

**Soul City (Association incorporated under Section 21)**  
Group annual financial statements  
for the year ended 29 February 2008

# Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Non-profit and public benefit organisation that is a health promotion organisation and a social change project which aims to impact on society at the individual, community and socio-political levels
<b>Directors</b>	C Carolus J Broomberg K Kahn A R Velcich H Saloojee AB Mashigo M M N Chaane A E Borman Y Carrim S Maslamoney P Nhlapo K Soni
<b>Registered office</b>	1st Floor Dunkeld West Centre 281 Jan Smuts Avenue (Cnr Bompas Road) Dunkeld West 2196
<b>Postal address</b>	P O Box 1290 Houghton 2041
<b>Auditors</b>	GRANT THORNTON Chartered Accountants (S.A.) Registered Auditors South African member of Grant Thornton International
<b>Company registration number</b>	1995/010944/08
<b>NPO registration number</b>	012-983

# Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## Index

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The reports and statements set out below comprise the group annual financial statements presented to the members:

<b>Index</b>	<b>Page</b>
Report of the Independent Auditors	3
Directors' Responsibilities and Approval	4
Directors' Report	5 - 13
Balance Sheet	14
Income Statement	15
Statement of Changes in Equity	16
Cash Flow Statement	17
Accounting Policies	18 - 22
Notes to the Group Annual Financial Statements	23 - 31

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

Detailed Income statement	32 - 33
Schedule of deferred revenue	34 - 35

## Report of the Independent Auditors

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To the members of Soul City (Association incorporated under Section 21)

We have audited the accompanying group annual financial statements and company annual financial statements of Soul City (Association incorporated under Section 21), which comprise the directors' report, the balance sheet as at 29 February 2008, and the income statement, the statement of changes in equity and cash flow statement for the year then ended, and notes which include a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 31.

### 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 International Financial Reporting Standards, 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 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.

### Auditors' 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 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 auditors' judgement, including the assessment of the risks of material misstatement of the annual 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 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 the directors, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

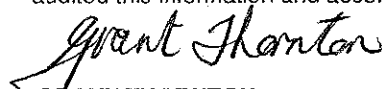
In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Soul City (Association incorporated under Section 21) and the group as of 29 February 2008, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, 1973.\*

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 6 to the financial statements, which states that management is in negotiations with certain donors to ensure payment of significant overdue balances included in receivables due on grant contracts.

### Other matter

Without qualifying our opinion, we draw your attention to the fact that the supplementary information set out on pages 32 to 35 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion on them.



**GRANT THORNTON**  
Registered Auditors  
Chartered Accountants (SA)  
Per: GRH Van Rooyen  
Registered Auditor  
Chartered Accountant (SA)

19 September 2008



# **Soul City (Association Incorporated under Section 21)**

(Registration Number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## **Directors' report**

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The Directors have pleasure in presenting their report for the year ended 29 February 2008.

### **1. Review of activities**

The operating results and state of affairs of the group are fully set out in the attached group annual financial statements.

#### **General Review**

A key focus during this period has been restructuring of the organisation to facilitate implementation of the strategic plan. This involved amalgamation of the Education, Training and Development and Soul Buddyz Clubs departments. The current operational structure is as follows:

- Media
- Social Mobilisation
- Research
- Advocacy

The above units collectively comprise the SA Programmes department.

- Regional Programme
- Marketing and Public Affairs
- Special Projects
- Finance and Administration
- Human Resources

#### **Strategic Review**

Extensive formative research was undertaken to inform the programmatic interventions that will enable Soul City Institute to achieve its 5-year strategic goals to:

- Prevent 204 380 new HIV infections (which equate to 7% of new infections, given an incidence rate of 2.4% among 15-49 year olds).
- Increase access to treatment by 5% and adherence to treatment by 20%, by people who need it.
- Reduce violent behaviour by men aged 15-35 by 10%.
- Build capacity in southern Africa to do effective health promotion and communication.
- Respond to emerging and other priority health issues.

In the first year of implementation, the primary focus will be on HIV prevention.

The challenge has been to implement existing programme activities in parallel with the commencement of the new strategy.

