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.
Company registration number	2004/026920/08
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The financial statements were independently compiled by: P Pope CA (SA)
Published	22.5.2013

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Human Rights Development Initiative NPC
(Registration number 2004/026920/08)
Financial Statements for the year ended 31 December 2012

Index

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

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

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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 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 South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the financial statements.

The 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 Code of Corporate Practices and Conduct has been integrated into company strategies and operations.

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 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 2013 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 financial statements. The 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 financial statements set out on pages 6 to 16, which have been prepared on the going concern basis, were approved by the directors on 22 May 2013 and were signed on its behalf by:

Director

Director

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

We have audited the financial statements of Human Rights Development Initiative NPC set out on pages 7 to 16, which comprise the statement of financial position as at 31 December 2012, and the 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 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.

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 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 auditors' 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Human Rights Development Initiative NPC as at 31 December 2012, 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.

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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 reports required by the Companies Act

As part of the audit of the 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 this report and the audited financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

Other matter

The supplementary information set out on page 17 does not form part of the financial statements and is presented as additional information. We have not audited these schedules and accordingly do not express an opinion thereon.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: PI Heslinga
Registered Auditor
Pretoria
Date: 22.5.2013

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Directors' Report

The directors submit their report for the year ended 31 December 2012.

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 financial statements and do not in our opinion require any further comment.

Registered office	909 Church Street Arcadia Pretoria 0083

2. Going concern

The 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.

Statement of Financial Position

	Notes	2012 R	2011 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	-	-
Current Assets			
Trade and other receivables	3	176,583	379,746
Cash and cash equivalents	4	3,562,645	3,964,528
		3,739,228	**4,344,274**
Equity and Liabilities			
Equity			
Retained income		2,820,614	2,753,523
Liabilities			
Current Liabilities			
Trade and other payables	5	918,614	1,590,751
Total Equity and Liabilities		**3,739,228**	**4,344,274**

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

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Statement of Comprehensive Income

	Notes	2012 R	2011 R
Revenue	6	5,984,812	4,821,965
Other income (Insurance claim received)		1,754	-
Operating expenses	7	(5,919,475)	(5,090,008)
Operating surplus/(deficit)		**67,091**	**(268,043)**
Surplus/(deficit) for the year		**67,091**	**(268,043)**
Other comprehensive income		-	-
Total comprehensive surplus/(deficit)		**67,091**	**(268,043)**

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 2011	**3,021,566**	**3,021,566**
Changes in equity		
Total comprehensive deficit for the year	(268,043)	(268,043)
Total changes	(268,043)	(268,043)
Balance at 01 January 2012	**2,753,523**	**2,753,523**
Changes in equity		
Total comprehensive surplus for the year	67,091	67,091
Total changes	67,091	67,091
Balance at 31 December 2012	**2,820,614**	**2,820,614**

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

Statement of Cash Flows

	Notes	2012 R	2011 R
Cash flows from operating activities			
Cash receipts from donors		4,775,500	4,514,396
Cash paid to suppliers and employees		(5,178,217)	(4,578,749)
Cash used in operations	9	(402,717)	(64,353)
Finance costs		-	-
Net cash from operating activities		**(402,717)**	**(64,353)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(920)	(14,392)
Proceeds from insurance claim over property, plant and equipment	2	1,754	-
Gain on market securities		-	344
Net cash from investing activities		**834**	**(14,048)**
Total cash, cash equivalents and bank overdrafts movement for the year		**(401,883)**	**(78,401)**
Cash, cash equivalents and bank overdrafts at the beginning of the year		3,964,528	4,042,929
Total cash, cash equivalents and bank overdrafts at end of the year	4	**3,562,645**	**3,964,528**

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

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Accounting Policies

1. Basis of preparation

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and the Companies Act of South Africa. 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 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 2012, 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 invesment 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.

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 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.

