



CD LINK Inc
Accountants, Auditors
& Business Consultants

Chartered Accountants,
Certified Public
Accountants (CPA),
Administration & commercial
Accountants (IACAC),
Bookkeepers, Tax Consultants,
& Business Advisors.

MPILONHLE
NPO REGISTRATION NO. 051-766
FINANCIAL STATEMENTS
For year ended 31st December 2007

MPILONHLE
ANNUAL FINANCIAL STATEMENTS
for year ended 31 December 2007

CONTENTS	Page
GENERAL INFORMATION	1
REPORT OF THE ACCOUNTANTS	2
GENERAL INFORMATION	3
INCOME STATEMENT	4
BALANCE SHEET	5
STATEMENT OF CHANGES	6
CASH FLOW STATEMENT	7
ACCOUNTING POLICIES	8 to 10
NOTES TO FINANCIAL STATEMENTS	11 to 14

The Financial statements for the year ended 31 December 2007, which are in agreement with the books of account at that date, were approved by the board of management and signed on its behalf by:

.....
30-Sep-08



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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MPILONHLE.

We have audited the annual financial statements of Mpilonhle as set out on pages 1-14 for the year ended 31st December 2007. These financial statements are the responsibility of the association's member. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Qualification

It is feasible for the organisation to institute accounting controls over grants received, from funders prior to the initial entry of such collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the schedules provided.

Qualification audit opinion

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph the financial statements fairly present in all material respect, the financial position of the organisation as at 31st December 2007, and of the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practice, and in the manner required by the NPO Act.

Accounting and secretarial duties

With the written consent of the members, we have performed accounting and no secretarial duties.

CD LINK INC

30 Septemebr 2008

MPILONHLE
ANNUAL FINANCIAL STATEMENTS
for year ended 31 December 2007

GENERAL INFORMATION

- | | | |
|------------------------|---|---|
| 1. REGISTRATION NUMBER | 051-766 NPO | |
| 2. NATURE OF BUSINESS | Improve health and social development among youth. | |
| 3. DIRECTORS | Michael L. Bennish
Mxolisi E. Diudla
Mphiwa Laurence Mthombeni | Executive Director
Board Member
Chairman of the board |
| 4. BUSINESS ADDRESS | Mpilonhle House
58, Jan Smuts Avenue
Mtubatuba 3935
KwaZulu-Natal 3935 | |
| 5. POSTAL ADDRESS | Postnet Suite 33
Private Bag X013
Mtubatuba 3935 | |
| 6. REGISTERED OFFICE | Mpilonhle House
58, Jan Smuts Avenue
Mtubatuba 3935
KwaZulu-Natal 3935 | |
| 7. AUDITORS | 219 Ontdekkers Road
Roodepoort
1724* | |
| 8. BANKERS | Standard Bank | |

MPILONHLE

INCOME STATEMENT
for year ended 31 December 2007

		Transfers from Head Quarters USAID
	Notes	2007
		R
Grants Received	2	5 137 368
Administrative and operating expenses	3	<u>-3 981 475</u>
Operating surplus/(deficit) before finance costs		1 155 893
Foreign exchange gain/(loss)		-162 250
Net finance cost	6	-
Net Surplus/(deficit)		<u><u>993 643</u></u>

MPILONHLE

BALANCE SHEET
as at 31 December 2007

		2007 R
ASSETS		
Non-current assets		
Property, plant and equipment	5	665 692 665 662
Current assets		
Receivables and prepayments	7	35 171
Cash and cash equivalents	8	724 814
		1 425 677
EQUITY AND LIABILITIES		
Reserves		
Accumulated general fund		1 021 493 1 021 493
Current liabilities		
Trade and other payables	9	404 184 404 184
Total reserves and liabilities		1 425 677

MPILONHLE

**STATEMENT OF CHANGES IN EQUITY
for year ended 31 December 2007**

	2007
	R
Accumulated general fund	
At the beginning of the year	859 243
Net Surplus/(deficit) for the year	
Exchange Gain/(Loss) Reserve	162 250
At end of the year	<u><u>1 021 493</u></u>

MPILONHLE

CASH FLOW STATEMENT
for year ended 31 December 2007

	Notes	2007 R
Cash flow from operating activities		
Cash receipts from members/sponsors		5 137 368
Cash paid to suppliers and employees		<u>-3 570 229</u>
Cash generated/(utilized in) from operations		1 567 139
Finance costs	6	<u> </u>
Net cash inflow/(outflow) from operating activities		1 567 139
Cash flow from investing activities		
Additions to plants and equipment		<u>842 325</u>
Net cash outflow from investing activities		<u>842 325</u>
Net increase in cash and cash equivalents		724 814
Cash and cash equivalents at beginning of the year		-
Cash and Cash equivalents at end of the year	8	<u><u>724 814</u></u>

MPILONHLE

ACCOUNTING POLICIES for year ended 31 December 2007

1, **Basis of preparation**

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The Financial statements have been prepared under the historical cost convention.