The programme activities undertaken during this period are outlined below:

# **Soul City (Association Incorporated under Section 21)**

(Registration Number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## **Directors' report**

---

### **SA Programmes Campaign**

Soul City Institute's strategy into the next 5 years is to use mass media alongside social mobilisation, in partnership with other organisations in order to create a high profile campaign. The mass media supported by multiple on-the-ground activities will both create an environment for social change, enabling individual behaviour change, as well as kick-start some key debates that South Africa needs to have if the HIV epidemic is to be turned around. Accordingly, all Soul City Institute's interventions will be aligned towards the campaign. The focus of the campaign will be the effects of multiple and concurrent sexual partners (MCP) as a social norm and how it spreads HIV. The series included 13 episodes of television broadcast at 7pm on SABC1 and 13 episodes of a show supporting both the issues of the Soul Buddyz series and the Buddyz clubs, called "Buddyz on the Move". Both shows were aired from July 2006.

### **Media**

#### **Soul City Series**

Soul City is a multi-media edutainment vehicle which accesses the general public.

#### **Television**

The 8<sup>th</sup> series of Soul City was developed and produced. The series dealt with the following topics:

- Maternal health
- HIV in relationships
- Alcohol abuse

The 13 episodes were aired on SABC1 at 8.30pm from 4 September to 27 November 2007. Audience ratings were very positive. The series will be evaluated in March 2008, the report for which will be published by the end of July 2008.

Soul City 9 is in the development phase, and will be on air in October 2008.

#### **Radio**

The 'Soul Talk' radio show resumed in August 2007 and ran for 13 weeks in all public broadcast radio stations. The talk show hosted various experts in a live phone-in with the audience, on the topics of maternal health, alcohol abuse, HIV in relationships, domestic violence and depression.

Soul City Institute also formed partnerships with community radio stations. These stations held talk shows whilst the Soul City TV series was on air, to discuss issues raised in the weekly episodes. The objective of this initiative is to give audiences the platform to debate and talk about these messages. This partnership was a pilot and the feasibility study will be reviewed in the new year.

A 30-episode radio drama series, as part of series 9, will be developed, produced and aired in the next period. The messaging will be consistent with the TV series, and will accordingly focus on multiple and concurrent sexual partners.

#### **Print publications**

Three booklets were developed, one on each of our TV series topics. One million copies each, of the maternal health and alcohol abuse booklets, were printed and distributed in 4 languages. The "HIV in relationships" booklet tested well and will be released during 2008 with the MCP campaign.

# **Soul City (Association Incorporated under Section 21)**

(Registration Number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## **Directors' report**

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### **Partnerships**

Soul City Institute partnered with Lifeline, the Southern African HIV Clinicians Society and Mothers2Mothers whilst the TV series was on air. The first phone line for pregnant women which focuses on HIV prevention via PMTCT (prevention of mother to child transmission of HIV) was set up with Mothers2Mothers. Together with the Southern African HIV Clinicians Society, the Karabo HIV Information Service was launched. This is a geographical database of all HIV testing and treatment sites in South Africa. The database is available online and via the free AIDS helpline hosted by Lifeline. Each of these partnerships proved to be fruitful.

### **Marketing**

Marketing activities in relation to the series included a launch, TV promotions, sponsor advertisements and billboards.

### **Community Makeover Show**

During the pilot in Munsieville, various names for the show were tested and the community members were unanimous in selecting "Kwanda", which in nguni means "to grow". "Kwanda – Communities with Soul", has since been adopted as the new name for the show.

The aim of the show is to inspire audiences to work together to transform their communities. There will be an initial national campaign inviting communities to participate in the show, of which 5 will be selected. The show will take the format of 13 episodes. The last episode is a live programme, to assess each community in terms of what it achieved in relation to what it set out to do. The winning community will receive a sponsored cash prize that will contribute to financing the transformation of that community. Production is scheduled to commence in July 2008, with the show being aired in 2009.

This intervention is underpinned by the organisation workshop (OW) methodology. The OW methodology aims to train diverse groups of people, drawn from within a community to lead improvements in their community as an enterprise, by developing organisational consciousness within the group.

### **Soul Buddyz**

Soul Buddyz is a multi-media edutainment vehicle which reaches children, particularly those aged 8-12.

### **Television**

The 4<sup>th</sup> series of Soul Buddyz was developed and produced. The series dealt with the following topics:

- Road safety
- HIV prevention with emphasis on gender
- Trauma

The 13 episodes were aired on SABC1 at 7pm from 1 October to 23 December 2007. Audience ratings have been very positive.

