Jabulani Rural Health Foundation

(Association incorporated under Section 21 of the Companies Act)

Annual Financial Statements

for the year ended 28 February 2010

Registration number 2006/009074/08

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(Association incorporated under Section 21 of the Companies Act)
(Reg. No. 2006/009074/08)

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Directors' responsibility for the annual financial statements

The directors are required by the South African Companies Act 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 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 year 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 financials 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 judgments 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 their responsibilities, the board of 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 annual 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 28 February 2011 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. For this reason, they continue to adopt the going concern basis in preparing the annual financial statements.

The annual financial statements for the year ended 28 February 2010 set out on pages 5 to 18 were approved by the board of directors on 2 September 2010 and are signed on its behalf by:

C.B. Gaunt **Director**

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Report of the independent auditor

To the members of Jabulani Rural Health Foundation (Association incorporated under Section 21 of the Companies Act)

We have audited the annual financial statements of Jabulani Rural Health Foundation (Association incorporated under Section 21 of the Companies Act) which comprise the balance sheet as at 28 February 2010, 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, as set out on pages 5 to 17.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual 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 the annual 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 annual 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual 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 annual financial statements.

Accounting • Auditing • Tax • Bookkeeping • Business Registrations • Consulting • Payroll Services • SARS & UIF Registrations & Applications

Qualification

In common with similar organisations, it is not feasible for the organisation to institute accounting controls over cash collections from donations prior to initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Opinion

In our opinion, except for the effects of any adjustments which might have arisen had it been possible for us to extend our examination of cash collections from donations, the annual financial statements present fairly, in all material respects, the financial position of Jabulani Rural Health Foundation (Association incorporated under Section 21) as at 28 February 2010 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 in South Africa, 1973.

Supplementary information

The supplementary schedule set out on page 18 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly do not express an opinion on it.

L. Dart
Chartered Accountant (S.A.)
Registered Auditor

EAST LONDON
2 September 2010

Jabulani Rural Health Foundation
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Directors' report
for the year ended 28 February 2010

The directors submit their report for the year ended 28 February 2010.

Business activities

The company is engaged in provision of support services to rural hospitals and communities and operates principally in the Eastern Cape Province of the Republic of South Africa. There was no major change in the nature of the activities during the year under review.

General review of operations

The results of the company and the state of affairs are set out in the attached financial statements and do not, in our opinion, require further comments.

The company's deficit for the year amounted to R110 750 (2009: R436 226 surplus), details thereof are fully disclosed in the income statement on page 7.

Post balance sheet events

The directors are not aware of any matter or circumstance arising between balance sheet date and the date of this report.

Directors

The directors of the company during the year and to the date of this report are as follows:

K.W. Le Roux	Appointed 30 March 2007
C.B. Gaunt	Appointed 30 March 2007
J.K. Ntlatywa	Appointed 6 May 2008

Secretary

A secretary has not been appointed.

Auditors

Liedon will continue in office in accordance with section 270(2) of the Companies Act in South Africa.

Jabulani Rural Health Foundation
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Balance sheet
at 28 February 2010

	Note	**2010**	2009
		R	R
Assets			
Non-current assets			
Property, plant and equipment	*2*	**404 322**	361 576
Current assets			
Cash and cash equivalents		**85 813**	234 805
Total assets		**490 135**	596 381
Equity and liabilities			
Capital and reserves			
Accumulated funds		**485 631**	596 381
Current liabilities			
Trade and other payables		**4 504**	-
Total equity and liabilities		**490 135**	596 381

Jabulani Rural Health Foundation
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Income statement
for the year ended 28 February 2010

	Note	**2010**	2009
		R	R
Revenue		**421 198**	493 208
Other income		**34 168**	3 135
Operating expenses		**(566 206)**	(60 834)
Operating (deficit)/surplus	*3*	**(110 840)**	435 509
Interest received		**90**	717
Net (deficit)/surplus for the year		**(110 750)**	436 226

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Statement of changes in equity
for the year ended 28 February 2010

	Accumulated funds R	Total R
Balance at 1 March 2008	160 155	160 155
Net surplus for the year	436 226	436 226
Balance at 1 March 2009	596 381	596 381
Net deficit for the year	(110 750)	(110 750)
Balance at 28 February 2010	485 631	485 631

Jabulani Rural Health Foundation
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Cash flow statement
for the year ended 28 February 2010

	Note	**2010** **R**	2009 R
Cash flows from operating activities		**(92 237)**	442 452
Cash receipts from donors and customers		**455 366**	496 343
Cash paid to suppliers and employees		**547 693**	54 608
Cash (utilised)/generated by operations	*7.1*	**(92 327)**	441 735
Interest received		**90**	717
Cash flows from investing activities		**(56 755)**	(362 556)
Additions to property, plant and equipment		**(56 755)**	(362 556)
Net (decrease)/increase in cash and cash equivalents		**(148 992)**	79 896
Cash and cash equivalents at the beginning of year		**234 805**	154 909
Cash and cash equivalents at the end of year	*7.2*	**85 813**	234 805

Jabulani Rural Health Foundation
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Notes to the annual financial statements
for the year ended 28 February 2010

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below.

1.1 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all property, plant and equipment to write down the cost, less residual value, by equal instalments over their useful lives as follows:

Item	Useful life
Buildings	Not depreciated
Equipment and machinery	5 years
Computer equipment	3 years
Motor vehicles	5 years
Furniture and fittings	6 years

The depreciation charge for each period is recognised in the surplus or deficit.

