Human Rights Development Initiative (Association incorporated under Section 21)
(Registration number 2004/026920/08)
Financial statements
for the year ended 31 December 2009

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 Dennis Roy Tollborg Narandran Jody Kollapen Ibrahima Amara Kane Asha Sharmila Ramgobin Ronald Thandabantu Nhlapo
Registered office	909 Church Street Arcadia Pretoria 0083
Auditors	PricewaterhouseCoopers Inc. Registered Auditor
Company registration number	2004/026920/08

Index

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

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

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 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 ended 31 December 2010 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 financial statements set out on pages 6 to 16, which have been prepared on the going concern basis, were approved by the directors on ________________ and were signed on its behalf by:

______________________________ ______________________________

Director **Director**

Independent Auditor's Report

to the members of Human Rights Development Initiative (Association incorporated under Section 21)

We have audited the annual financial statements of Human Rights Development Initiative (Association incorporated under Section 21), which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 6 to 15.

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. 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 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 (Association incorporated under Section 21) as at 31 December 2009, 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 2 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.

PricewaterhouseCoopers Inc.
Director: PI Heslinga
Registered Auditor

Directors' Report

The directors submit their report for the year ended 31 December 2009.

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.

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:

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

5. Secretary

The company had no secretary during the year.

6. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 270(2) of the Companies Act.

Statement of Financial Position

	Notes	2009 R	2008 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	-	-
Other financial assets		2,020	-
		2,020	**-**
Current Assets			
Trade and other receivables	3	135,088	107,594
Cash and cash equivalents	4	6,489,420	10,085,607
		6,624,508	**10,193,201**
Total Assets		**6,626,528**	**10,193,201**
Equity and Liabilities			
Equity			
Retained income		434,538	8,926,391
Liabilities			
Current Liabilities			
Trade and other payables	5	6,191,990	1,266,810
Total Equity and Liabilities		**6,626,528**	**10,193,201**

The notes on pages 14 to 15 are an integral part of these financial statements.

Statement of Comprehensive Income

	Notes	2009 R	2008 R
Revenue	6	7,120	7,780,536
Other income		-	103,986
Operating expenses		(4,462,043)	(4,271,425)
Operating (loss) profit		**(4,454,923)**	**3,613,097**
Material non-operating items requiring separate disclosure			
Donations adjustment	5	(4,036,930)	-
(Loss) profit for the year		**(8,491,853)**	**3,613,097**
Other comprehensive income		-	-
Total comprehensive (loss) income		**(8,491,853)**	**3,613,097**

The notes on pages 14 to 15 are an integral part of these financial statements.

Statement of Changes in Equity

	Retained income R	Total equity R
Balance at 01 January 2008	**5,313,294**	**5,313,294**
Changes in equity		
Total comprehensive income for the year	3,613,097	3,613,097
Total changes	3,613,097	3,613,097
Balance at 01 January 2009	**8,926,391**	**8,926,391**
Changes in equity		
Total comprehensive loss for the year	(8,491,853)	(8,491,853)
Total changes	(8,491,853)	(8,491,853)
Balance at 31 December 2009	**434,538**	**434,538**

The notes on pages 14 to 15 are an integral part of these financial statements.

Statement of Cash Flows

	Notes	2009 R	2008 R
Cash flows from operating activities			
Cash receipts from donors		-	7,903,843
Cash paid to suppliers and employees		(3,555,572)	(3,366,716)
Cash used in operations	8	(3,555,572)	4,537,127
Net cash from operating activities		**(3,555,572)**	**4,537,127**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(21,080)	(48,253)
Loss on market securities		(17,515)	73,157
Advancement of loan		(2,020)	-
Net cash from investing activities		**(40,615)**	**24,904**
Total cash, cash equivalents and bank overdrafts movement for the year		**(3,596,187)**	**4,562,031**
Cash, cash equivalents and bank overdrafts at the beginning of the year		10,085,607	5,523,576
Total cash, cash equivalents and bank overdrafts at end of the year	4	**6,489,420**	**10,085,607**

The notes on pages 14 to 15 are an integral part of these financial statements.

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, except for the measurement of investment properties and certain financial instruments at fair value, 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 income statement in the year of purchase. Therefore, the full carrying amount of property, plant and equipment at the end of December 2009, 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.

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 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.