### **Print publications**

A parenting booklet, dealing with the same issues that were covered in the Soul Buddyz TV series was developed in 4 languages. One million copies were printed and distributed.

Grade 7 materials comprising photo comics, posters and a teachers' guide were printed and distributed to schools.

# **Soul City (Association Incorporated under Section 21)**

(Registration Number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## **Directors' report**

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### **Marketing**

Marketing activities in relation to the series included a launch, TV promotions, sponsor advertisements, competitions and posters.

### **Buddyz on the move (BOM)**

Buddyz on the Move is a reality show reflecting the different activities with which various Soul Buddyz Club members engage in their respective communities.

The 26 episodes were aired on SABC1 at 3pm from 1 October in the YoTV programme.

The format of the prime-time children's mass media intervention is currently being reviewed.

### **Social Mobilisation**

#### **Buddyz Clubs**

There are 3 606 Soul Buddyz clubs with 503 721 members as at the end of February 2008. Clubs are based on the principle of "children taking action".

#### **Database management and administration**

A re-registration process was undertaken to update contact details, exit Buddyz members who have entered high school and generally check the integrity of the data.

Despite all the challenges and delays, the exercise was fruitful and about 60% accurate club-contact information was achieved. The process to obtain outstanding information will continue.

### **Materials**

Materials given to Buddyz Clubs provided the basis for the members to get started and engage with activities and discussions about issues affecting children, schools and communities.

Three posters were produced during this period. They included one poster for October, one poster for World AIDS Day and a February poster. 17 500 copies of each poster were printed which were distributed to 3 500 clubs, with each club receiving 5 copies of each poster. The posters offer the opportunity to raise awareness about children's issues.

Four Club Zone magazines were produced and distributed to club members. The magazines covered general topics, fun and games as well as highlights from National Congress in 2007. This magazine replaced the bi-monthly newsletter. It is divided into a "buddy zone", "chat zone", "chill zone" and "art zone". We find this publication to be more effective in disseminating a broader range of information.

The first unit of the 2008 annual club guide was produced. This unit is called "Welcome back: 2008" and revisits some of the issues and activities around getting clubs started. A total of 7 000 units were printed with each club receiving two copies.

The first stakeholder's newsletter, a publication that will be used to keep funders, partners and stakeholders up to date about Soul Buddyz Club activities, events and highlights was also completed.

# **Soul City (Association Incorporated under Section 21)**

(Registration Number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## **Directors' report**

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### **Promotional items**

Promotional items and gifts are the mechanism by which Soul City Institute acknowledges and affirms children's participation in the project as well as the collective efforts of the club. Furthermore, it confirms that the children are part of a movement, helps to show their parents what they are involved in and often gives them recognition in their school and community.

These items included membership badges, stationery hampers, vegetable seeds and school plaques. Plaques are important as they are displayed in the school's foyer and reinforce commitment to and from the project.

Three magazine competitions were held and on average between 4 000 and 5 000 entries were received. Of these, 1 300 winners were selected for each competition. Prizes for these included pencils, money boxes, caps, etc.

### **Training and fieldwork**

Nine provincial trainers, many of whom had worked with Soul City Institute previously, were contracted to undertake training and fieldwork in the provinces.

A total of 643 educators were trained. Training has generally proceeded well. However, the public servants' strike in June 2007 did impact on the availability of educators to attend training. Fortunately, new training dates were negotiated and the training targets for the year were still achieved.

The Soul Buddyz Club materials will be accredited in the Health and Welfare SETA and the process is expected to be completed by June 2008.

### **Events**

Two district and 9 provincial meetings were held. These events provide the opportunity for club members to network, share experiences, showcase their activities, learn from each other and collaborate with clubs in the same locality.

The third annual National Congress was held from the 30 November to 4 December 2007. The event took place at the Rondalia Resort in the Waterberg area of Limpopo and was attended by more than 300 children and 100 educators. All provinces were represented at the Congress.

### **Partnerships**

In February, all provinces had meetings with Department of Education to present the implementation plan for 2008, which includes the roll out of the "Schools as Nodes of Care" campaign to all Soul Buddyz Club schools, and identify training dates in the different districts in each province. Generally, there has been acceptance of the social mobilisation strategy within provinces.

### **Training**

#### **Partner training**

Training on all aspects of HIV and AIDS continued through 19 NGO partners country wide. During the period 235 training sessions were conducted.

