392	4,358
Changes in working capital:		
Trade and other receivables	(307,571)	62,913
Trade and other payables	497,213	(5,098,452)
	(64,353)	(2,436,095)

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Notes to the Annual Financial Statements

	2011 R	2010 R
10. Commitments		
Operating leases – as lessee (expense)		
The future aggregate minimum lease payments under non-cancellable operating lease are as follows:		
- no later than 1 year	221,377	203,098
- later than 1 year and no later than 5 years	504,320	725,697
	<u>725,697</u>	<u>928,795</u>

Operating lease payments represent rentals payable by the company for the office premises it occupies. The lease is negotiated for a term of five years with an escalation of 9% per annum in rentals. No contingent rent is payable.

11. Related party transactions

Related party transactions

Directors remuneration for management services:

Salaries for executive directors	906,015	550,794
Professional and other services	-	96,240
	<u>906,015</u>	<u>647,034</u>

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Detailed Income Statement

	2011 R	2010 R
Revenue		
Donations income	4,779,399	4,977,705
Sida interest	-	1,304,054
Sundry interest	42,566	1,260
	4,821,965	6,283,019
Operating expenses		
Building partnerships and community outreach	61,266	200,836
Training- Building cadre of social justice lawyers	240,263	108,585
Student costs- Building a cadre of social justice lawyers	1,108,658	216,782
Legal services- Developing human rights jurisprudence	150,560	260,276
Direct contributions - ULC	504,567	302,000
Developing centres of excellence	15,259	56,550
Development of structured network	205,099	146,752
ACHPR, REC and other Meetings	184,110	125,089
Manual work with PLHIV- grassroots	42,200	7,089
Office running costs	141,149	142,245
Overheads	285,371	244,063
Governance	19,015	58,722
Furniture fittings and equipment	14,392	4,358
Loss on market value adjustment	(344)	8,049
Foreign exchange losses	324	6,121
Salaries and related costs	1,867,388	1,473,308
Professional fees	250,731	335,157
	(5,090,008)	(3,695,982)
Operating (deficit)/surplus	(268,043)	2,587,037
Finance costs	-	(9)
(Deficit)/surplus for the year	(268,043)	2,587,028

The supplementary information presented does not form part of the financial statements and is unaudited