2. Property, plant and equipment

	2012 Cost	2012 Accumulated depreciation	2012 Carrying value	2011 Cost	2011 Accumulated depreciation	2011 Carrying value
Furniture and fixtures	90,848	(90,848)	-	90,147	(90,147)	-
Office equipment	29,776	(29,776)	-	29,557	(29,557)	-
Computer equipment	167,907	(167,907)	-	170,363	(170,363)	-
Computer software	5,908	(5,908)	-	5,908	(5,908)	-
Total	**294,439**	**(294,439)**	**-**	**295,975**	**(295,975)**	**-**

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	-	701	(701)	-
Office equipment	-	219	(219)	-
Computer equipment	-	-	-	-
Computer software	-	-	-	-
	-	**920**	**(920)**	**-**

Reconciliation of property, plant and equipment - 2011

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

3. Trade and other receivables

Deposits	22,000	22,000
South African Revenue Service - VAT receivable	56,581	103,716
Prepayments	78,058	236,065
Interest receivable	14,979	17,965
Other receivable	4,965	-
	176,583	**379,746**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	26,978	19,931
Bank balances	3,535,667	3,944,597
	3,562,645	**3,964,528**

	2012 R	2011 R
5. Trade and other payables		
Other accruals	37,166	218,807
Operating lease accrual	51,598	46,614
Leave accrual	273,791	177,751
Danida's interest	-	783,221
Sida's interest	556,059	364,358
	918,614	**1,590,751**
6. Revenue		
Sida Donation income phase 2	5,984,158	4,779,399
Sundry interest	654	42,566
	5,984,812	**4,821,965**
7. Expenses by nature		
Depreciation	920	14,392
Auditors remuneration	85,000	79,500
Lease rentals on operating lease	226,361	229,326
Employee costs	1,896,055	1,867,388
Other expenses	3,711,139	2,899,402
Total distribution costs and administrative expenses	**5,919,475**	**5,090,008**

8. Income tax expense

No provision has been made for 2012 tax as the company is registered as a non-profit organisation and is therefore exempt from taxation.

9. Cash used in operations

	2012 R	2011 R
Surplus/(deficit) before taxation	67,091	(268,043)
Adjustments for:		
Insurance claim received	(1,754)	-
Gain on market securities	-	(344)
Depreciation	920	14,392
Changes in working capital:		
Trade and other receivables	203,163	(307,571)
Trade and other payables	(672,137)	497,213
	(402,717)	**(64,353)**

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Notes to the Financial Statements

	2012 R	2011 R

10. Commitments

Operating leases – as lessee (expense)

	2012 R	2011 R
The future aggregate minimum lease payments under non-cancellable operating lease are as follows:		
- no later than 1 year	241,301	221,377
- later than 1 year and no later than 5 years	263,018	504,320
	504,319	**725,697**

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

	2012 R	2011 R
Directors remuneration for management services:		
Salaries for executive directors	1,272,143	906,015

12. Going concern

The 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.

13. Events after the reporting period

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

Detailed Income Statement

	2012 R	2011 R
Revenue		
Donations income	5,984,158	4,779,399
Sundry interest	654	42,566
	5,984,812	**4,821,965**
Other income		
Insurance claim received	1,754	-
Operating expenses		
Building partnerships and community outreach	56,971	61,266
Training- Building cadre of social justice lawyers	285,069	240,263
Student costs- Building a cadre of social justice lawyers	1,212,423	1,108,658
Legal services- Developing human rights jurisprudence	44,797	150,560
Direct contributions - ULC	1,049,680	504,567
Developing centres of excellence	-	15,259
Development of structured network	233,385	205,099
ACHPR, REC and other Meetings	407,259	184,110
Manual work with PLHIV- grassroots	47,675	42,200
Office running costs	117,205	141,149
Overheads	291,129	285,371
Governance	3,500	19,015
Furniture fittings and equipment (Depreciation)	920	14,392
Loss on market value adjustment	28,077	(344)
Foreign exchange losses	1,058	324
Salaries and related costs	1,896,055	1,867,388
Professional fees	244,272	250,731
	(5,919,475)	**(5,090,008)**
Surplus/(deficit) for the year	**67,091**	**(268,043)**