#### **De Beers programme**

The De Beers programme continues to enable remote rural communities to be reached.

# **Soul City (Association Incorporated under Section 21)**

(Registration Number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## **Directors' report**

---

The De Beers programme was independently evaluated by the HSRC. The results indicated that the programme was a success and continued to make a positive difference in the lives of the communities and individuals in the mining areas where it is implemented. However, the sustainability of the programme remains a challenge.

A level-4 master trainer's workshop was held for 8 provincial trainers and 10 participants from partner organisations.

### **Training courses**

The level 1 and level 4 courses have been reworked to ensure accreditation, and to include aspects that enable participants to act collectively.

### **Training materials**

Another workbook, "Children and ART", has been added to our pack of training materials and is in the process of being printed. It is envisaged that 100 000 copies will be distributed.

### **Advocacy**

The "Schools as Nodes of Care for vulnerable children" (SNOC) advocacy initiative has been integrated into the social mobilisation strategy. The advocacy department will continue to lobby and monitor implementation of policy, whilst the social mobilisation unit will ensure the implementation and delivery of SNOC in targeted provinces and schools.

In line with Soul City Institute's new 5-year strategy, an advocacy campaign to create an enabling policy and legislative environment for the implementation of the strategy is being developed. The campaign is very likely to involve alcohol regulation. The design will include collection of data, policy reviews and meetings with various civil society and government stakeholders in the sector.

### **Research**

As mentioned above, an extensive formative research process was undertaken by the research team, producing two reports (for adults), one on MCP and the other on alcohol use and violence. In both cases focus groups were conducted nationally and in-depth interviews held with stakeholders. In addition, focus group discussions were held with children in 4 provinces, and the same children will be interviewed to gain deeper insight about their understanding and beliefs about gender, HIV and violence.

The evaluation reports of Soul City series 7 and Soul Buddyz 3 were written and will be printed in May 2008.

### **Regional programme**

A contract amounting to £14m, covering the 4-year business plan for Soul City Institute, including phase 2 of the regional programme, was signed with DFID during December 2007.

The final impact evaluation for phase 1 of the programme was completed and disseminated. The results were extremely positive showing that the regional programme has substantial reach and impact on knowledge, attitude and behaviours in the 8 countries where it has been implemented.

In the first 4 years of the programme, the country partners adapted Soul City material as single media interventions. During this period, each partner worked on developing and producing an original multi-media intervention, which was far more complex and a new challenge.

The countries embarked on intensive planning and research for the regional campaign, which will focus on MCP.

# Soul City (Association Incorporated under Section 21)

(Registration Number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## Directors' report

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### Television

An 8-month accredited scriptwriting and TV production training course for participants across the region culminated in the filming of a half-hour stand-alone drama in all countries. The films will form a unique regional TV series called *Untold, stories in a time of HIV/AIDS*, and will be aired across the region in 2008. The films address social issues and eloquently capture them in a half-hour format in the local language, using local actors and film crew. Country partners had not produced drama before, so extensive on-the-ground mentoring and support was provided during filming.

### Radio

Some countries completed scriptwriting whilst others moved into pre-production of the second series of 45-episode radio dramas. Mozambique and Zambia also continued to re-run the previous radio series. A remarkable achievement was that the country partner in Mozambique, Nweti, exported their radio dramas for broadcasting to organisations in Angola. Owing to the challenges of working in Zimbabwe, it was decided that 10 radio public service announcements would be developed instead of the radio drama series.

### Print Publications

All countries commenced the layout and design phase for print publications related to the first new multi media. Topics included violence, PMTCT, gender and HIV and AIDS, orphans and vulnerable children, nutrition and ARV treatment.

### Advocacy

Following an intense process of advocacy research, country partners continued to build alliances with national stakeholders to drive forward advocacy objectives. In addition, Namibia, Zambia and Zimbabwe began working on in-country advocacy campaigns. Research and development was undertaken for an advocacy strategy and alliance campaign for MCP.

### Capacity building

Twelve capacity-building events were held including workshops on television, research, print material development, radio and management, during which more than 70 participants were trained. Numerous informal capacity-building interactions took place including assistance with human resource management, organisational development, procurement and marketing through more than 40 technical support visits to 8 country partners.

