

**HUMAN RIGHTS DEVELOPMENT INITIATIVE**  
**(Incorporated under section 21)**  
**(Registration no: 2004/026920/08)**

**FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 31 DECEMBER 2007**

**HUMAN RIGHTS DEVELOPMENT INITIATIVE  
(Incorporated under section 21)  
(Registration no 2004/026920/08)**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

---

DIRECTORS:

Aubrey Vance McCutcheon  
Dan Mikael Bengtsson  
Dennis Roy Tollborg  
Narandran Jody Kollapen  
Ibrahima Amara Kane  
Asha Sharmila Ramgobin  
Ronald Thandabantu Nhlapo

AUDITORS:

PricewaterhouseCoopers Inc.

REGISTERED OFFICE:

909 Church Street  
Arcadia  
0083

<b>INDEX</b>	<b>PAGE</b>
STATEMENT OF RESPONSIBILITY BY DIRECTORS	2
REPORT OF THE INDEPENDENT AUDITORS	3 - 4
DIRECTORS REPORT	5
BALANCE SHEET	6
INCOME STATEMENT	7
STATEMENT OF CHANGES IN EQUITY	8
CASH FLOW STATEMENT	9
SUMMARY OF ACCOUNTING POLICIES	10
NOTES TO THE ANNUAL FINANCIAL STATEMENTS	11 - 12
ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS	13

**HUMAN RIGHTS DEVELOPMENT INITIATIVE  
(Incorporated under section 21)**

**STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

---

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Human Rights Development Initiative (Incorporated under section 21). The financial statements presented on pages 2 to 12 have been prepared in accordance with Statements of Generally Accepted Accounting Practice in South Africa, and include amounts based on judgements and estimates made by management.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future based on forecasts. These financial statements support the viability of the company.

The financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers Incorporated, which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, 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. PricewaterhouseCoopers Incorporated's audit report is presented on page 3.

These financial statements have been approved by the Board of Directors on 24 May 2008 and signed on their behalf.



\_\_\_\_\_  
DIRECTOR



\_\_\_\_\_  
DIRECTOR

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HUMAN RIGHTS DEVELOPMENT INITIATIVE (Incorporated under section 21)**

---

We have audited the annual financial statements of Human Rights Development Initiative (Incorporated under section 21) which comprise the directors' report, the balance sheet as at 31 December 2007, the income statement, the statement of changes in equity, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 12.

### **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 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.

### **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 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

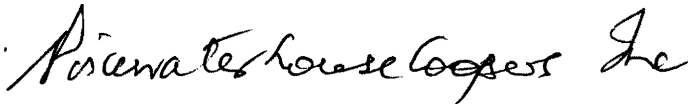
In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act of South Africa, 1973.

## Departure from South African Statements of Generally Accepted Accounting Practice

Without qualifying our opinion above, we draw attention to the fact that the presentation of financial statements is not in accordance with South African Statements of Generally Accepted Accounting Practice with respect to fixed assets. The Company does not capitalise the fixed assets as required by the statements, but rather expenses fixed assets in the year of purchase. Refer to note 3 to the financial statements for the effect thereof. The Company does however maintain a complete fixed asset register.

## Supplementary information

The supplementary schedule set out in the Annexure does not form part of the annual financial statements and are presented as additional information. We have not audited these schedules and accordingly we do not express an opinion on them.



PricewaterhouseCoopers Inc.  
Director: PI Heslinga  
Registered Auditor

PRETORIA  
Date : 24.5.2008

## Opinion

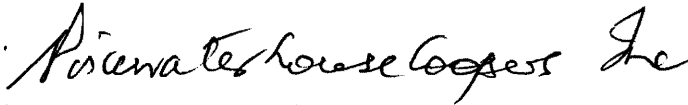
In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act of South Africa, 1973.

## Departure from South African Statements of Generally Accepted Accounting Practice

Without qualifying our opinion above, we draw attention to the fact that the presentation of financial statements is not in accordance with South African Statements of Generally Accepted Accounting Practice with respect to fixed assets. The Company does not capitalise the fixed assets as required by the statements, but rather expenses fixed assets in the year of purchase. Refer to note 3 to the financial statements for the effect thereof. The Company does however maintain a complete fixed asset register.

## Supplementary information

The supplementary schedule set out in the Annexure does not form part of the annual financial statements and are presented as additional information. We have not audited these schedules and accordingly we do not express an opinion on them.



PricewaterhouseCoopers Inc.  
Director: PI Heslinga  
Registered Auditor

PRETORIA  
Date : 24.5.2008

# HUMAN RIGHTS DEVELOPMENT INITIATIVE (Incorporated under section 21)

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

---

### 1. NATURE OF BUSINESS

The main objective of the company is to promote the adoption and effective implementation of international and regional human rights norms and standards in societies within the continent of Africa.

### 2. REVIEW OF OPERATIONS

The financial position of the company is in the opinion of the directors' clearly reflected in the attached financial statements.