Notes to the Financial Statements

	2009 R	2008 R

2. Property, plant and equipment

	2009			2008		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	86,855	(86,855)	-	85,952	(85,952)	-
Office equipment	29,557	(29,557)	-	29,557	(29,557)	-
Computer equipment	154,906	(154,906)	-	205,301	(205,301)	-
Computer software	5,908	(5,908)	-	5,908	(5,908)	-
Total	**277,226**	**(277,226)**	**-**	**326,718**	**(326,718)**	**-**

Reconciliation of property, plant and equipment - 2009

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	-	903	(903)	-
Computer equipment	-	20,177	(20,177)	-
	-	**21,080**	**(21,080)**	**-**

Reconciliation of property, plant and equipment - 2008

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	-	755	(755)	-
Computer equipment	-	47,498	(47,498)	-
	-	**48,253**	**(48,253)**	**-**

During the current year assets with a cost of R 70,572 (2008: R 49,383) were disposed, i.e. ownership was transferred from HRDI to project participating parties. As assets are fully written off on acquisition, such transfers are reflected by a reduction in cost and accumulated depreciation account..

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

3. Trade and other receivables

	2009	2008
Deposits	22,000	22,000
VAT	68,296	79,422
Prepayments	4,144	6,172
Interest receivable	40,648	-
	135,088	**107,594**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2009	2008
Cash on hand	1,711	3,379
Bank balances	6,487,709	10,082,228
	6,489,420	**10,085,607**

Notes to the Financial Statements

	2009 R	2008 R
5. Trade and other payables		
Other accruals	144,062	105,364
Donations received in advance	5,238,260	-
Provisions for leave	81,413	75,001
DANIDA's interest	728,255	410,639
SIDA's interest	-	675,806
	6,191,990	**1,266,810**
Donations received in advance comprises:		
Donations renewed in Advance SIDA	4,036,930	-
Total interest earned on SIDA funds	1,201,330	-
	5,238,260	**-**

Donations received in advance represents prior donations previously recognized as income, that remains unspent as at 31 December 2009.

Interest earned represents interest that had been earned on SIDA funds to date and had been previously categorized as accruals payable.

These funds have been transferred to income received in advanced as the current SIDA contract will be renewed in February 2010

All funds from the current contract as at 3 February 2010 will be offset against the funding to be provided in terms of the new SIDA contract.

At year-end, management estimates that the final value of funds remaining on the current SIDA contract as at 3 February 2010 will be R 5,068,141.94.

6. Revenue

	2009	2008
Donations income	7,120	7,780,536

Current contracts with SIDA and DANIDA have been extended and will be renewed in 2010. No donations income was received during the extension.

7. Income tax expense

No provision has been made for tax as the company is registered, under section 21 of the Companies Act of South Africa, as a non-profit organisation and is therefore exempt from taxation.

8. Cash used in operations

	2009	2008
Loss before taxation	(8,491,853)	3,613,097
Adjustments for:		
Loss on market securities	17,515	(73,157)
Capital expenditure	21,080	48,253
Changes in working capital:		
Trade and other receivables	(27,494)	107,608
Trade and other payables	4,925,180	841,326
	(3,555,572)	**4,537,127**

Detailed Income Statement

	Notes	2009 R	2008 R
Revenue			
Revenue		7,120	7,780,536
Gross profit		**7,120**	**7,780,536**
Other income			
Foreign exchange gain		-	73,157
Profit on market value adjustment		-	30,829
		-	**103,986**
Operating expenses			
Community outreach		125,781	82,901
Training		77,445	451,315
Legal services		146,496	92,180
Student costs		201,347	562,975
Direct contributions - ULC		978,933	924,261
Regional governance		87,953	103,489
Stakeholder workshop		279,035	-
Development of structured network		53,650	-
Office running costs		153,017	125,535
Overheads		229,619	209,438
Governance		85,574	46,753
Furniture and fittings		21,080	48,253
Loss on market value adjustment		17,515	-
Foreign exchange losses		8,089	-
Salaries and related costs		1,495,153	1,533,765
Professional fees		501,356	90,560
		4,462,043	**4,271,425**
Operating (loss) profit		**(4,454,923)**	**3,613,097**

Profit / (Loss) vs. Surplus/ (Deficit)

It should be noted that although HRDI is registered under section 21 of the South African Companies Act, which in its terminology refers to profit or loss, the company is a non-profit organisation. This therefore means that with regard to the substance of the operations of HRDI, the company neither makes a profit nor a loss. A more appropriate description would be that the entity either makes a surplus or deficit, were by a surplus represents funding to be carried over for expenditure in future years, and a deficit represents expenditure to set off against prior year surpluses that have been earned.