

HUMAN RIGHTS DEVELOPMENT INITIATIVE
(Association incorporated under Section 21 of the Companies Act, 1973)
(Registration number 2004/026920/08)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

HUMAN RIGHTS DEVELOPMENT INITIATIVE
(Association incorporated under Section 21 of the Companies Act, 1973)
(Registration number 2004/026920/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

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

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HUMAN RIGHTS DEVELOPMENT INITIATIVE
(Association incorporated under Section 21 of the Companies Act, 1973)
(Registration number 2004/026920/08)
STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2008

The directors are required by the Companies Act of South Africa, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly represent 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 presented on pages 6 to 17 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 judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system on 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 to 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 minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior 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 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 auditor and their report is presented on pages 3 - 4.

These financial statements have been approved by the Board of Directors on _____ and signed on their behalf:

Director

Director

Independent auditor's report

To the Members of Human Rights Development Initiative (Incorporated under section 21)

Report on the Financial Statements

We have audited the annual financial statements of Human Rights Development Initiative, which comprise the directors' report, the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP) and in the manner required by the Companies Act of South Africa. 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 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 accompany financial statements present fairly, in all material respects, the financial position of Human Rights Development Initiative as of 31 December 2008, 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 in the manner required by the Companies Act of South Africa.

Emphasis of matter

Without qualifying our opinion, 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.

Accounting and secretarial duties

With the written consent of the Board we have performed certain accounting and taxation duties on behalf of the Company.

Supplementary information

The supplementary schedule set out on Annexure A 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: _____

HUMAN RIGHTS DEVELOPMENT INITIATIVE
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(Registration number 2004/026920/08)
DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008

The directors have pleasure in submitting their report, which forms part of the audited financial statements of the company for the year ended 31 December 2008.

GENERAL REVIEW

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

FINANCIAL RESULTS

The financial position of the company is in the opinion of the directors' clearly reflected in the attached financial statements on pages 6 - 17.

The audited annual financial statements have been prepared in accordance with Statements of Generally Accepted Accounting Practice (SA GAAP) and their interpretation adopted by the International Accounting Standards Board (IASB) and the Companies Act in South Africa, 1973. The financial statements are based on appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

DIRECTORS AND SECRETARY

The directors throughout the year were:

Chairperson

Ronald Thandabantu Nhlapo

Other directors

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

The company has not appointed a secretary.

Business address:

909 Church Street
Arcadia
Pretoria
0083

GOING CONCERN

The going concern basis has been adopted in preparing the financial statements. The directors have reviewed the company's cash flow forecast for the year to 31 December 2009 and, in the light of this review (considering the funding agreements that are in place) and the current financial position, they are satisfied that the company has or will have access to adequate resource to continue in operational existence for the foreseeable future.

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.

AUDITORS

PricewaterhouseCoopers Inc will continue in office.

HUMAN RIGHTS DEVELOPMENT INITIATIVE
(Association incorporated under Section 21 of the Companies Act, 1973)
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BALANCE SHEET
AT 31 DECEMBER 2008

	Notes	2008 R	2007 R
ASSETS			
Non-current assets			
Property and equipment	3	-	-
Current assets			
		10,193,201	5,738,775
Deposits		22,000	22,000
Other receivables	4	6,172	129,479
Cash and cash equivalents	5	10,085,607	5,523,576
South African Revenue Services - Value Added Tax		79,422	63,720
TOTAL ASSETS		10,193,201	5,738,775
EQUITY AND LIABILITIES			
Equity			
Accumulated surplus		8,926,391	5,313,293
Current liabilities			
Payables and accruals	6	1,266,809	425,482
TOTAL RESERVES AND LIABILITIES		10,193,200	5,738,775

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INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 R	2007 R
Revenue			
Donations income	2	<u>7,780,536</u>	<u>5,524,849</u>
Net Operating expenses		4,167,438	2,835,441
Other income		(103,986)	-
Other operating expenses	2	<u>4,271,424</u>	<u>2,835,441</u>
Net surplus for the year		<u><u>3,613,098</u></u>	<u><u>2,689,408</u></u>

HUMAN RIGHTS DEVELOPMENT INITIATIVE
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STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	Accumulated surplus R	Total R
Balance at 1 January 2007		2,622,969	2,622,969
Net surplus for the year		2,689,408	2,689,408
Balance at 31 December 2007		5,312,377	5,312,377
Prior period adjustment	7	916	916
Restated balance at 1 December 2008		5,313,293	5,313,293
Net surplus for the year		3,613,098	3,613,098
Balance at 31 December 2008		8,926,391	8,926,391

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 R	2007 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from members and funders		7,903,842	5,392,763
Cash paid to suppliers and employees		<u>(3,293,558)</u>	<u>(2,056,132)</u>
Net cash flows from operating activities	8	4,610,284	3,336,631
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		<u>(48,253)</u>	<u>(444,798)</u>
Net cash used in investing activities		(48,253)	(444,798)
Net decrease in cash, cash equivalents and bank overdrafts		4,562,031	2,891,833
Cash, cash equivalents and bank overdrafts at beginning of the year		5,523,576	2,631,743
Cash, cash equivalents and bank overdrafts at end of the year	5	<u><u>10,085,606</u></u>	<u><u>5,523,576</u></u>

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle 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.