### 3. DIRECTORS AND SECRETARY

The directors throughout the year were:

Aubrey Vance McCutcheon  
Dan Mikael Bengtsson  
Dennis Roy Tollborg  
Narandran Jody Kollapen  
Ibrahima Amara Kane  
Asha Sharmila Ramgobin  
Ronald Thandabantu Nhlapo

The company has not appointed a secretary.

#### **Business address:**

909 Church Street  
Arcadia  
Pretoria  
0083

### 4. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, that would affect the operations of the company or the results of those operations significantly.

### 5. AUDITORS

PricewaterhouseCoopers Inc will continue in office.

**HUMAN RIGHTS DEVELOPMENT INITIATIVE**  
**(Incorporated under section 21)**

**BALANCE SHEET**  
**AT 31 DECEMBER 2007**

	Note	2007 R	2006 R
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	3	-	-
<b>Current assets</b>			
Deposits		22 000	22 000
Accounts receivable		129 479	-
Cash and cash equivalents	5	5 523 576	2 631 743
SARS - VAT		63 720	61 113
<b>TOTAL ASSETS</b>		<b>5 738 775</b>	<b>2 714 856</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Retained earnings		5 312 377	2 622 969
<b>Current liabilities</b>			
Payables and accruals	6	426 398	91 887
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5 738 775</b>	<b>2 714 856</b>



**HUMAN RIGHTS DEVELOPMENT INITIATIVE  
(Incorporated under section 21)**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

		2007 R	2006 R
<b>INCOME</b>			
Donations income		5 524 849	3 424 747
<b>OPERATING EXPENSES</b>		2 835 441	2 220 004
Accounting fees		7 558	18 929
Auditors remuneration		30 700	-
Bank charges		21 741	6 535
Capital expenditure		35 444	154 214
Computer expenses		16 086	4 803
Courier and postages		1 671	409
Direct contribution to ULC		409 354	79 557
Directors remuneration	2	790 020	718 200
Insurance		24 562	10 679
Lecturers supervision		142 395	221 636
Legal fees		29 239	3 000
Material and resources		117 773	74 183
Meeting costs		49 374	32 905
Office supplies		6 352	5 725
Penalties - SARS		-	1 053
Photocopying and printing		3 558	4 731
Recruitment and relocation expenses		24 491	36 488
Rent		141 900	110 000
Repairs, cleaning and maintenance		24 330	11 204
Salaries		205 579	209 003
Stationery		5 250	5 065
Student allowances		228 324	218 302
Student medical aid		14 042	14 974
Student orientation and induction		26 559	4 630
Telephone and fax		28 538	20 148
Travel and accommodation		450 601	253 631
Net Operating Income	2	2 689 408	1 204 743
Net finance income	7	323 956	90 971
Finance income refundable to donar		(323 956)	(90 971)
- SIDA		(176 892)	(90 332)
- DANIDA		(147 064)	(639)
<b>Net surplus for the period</b>		<b>2 689 408</b>	<b>1 204 743</b>

**HUMAN RIGHTS DEVELOPMENT INITIATIVE  
(Incorporated under section 21)**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2007**

---

	<b>2007</b>	<b>2006</b>
	<b>R</b>	<b>R</b>
Opening balance at beginning of the period	2 622 969	1 418 226
Surplus for the period	<u>2 689 408</u>	<u>1 204 743</u>
Closing balance at end of period	<u><u>5 312 377</u></u>	<u><u>2 622 969</u></u>

**HUMAN RIGHTS DEVELOPMENT INITIATIVE**  
**(Incorporated under section 21)**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 R	2006 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from donors		5 392 763	2 276 498
Cash paid to suppliers		(2 056 132)	(1 128 431)
Cash generated from operations	9	3 336 631	1 375 485
Interest received		-	90 971
<b>Net cash flow from operating activities</b>		<b>3 336 631</b>	<b>1 466 456</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
		(444 798)	(249 418)
Acquisition of equipment		(444 798)	(227 418)
Deposit for rental		-	(22 000)
<b>Net cash increase/(decrease) during the year</b>		<b>2 891 833</b>	<b>1 217 038</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>2 631 743</b>	<b>1 414 705</b>
<b>Cash and cash equivalents at end of the year</b>		<b>5 523 576</b>	<b>2 631 743</b>

# HUMAN RIGHTS DEVELOPMENT INITIATIVE (Incorporated under section 21)

## SUMMARY OF ACCOUNTING POLICIES AT 31 DECEMBER 2007

---

### 1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.1 Basis of preparation

The financial statements are prepared in accordance with and comply with Statements of South African Generally Accepted Accounting Practice. The financial statements are prepared under the historical cost convention, as modified by revaluation of financial assets and liabilities as set out below.

#### 1.2 Financial instruments

Investments in financial assets are initially recognised at cost. Subsequently financial assets are re-measured at fair value, except for fixed maturity investments such as debt and loans. Financial instruments carried on the balance sheet include cash and bank balances, receivables, trade creditors, leases and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### 1.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with bank and bank balances excluding overdraft amounts, if any. Cash and cash equivalents are measured at fair values.