1.2 Financial instruments
1.2.1 Initial recognition

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 assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are recognised initially at fair value. In the case of financial assets or liabilities not classified at fair value through the surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

1.2.2 Subsequent measurement

After initial recognition financial assets are measured as follows:
- loans and receivables are measured at cost.

After initial recognition financial liabilities are measured as follows:
- other financial liabilities are measured at cost.

1.2.3 Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:
- Financial assets and financial liabilities carried at cost: a gain or loss is recognised in the surplus or deficit when the financial asset or financial liability is derecognised or impaired.

1.3 Loans to/(from) related parties

These include loans from companies controlled by or related to directors.

These financial instruments are classified as loans and receivables or other financial liabilities and are carried at cost.

1.4 Trade and other receivables

Trade and other receivables originated by the enterprise are treated as loans and receivables and are carried at cost.

1.5 Cash and cash equivalents

Cash and cash equivalents are measured at cost.

1.6 Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.
If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in the surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Employee benefits

1.7.1 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.8 Trade and other payables

Trade and other payables are measured at cost.

1.9 Provisions

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

1.10 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents grants and donations received from funders and individuals and income from fund raising activities.

Interest is recognised, in the surplus or deficit, using the effective interest rate method.

Notes to the annual financial statements
for the year ended 28 February 2010

2. Property, plant and equipment

2010	Depreciation rate %	Cost R	Accumulated depreciation R	Carrying value R
Owned assets				
Buildings	-	339 820	-	339 820
Equipment and machinery	20.00	9 732	(3 234)	6 498
Computer equipment	33.33	38 033	(14 538)	23 495
Motor vehicles	20.00	31 000	(2 583)	28 417
Furniture and fittings	16.67	6 699	(607)	6 092
		425 284	(20 962)	404 322

2009	Depreciation rate %	Cost R	Accumulated depreciation R	Carrying value R
Owned assets				
Buildings	-	335 000	-	335 000
Equipment and machinery	20.00	9 730	(1 288)	8 442
Computer equipment	33.33	23 800	(5 666)	18 134
		368 530	(6 954)	361 576

The carrying value of property, plant and equipment can be reconciled as follows:

2010	Carrying value at beginning of year R	Additions R	Disposals R	Depreciation R	Carrying value at end of year R
Owned assets					
Buildings	335 000	4 820	-	-	339 820
Equipment and machinery	8 442	2	-	(1 946)	6 498
Computer equipment	18 134	14 234	-	(8 873)	23 495
Motor vehicles	-	31 000	-	(2 583)	28 417
Furniture and fittings	-	6 699	-	(607)	6 092
	361 576	56 755	-	(14 009)	404 322

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Notes to the annual financial statements
for the year ended 28 February 2010

	2010	2009
	R	R
3. Operating (deficit)/surplus		
is arrived at after taking into account:		
Auditor's remuneration	**5 318**	4 574
Depreciation of property, plant and equipment	**14 009**	6 226
- Equipment and machinery	**1 946**	894
- Computer equipment	**8 873**	5 332
- Motor vehicles	**2 583**	-
- Furniture and fittings	**607**	-

4. Taxation

The company is a registered public benefit organisation in terms of s30(4) of the Income Tax Act and hence is exempt from Income Taxation.

5. Financial instruments

Exposure to interest rate and credit risk arises in the normal course of the company's activities.

5.1 Interest rate risk

The company generally adopts a policy of ensuring that its exposure to changes in interest rates is on a floating rate basis.

5.2 Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Reputable financial institutions are used for investing and cash handling purposes.

At balance sheet date there were no significant concentrations of credit risk.

6. Related parties

6.1 Identity of related parties

The directors are identified in the directors' report.

6.2 Material related party transactions

None

Notes to the annual financial statements
for the year ended 28 February 2010

	2010	2009
	R	R

7. Notes to the cash flow statement

7.1 Cash (utilised)/generated by operations

	2010 R	2009 R
(Deficit)/surplus before interest	**(110 840)**	435 509
Adjustments for -		
Depreciation on property, plant and equipment	**14 009**	6 226
(Deficit)/surplus before working capital changes	**(96 831)**	441 735
Increase in trade and other payables	**4 504**	-
	(92 327)	441 735

7.2 Cash and cash equivalents

	2010 R	2009 R
Cash and cash equivalents comprise the following -		
Balances with banks	**85 813**	234 805

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Detailed income statement *for the year ended 28 February 2010*	**2010** **R**	2009 R
Income	**455 456**	497 060
Donations received	**421 198**	493 208
Bad debts recovered	**520**	-
Other income	**33 648**	3 135
Interest received	**90**	717
Expenditure	**566 206**	60 834
Advertising and promotions	**5 275**	-
Auditor's remuneration	**5 318**	4 574
Bank charges	**4 100**	1 587
Bad debts	**-**	3 585
Building renovations	**252 585**	-
Computer expenses	**3 093**	-
Courier and postage	**2 648**	-
Depreciation of property, plant and equipment	**14 009**	6 226
Electricity, gas and water	**276**	-
Equipment	**14 432**	-
Food and supplies	**23 465**	-
Garden expenses	**-**	1 224
Gifts	**857**	-
Leasing and hire costs	**5 450**	-
Medical consumables	**-**	5 229
Motor vehicle expenses	**2 974**	-
Printing and stationery	**18 248**	1 480
Repairs and maintenance	**84 998**	4 140
Salaries and wages	**117 494**	17 595
Secretarial fees	**-**	516
Staff welfare	**150**	-
Telephone	**160**	8 253
Travel and accommodation	**10 674**	6 425
(Deficit)/surplus for the year	**(110 750)**	436 226