1.1 Basis of preparation

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP) and in the manner required by the Companies Act in South Africa. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and available-for-sale financial assets, which are carried at fair value.

The preparation of financial statements in conformity with SA GAAP requires management to exercise its judgment in the process of applying the company's accounting policies.

1.2 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 2008, has been written off to the income statement.

1.3 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 and creditors. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

1.4 Receivables

Receivables are recognised at fair value.

1.5 Cash and cash equivalents comprise cash on hand, deposits held at call with bank and bank

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.

1.6 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.

1.7 Payables

Payables are recognised at fair value.

1.8 Provisions

Provisions are measured at the fair value of the future obligation.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2008

1.9 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.

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

ii) Interest income

Interest income comprises of interest earned on investment accounts.

1.10 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 are charged to the income statement on a straight-line basis over the period of the lease.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 R	2007 R
2. RESULTS FROM OPERATING ACTIVITIES		
Revenue consists of:		
- Donation income - SIDA	5,218,180	3,513,548
- Donation income - DANIDA	2,562,351	2,011,301
- Other donations	5	-
	<u>7,780,536</u>	<u>5,524,849</u>

The following items have been charged at arriving at operating profit:

Operating lease rental: Office Building	154,671	141,900
Auditors remuneration	41,000	30,700
Directors emoluments:		
- Executive directors' remuneration for other services (salaries)	908,680	790,020
Salaries	547,335	205,579

3. PROPERTY, PLANT AND EQUIPMENT

	Computer Software	Furniture & Fittings	Computer Equipment	Office Equipment	Total
Year ended 31 December 2007					
Opening net book value	-	-	-	-	-
Additions	1,355	34,089	-	-	34,089
Depreciation charge	(1,355)	(34,089)	-	-	(34,089)
Net book value end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

At 31 December 2007

Cost	5,908	85,197	157,803	29,557	278,465
Accumulated depreciation	(5,908)	(85,197)	(157,803)	(29,557)	(278,465)
Net carrying amount	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Year ended 31 December 2008

Opening net book value	-	-	-	-	-
Additions	-	755	47,498	-	48,253
Transfers	-	-	(49,483)	-	(49,483)
Depreciation charge	-	(755)	1,985	-	1,230
Net book value end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

At 31 December 2008

Cost	5,908	85,952	155,818	29,557	277,235
Accumulated depreciation	(5,908)	(85,952)	(155,818)	(29,557)	(277,235)
Net carrying amount	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The full balance has been written off to the income statement during the 2008 financial year. Refer to accounting policy 1.2.

Fixed assets purchased in the current year amount to R48,252.68

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FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 R	2007 R
4. OTHER RECEIVABLES		
Receivables	-	129,479
Prepayments	6,172	-
	<u>6,172</u>	<u>129,479</u>
5. CASH AND CASH EQUIVALENTS		
Cash and cash equivalent consist of cash on hand and balances with banks		
Bank balances	<u>10,085,607</u>	<u>5,523,576</u>
6. PAYABLES AND ACCRUALS		
Accruals		
- Interest SIDA	675,806	267,224
- Interest DANIDA	410,639	147,703
Other accruals	105,363	10,555
South African Revenue Services	-	916
Provision for leave	75,001	-
	<u>1,266,809</u>	<u>426,398</u>
7. Prior period adjustment		
The retained income was restated by R 916. This related to the interest that was incorrectly charged by the South African Revenue Services (SARS). SARS has subsequently reversed the interest.		
The impact is as follows:		
Increase in net surplus	<u>916</u>	<u>-</u>
Decrease in accounts payable	<u>916</u>	<u>-</u>
8. CASH GENERATED FROM OPERATIONS		
Net surplus for the year	3,613,098	2,689,408
Adjusted for:		
Capital expenditure	48,253	444,798
Working capital changes	948,933	201,509
Decrease/(Increase) in accounts receivable	107,607	(132,086)
Increase in accounts payable	841,327	333,595
Cash generated from operations	<u>4,610,284</u>	<u>3,335,715</u>

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NOTES TO THE FINANCIAL STATEMENTS
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	2008 R	2007 R
9. Operating lease		
The company leases the office building under an operating lease agreement.		
The future minimum lease payments under non-cancellable operating leases are as follows:		
Not later than 1 year	170,944	154,671
	<u>170,944</u>	<u>154,671</u>

10. FINANCIAL AND RISK MANAGEMENT

HRDI's principal financial instruments comprise of receivables, payables, cash and cash equivalents. These instruments arise directly from its operations.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and operational risk.