### Sustainability

An important goal of the programme over the 5-year period was to set up independent, stand-alone, sustainable local organisations. Two organisations, Pakachere in Malawi and Desert Soul in Namibia made plans to move out of their host organisations, PSI Malawi and International Red Cross, Namibia. Pakachere and Desert Soul finalised their constitutions, submitted documentation for legal registration as local organisations and appointed their board members. In Swaziland, negotiations are under way with the host organisation, SHAPE for the Lusweti team to become independent. The other country partners in Zambia, Lesotho and Mozambique are established, independent, local organisations dedicated to health communication.

### Print Material

A total of 77 different titles were printed in this period. Of these 42 were reprints of old publications while 35 were new publications. The total number of copies of materials printed was 10 527 650, of which 6 154 100 copies were distributed in the 8 countries which form the regional programme.

# Soul City (Association Incorporated under Section 21)

(Registration Number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## Directors' report

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In South Africa, a total of 2 100 104 publications were distributed by the distribution centre. These represent only materials distributed as response to orders sourced and received by the Soul City Institute distribution centre. The rest were distributed as part of the Soul Buddyz Club materials support and also as part of the push strategy.

Materials distributed from the distribution centre comprise 1 751 876 HIV and AIDS materials and the balance non-HIV and AIDS health materials.

### 2. Going concern

The group annual 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.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company.

### 3. Post balance sheet events

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:

Name	Change in appointment
C Carolus	
J Broomberg	
K Kahn	
A R Velcich	
H Saloojee	
AB Mashigo	
M M N Chaane	
A E Borman	
C G Japhet	Resigned 31 May 2008
Y Carrim	
S Maslamoney	
P Nhlapo	
K Soni	Appointed 01 June 2008

### 5. Secretary

The secretary of the company is H M Starke of:

Business address	1 <sup>st</sup> Floor Dunkeld West Centre 281 Jan Smuts Avenue (Cnr Bompas Road) Dunkeld 2196
Postal address	P O Box 1290 Houghton 2041

# **Soul City (Association Incorporated under Section 21)**

(Registration Number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## **Directors' report**

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### **6. Auditors**

The appointment of the auditors is in the process of being finalised.

## Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

### Balance Sheet

	Note(s)	Group		Company	
		2008 R	2007 R	2008 R	2007 R
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4	2 309 341	723 914	2 309 341	723 914
Available for sale financial assets	5	100	100	-	-
		<b>2 309 441</b>	<b>724 014</b>	<b>2 309 341</b>	<b>723 914</b>
<b>Current Assets</b>					
Loans to group companies		-	-	12 293	-
Available for sale financial assets	5	2 187 900	2 169 900	-	-
Trade and other receivables	6	37 129 820	33 705 707	37 129 820	33 705 707
Cash and cash equivalents	7	16 734 186	22 949 842	16 535 979	22 700 770
		<b>56 051 906</b>	<b>58 825 449</b>	<b>53 678 092</b>	<b>56 406 477</b>
<b>Total Assets</b>		<b>58 361 347</b>	<b>59 549 463</b>	<b>55 987 433</b>	<b>57 130 391</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Capital		2 754 217	2 754 217	2 754 217	2 754 217
Accumulated surplus		34 662 523	31 562 353	32 288 895	29 143 567
		<b>37 416 740</b>	<b>34 316 570</b>	<b>35 043 112</b>	<b>31 897 784</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Trade and other payables	10	13 212 892	19 493 244	13 212 606	19 492 958
Deferred income	9	7 731 715	5 739 649	7 731 715	5 739 649
		<b>20 944 607</b>	<b>25 232 893</b>	<b>20 944 321</b>	<b>25 232 607</b>
<b>Total Equity and Liabilities</b>		<b>58 361 347</b>	<b>59 549 463</b>	<b>55 987 433</b>	<b>57 130 391</b>

## Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

### Income Statement

		Group		Company	
	Note(s)	2008 R	2007 R	2008 R	2007 R
Revenue	11	159 313 939	149 875 233	159 295 939	149 455 233
Other income		6 335 107	4 560 419	6 335 107	4 560 419
Operating expenses		(165 414 262)	(156 826 907)	(165 351 313)	(156 825 289)
<b>Operating (deficit) / surplus</b>	12	<b>234 784</b>	<b>(2 391 255)</b>	<b>279 733</b>	<b>(2 809 637)</b>
Investment revenue	13	2 871 778	1 639 633	2 871 778	1 639 633
Finance costs	14	(6 392)	(500)	(6 183)	(500)
<b>(Deficit) / Surplus for the period</b>		<b>3 100 170</b>	<b>(752 122)</b>	<b>3 145 328</b>	<b>(1 170 504)</b>

## Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

### Statement of Changes in Equity

	Capital	Accumulated surplus	Total equity
	R	R	R
<b>Group</b>			
<b>Balance at 01 March 2007</b>	<b>2 754 217</b>	<b>31 562 353</b>	<b>34 316 570</b>
Changes in equity			
Profit for the year	-	3 100 170	3 100 170
Total changes	-	3 100 170	3 100 170
<b>Balance at 29 February 2008</b>	<b>2 754 217</b>	<b>34 662 523</b>	<b>37 416 740</b>
Note	8		
<b>Company</b>			
<b>Balance at 01 March 2006</b>	<b>2 754 217</b>	<b>30 314 071</b>	<b>33 068 288</b>
Changes in equity			
Loss for the year	-	(1 170 504)	(1 170 504)
Total changes	-	(1 170 504)	(1 170 504)
<b>Balance at 01 March 2007</b>	<b>2 754 217</b>	<b>29 143 567</b>	<b>31 897 784</b>
Changes in equity			
Profit for the year	-	3 145 328	3 145 328
Total changes	-	3 145 328	3 145 328
<b>Balance at 29 February 2008</b>	<b>2 754 217</b>	<b>32 288 895</b>	<b>35 043 112</b>
Note	8		

## Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

### Cash Flow Statement

	Note(s)	Group		Company	
		2008 R	2007 R	2008 R	2007 R
<b>Cash flows from operating activities</b>					
Cash receipts from customers		155 853 849	159 654 356	155 835 849	160 172 374
Cash paid to suppliers and employees		(162 747 691)	(167 725 008)	(160 496 032)	(167 723 676)
Cash used in operations	16	(6 893 842)	(8 070 652)	(4 660 183)	(7 551 302)
Interest income		326 115	393 932	326 115	393 932
Dividends received		2 545 663	1 245 701	356 953	307 683
Finance costs		(6 392)	(500)	(6 183)	(500)
<b>Net cash from operating activities</b>		<b>(4 028 456)</b>	<b>(6 431 519)</b>	<b>(3 983 298)</b>	<b>(6 850 187)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4	(2 200 951)	(510 001)	(2 200 951)	(510 001)
Sale of property, plant and equipment	4	31 751	(1 175)	31 751	(1 175)
Loans advanced to group companies		-	-	(12 293)	-
Acquisition of financial assets		(18 000)	(369 500)	-	-
<b>Net cash utilised in investing activities</b>		<b>(2 187 200)</b>	<b>(880 676)</b>	<b>(2 181 493)</b>	<b>(511 176)</b>
<b>Total cash movement for the year</b>		<b>(6 215 656)</b>	<b>(7 312 195)</b>	<b>(6 164 791)</b>	<b>(7 361 363)</b>
Cash at the beginning of the year		22 949 842	30 262 037	22 700 770	30 062 133
<b>Total cash at end of the year</b>	7	<b>16 734 186</b>	<b>22 949 842</b>	<b>16 535 979</b>	<b>22 700 770</b>

# Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The group financial statements consist of the consolidated annual financial statements of Soul City (Association incorporated under Section 21) and Soul City Trust, a special purpose entity. The activities of the Trust encompass the subscription for shares in the founder of the Trust with a view to providing long-term funding for the beneficiary's activities as a public benefit organisation.

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa.. The group annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy.

#### 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 or construct 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.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Property, plant and equipment is 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 installments over their useful lives as follows:

Item	Average useful life
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment	3 years

The residual value and the useful life of each asset are reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

#### 1.2 Financial instruments

##### Initial recognition

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

# Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## Accounting Policies

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### 1. Presentation of Annual Financial Statements (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.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

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.

#### Available for sale financial assets

These financial assets are non-derivatives that are either designated in this category or not classified elsewhere.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Equity investments for which a fair value is not determinable are held at cost. Impairments on such investments are not reversed.

### 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.

# Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the income statement.

#### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

#### 1.4 Impairment of assets

The group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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 profit or loss.