1,1 **Plant and equipment**

All plant and equipment

All plant and equipment are included at cost less depreciation.

Depreciation is charged at rates appropriate to write-off the value of plant and equipment over their estimated useful lives, using the reducing balance method.

Vehicles	20%
Office furniture and equipment	20%
Computer equipment	33.3%

1,2 **Impairment of assets**

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

1,3 **Leases**

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

MPILONHLE

ACCOUNTING POLICIES for year ended 31 December 2007

1,4 Trade receivables

Trade receivables are carried at original invoice amount less provision made from impairment of these receivables. Such provision for impairment of trade receivables is established if there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

1,6 Trade payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier.

1,7 Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

MPILONHLE
ACCOUNTING POLICIES
for year ended 31 December 2007

1,8 Financial instruments

Financial instruments carried on the balance sheet include trade receivables and payables, bank overdrafts and other receivables and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

1,9 Revenue

Revenue comprises the total prog Improve health and social sponsorship and marketing incom development among youth.

1,10 Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction; gains and losses resulting from the settlement of such transactions and from the transaction of monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement. Such balances are translated at year-end exchange rates unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used.

MPILONHLE

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for year ended 31 December 2007**

	2007
	R
2. GRANTS Received	
Revenue comprises the total program support funds transferred from Head Quarters, donations, sponsorship and marketing income excluding value added tax.	
Transfers from Head Quarters USAID	5 133 220
Net Interest Received	4 148
	<u>5 137 368</u>
Grants Rec Operating surplus/ (deficit) before finance charges	
	3
The following items have been charged in arriving at operating surplus/ (deficit):	
Accounting Fees	27 900
Promotion and marketing	172 411
Bank Charges	11 550
Computers/IT Related expenses	308 421
Consulting	12 762
Courier & postage	2 139
Depreciation	42 234
Equipment & small assets below US\$5000	723 592
Fees & Licenses	975
Insurance	24 388
Interest Paid	0
Equipment - Hire lease	24 808
Community meetings	44 473
Motor Vehicle expenses	26 696
Printing and stationery	48 620
Occupancy costs	161 802
Repairs and Maintenance	89 688
Temporary Labor	1 676
Staff Recruitment	11 275
Staff training and development	17 165
Stipends	7 450
Security	140 674
General supplies	1 650
Telephone, Celphone fax and email	79 566
Travel & Subsistence - Local	52 824
Health & Medical	95 836
4. Staff Payroll expenses	1 850 901
Gross Wages - Mpilonhle staff	1 828 770
Emp. Payroll Expense - UIF	11 601
Emp. Payroll Expense - SDL	10 531
	<u>3 981 475</u>
Average number of employees	
Full time	27

MPILONHLE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for year ended 31 December 2007

	<u>Motor Vehicles</u>	<u>Equipment and Other Assets</u>	<u>Computer equipment</u>	<u>Total</u>
	R	R	R	R
5, Property, Plant and equipment				
Year ended 31 December 2007				
Opening book value	0	0	0	0
Additions	410 342	297 554	0	707 896
Disposals	0	0	0	0
Depreciation Charge	-27 356	-14 878	0	-42 234
Closing book value	<u>382 986</u>	<u>282 676</u>	<u>0</u>	<u>665 662</u>
				2007
6, Net Finance Costs				R
				-

MPILONHLE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for year ended 31 December 2007

	2007 R
Security deposit	5 848
VAT Receivable	4 606
	<hr/>
	10 454
Other receivables	24 717
	<hr/>
	35 171
	<hr/> <hr/>
8. Cash and cash equivalents	859 243
 <i><u>Bank Current account balances</u></i>	
Standard Bank Account: 05-138797-2 OAN-MPILONHLE	31 209
Standard Bank Account: 35-534384-3 PEPFAR	825 252
 For the purpose of the cash flow statement, the year end cash and cash equivalents comprise the following:	
Bank balances	856 461
Cash on hand	2 782
	<hr/>
	859 243
	<hr/> <hr/>
<i><u>Bank Current account balances overdrawn</u></i>	
Credit Card Account: 5221-1807-3047-7473	33 293
	<hr/>
Total Accounts In debit	33 293
	<hr/> <hr/>

MPILONHLE

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for year ended 31 December 2007**

9, **Trade and other payables**

	2007
	R
CD Link - Accounting fees	8 550
Percom CC - IT Consultancy	28 956
Payroll withholdings UIF	23 202
PAYE	332 945
SDL	10 531
	<u><u>404 184</u></u>

10, **Credit risk**

The organization has no significant concentrations of credit risk.

Fair Values

The carrying amounts of the financial assets and liabilities approximate to their fair value.

11, **Going concern**

12, **Taxation**

The organization is exempt from taxation terms of section 10(1) (Cb) of income tax Act.