HRDI seeks to minimize the potential adverse effects of these financial risks. Risk management is carried out under policies approved by the board of directors.

The company does not have major exposure to credit, liquidity and market risk, which is described in more detail below.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions and other receivables.

The company only places significant amounts of funds with recognized financial institutions with strong credit ratings and does not consider the credit risk exposure to be significant.

Other receivables comprise of a deposit made and does the company does not consider the credit risk exposure to be significant.

Ageing of financial assets

The following table provides information regarding the credit quality of assets which expose the company to credit

2008	Financial assets that are past due but not impaired				Total carrying amount
	Neither past due nor impaired	0-2 months	3-5 months	Impaired financial assets	
	R	R	R	R	R
Other receivables	6,172	-	-	-	6,172
Cash and cash equivalents	10,085,607	-	-	-	10,085,607
	<u>10,091,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,091,779</u>

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NOTES TO THE FINANCIAL STATEMENTS
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Ageing of financial assets (continued)

2007	Neither past due nor impaired	Financial assets that are past due but not impaired		Impaired financial assets	Total carrying amount
		0-2 months	3-5 months		
Other receivables	129,479	-	-	-	129,479
Cash and cash equivalents	5,523,576	-	-	-	5,523,576
	<u>5,653,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,653,055</u>

There are no financial assets that would have been past due or impaired had the terms not been renegotiated for the current or prior year.

Liquidity risk

Liquidity risk for HRDI consists of the risk that it will encounter difficulties in meeting its liabilities arising mainly from creditors and staff.

Liquidity risk is minimized by maintaining sufficient funds as cash in hand and on-demand deposits.

Security and collateral

The company has not pledged any financial assets as collateral for liabilities or contingent liabilities.

Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and equity prices will affect the value of the company's financial assets.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

Interest rate risk is the risk borne due to changes in interest rates on borrowings and investments.

There is no interest rate risk for HRDI as the interest is repayable to the donors at the end of the contract term.

There is no significant short-term exposure to changes in interest rates as cash and cash equivalents are held as cash in hand or on-demand deposits.

The company does not have interest bearing borrowings and is therefore not significantly exposed to interest rate

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Foreign exchange risk

Foreign exchange rate risk is a form of risk that arises from the change in price of one currency against another. HRDI's policy with respect to transactions is to record in ZAR at the rate in effect at the date of the transaction whatever the currency.

HRDI's policy with respect to monetary assets and liabilities denominated in other currencies is to translate at the rate of exchange in effect at the balance sheet date. All gains or losses on changes in currency exchange rates are accounted for in the income statement.

HRDI does not take speculative positions in foreign exchange contracts or any derivative financial instruments.

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2008

Assets as per balance sheet	Loans and receivables R	Assets at fair value through profit and loss R	Derivatives used for hedging R	Available for sale R	Total R
Other receivables	6,172	-	-	-	6,172
Cash and cash equivalents	-	10,085,607	-	-	10,085,607
Total	6,172	10,085,607	-	-	10,091,779

Liabilities as per balance sheet	Liabilities at FV through profit and loss R	Derivatives used for hedging R	Other financial liabilities R	Total R
Payables and accruals	-	-	1,266,809	1,266,809
Total	-	-	1,266,809	1,266,809

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NOTES TO THE FINANCIAL STATEMENTS
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Financial instruments by category (continued)

31 December 2007

Assets as per balance sheet	Loans and receivables R	Assets at fair value through profit and loss R	Derivatives used for hedging R	Available for sale R	Total R
Other receivables	129,479	-	-	-	129,479
Cash and cash equivalents	-	5,523,576	-	-	5,523,576
Total	129,479	5,523,576	-	-	5,653,055

Liabilities as per balance sheet	Liabilities at FV through profit and loss R	Derivatives used for hedging R	Other financial liabilities R	Total R
Payables and accruals	-	-	426,398	426,398
Total	-	-	426,398	426,398

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure and from external factors such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the company's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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TAILORED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

Annexure A

	2008	2007
	R	R
Donations Income	7,780,536	5,524,849
Interest received	671,518	323,956
Interest refundable to donors	(671,518)	(323,956)
Other income - gain of market value adjustment	73,157	-
Other income - foreign exchange gain	30,829	-
	<u>7,884,522</u>	<u>5,524,849</u>
Total expenses	4,271,424	2,835,441
Training	451,315	337,147
Student costs	562,975	456,179
Direct contributions - ULC	924,261	409,354
Community outreach	82,901	119,913
Regional governance	103,489	52,414
Salaries and wages	1,456,035	995,599
Staff costs	77,730	24,491
Professional fees	90,560	38,258
Overheads	209,438	190,792
Office running costs	125,535	84,073
Governance	46,753	62,538
Legal services	92,180	29,239
Capital purchases	48,253	35,444
	<u>3,613,098</u>	<u>2,689,408</u>
Net surplus		