#### 1.4 Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Such balances are translated at year-end exchange rates.

#### 1.5 Revenue recognition

##### 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.

##### ii) Interest income

Interest income comprises of interest earned on investment accounts.

#### 1.6 Trade payables

Trade payables are recognised at fair value.

#### 1.8 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 that all capital items purchased are to be written off to the income statement in the year of purchase. Therefore, the full carrying amount of property, plant and equipment at the end of December 2005, has been written off to the income statement.

#### 1.9 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

**HUMAN RIGHTS DEVELOPMENT INITIATIVE  
(Incorporated under section 21)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**2. OPERATING PROFIT**

The following item has been charged in arriving at the operating profit:

<b>Expenses</b>	<b>2007 R</b>	<b>2006 R</b>
Directors remuneration for other services (salaries)	790 020	718 200

<b>3. PROPERTY, PLANT AND EQUIPMENT</b>	<b>Furniture &amp; Fittings</b>	<b>Computer Equipment</b>	<b>Computer Software</b>	<b>Office Equipment</b>	<b>Total</b>
<b>Year ended 31 December 2007</b>					
Opening net book value	-	-	-	-	-
Additions	34 089	-	1 355	-	35 444
Disposals	-	-	-	-	-
Depreciation charge	(34 089)	-	(1 355)	-	(35 444)
Net book value end of year	-	-	-	-	-
<b>At 31 December 2007</b>					
Cost	85 197	157 803	5 908	29 557	278 465
Accumulated depreciation	(85 197)	(157 803)	(5 908)	(29 557)	(278 465)
Net carrying amount	-	-	-	-	-
<b>Fifteen months ended 31 December 2006</b>					
Opening net book value	-	6 351	1	1	6 353
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation charge	-	(6 351)	(1)	(1)	(6 353)
Net book value end of year	-	-	-	-	-
<b>At 31 December 2006</b>					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Net carrying amount	-	-	-	-	-

The full balance has been written off to the income statement during the 2007 financial year.

Fixed assets purchased in the current year amount to R 35,444.00. This is made up as follows:

Furniture and fittings	34 089
Computer software	1 355
	<u>35 444</u>

**HUMAN RIGHTS DEVELOPMENT INITIATIVE  
(Incorporated under section 21)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**4. CHANGE IN ACCOUNTING POLICY**

The accounting policy for revenue received from donations was changed from recognising donation income when received to recognising donation income when it is receivable. There are no retrospective changes for this change.

	2007	2006
	R	R
<b>5. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of cash on hand and balances with banks.		
Bank balances	5 523 576	2 631 743
<b>6. OTHER PAYABLES AND ACCRUALS</b>		
Accruals	425 482	90 971
- Interest SIDA	267 224	90 332
DANIDA	147 703	639
- Sundry creditors	10 555	-
SARS	916	916
	426 398	91 887
<b>7. FINANCE INCOME</b>		
Interest income	323 956	90 971
	323 956	90 971
<b>8. TAXATION</b>		
The company is exempt for payment of income tax in terms of section 10(1)(CB)(l)(CC) of the income Tax Act of 1962.		
<b>9. CASH (UTILISED IN)/GENERATED FROM OPERATIONS</b>		
Surplus/(Deficit) before tax	2 689 408	1 204 743
Adjusted for:		
Capital expenditure	444 798	227 418
Write off of fixed assets	-	6 353
Interest received	-	(90 971)
Changes in working capital:		
(Increase) in trade and other receivables	(132 086)	(61 095)
Increase in other payables and accruals	334 511	89 037
Cash flows from operating activities	3 336 631	1 375 485

**HUMAN RIGHTS DEVELOPMENT INITIATIVE  
(Incorporated under section 21)**

**ANNEXURE TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

---

The annexure to the financial statements has been prepared for management information purposes only, and does not form part of the audited financial statements, accordingly no audit opinion is expressed thereon.

This is the summary of the format generally requested by funders when the company applies for funding.

No comparatives have been stated for the figures.

TAILORED INCOME STATEMENT

ANNEXURE 1

**HUMAN RIGHTS DEVELOPMENT INITIATIVE  
(Incorporated under section 21)**

ANNEXURE 1

**TAILORED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007 R	2006 R
Donations Income	5 524 849	3 424 747
Interest received	323 956	90 971
Interest refundable to donors	(323 956)	(90 971)
<b>Total expenses</b>	<b>2 835 441</b>	<b>2 220 004</b>
Training	337 147	346 295
Student costs	456 179	356 181
Direct contributions - ULC	409 354	79 557
Community outreach	119 913	21 635
Regional governance	52 414	33 950
Salaries and wages	995 599	927 203
Staff costs	24 491	36 488
Professional fees	38 258	21 929
Overheads	190 792	131 886
Office running costs	84 073	47 904
Governance	62 538	57 925
Conferences	-	3 784
Capital purchases	35 444	147 861
Interest and penalties	-	1 053
Fixed asset write off	-	6 353
Legal services	29 239	-
	<u>2 689 408</u>	<u>1 204 743</u>