#### 1.5 Employee benefits

##### 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.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

##### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

# Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### 1.6 Government grants

Government grants refer to grants received from government, government agencies and similar bodies whether local, regional or international. Government grants are recognised when there is reasonable assurance that:

- the group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the balance sheet by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

#### 1.7 Other revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 group;
- 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.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

#### 1.8 Revenue

Revenue comprises of income from administration and management fees charged and donations received. Revenue from administration and management fees charged excludes value added taxation.

#### 1.9 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.

At each balance sheet date:

- 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 group annual financial statements are recognised in profit or loss in the period in which they arise.

# **Soul City (Association incorporated under Section 21)**

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## **Accounting Policies**

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### **1. Presentation of Annual Financial Statements (continued)**

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly 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.

# Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## Notes to the Group Annual Financial Statements

Group		Company	
2008	2007	2008	2007
R	R	R	R

### 2. Changes in accounting policy

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

- IAS1 Amendment to IAS1 Presentation of Financial Statements: Capital Disclosures
- IFRS7 Financial Instruments: Disclosure
- IFRIC11 IFRS2 - Group and Treasury Share Transactions

The aggregate effect of the changes in accounting policy on the group annual financial statements for the year ended 28 February 2008 is nil.

### 3. Statements and interpretations not yet effective

At the date of authorisation of these group annual financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IFRIC14 - IAS19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective first annual period commencing on or after 1/1/2008)
- IFRIC 12 – Service Concession Arrangements (effective first annual period commencing on or after 1/1/2008)
- IFRIC 13 – Customer Loyalty Programs (effective first annual period commencing on or after 1/7/2008)
- IFRS 8 – Operating Segments (effective first annual period commencing on or after 1/1/2009)
- IAS 23 – Amendments to IAS 23 Borrowing Costs (effective first annual period commencing on or after 1/1/2009)
- IAS 1 – Presentation of Financial Statements (effective first annual period commencing on or after 1/1/2009)
- IFRS 2 – Amendment to IFRS 2 Share-based Payment: Vesting Conditions and Cancellations (effective first annual period commencing on or after 1/1/2009)
- IAS 32 and IAS 1 – Amendments to Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation (effective first annual period commencing on or after 1/1/2009)
- IAS 32 – Amendments to Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation (effective first annual period commencing on or after 1/1/2009)
- IFRS 3 – Business Combinations (Revised 2008) (effective first annual period commencing on or after 1/7/2009)
- IAS 27 – Consolidated and Separate Financial Statements (effective first annual period commencing on or after 1/7/2009)
- IFRS 1 and IAS 27 - Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements (effective first annual period commencing on or after 1/1/2009)
- IFRIC 15 – Agreements for the Construction of Real Estate (effective first annual period commencing on or after 1/1/2009)
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation (effective first annual period commencing on or after 1/10/2008)

The aggregate effect of the statements and interpretations on the group annual financial statements, had they been applied for the year ended 29 February 2008 is considered nil.

# Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## Notes to the Group Annual Financial Statements

	Group		Company	
	2008 R	2007 R	2008 R	2007 R

### 4. Property, plant and equipment

Group	2008			2007		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	567 119	(120 770)	446 349	280 412	(205 035)	75 377
Motor vehicles	217 883	(216 948)	935	217 883	(215 846)	2 037
Office equipment	643 839	(460 037)	183 802	511 136	(404 585)	106 551
IT equipment	2 117 025	(1 447 217)	669 808	1 612 030	(1 072 081)	539 949
Leasehold improvements	1 070 917	(62 470)	1 008 447	-	-	-
<b>Total</b>	<b>4 616 783</b>	<b>(2 307 442)</b>	<b>2 309 341</b>	<b>2 621 461</b>	<b>(1 897 547)</b>	<b>723 914</b>

Company	2008			2007		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	567 119	(120 770)	446 349	280 412	(205 035)	75 377
Motor vehicles	217 883	(216 948)	935	217 883	(215 846)	2 037
Office equipment	643 839	(460 037)	183 802	511 136	(404 585)	106 551
IT equipment	2 117 025	(1 447 217)	669 808	1 612 030	(1 072 081)	539 949
Leasehold improvements	1 070 917	(62 470)	1 008 447	-	-	-
<b>Total</b>	<b>4 616 783</b>	<b>(2 307 442)</b>	<b>2 309 341</b>	<b>2 621 461</b>	<b>(1 897 547)</b>	<b>723 914</b>

### Reconciliation of property, plant and equipment - Group - 2008

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	75 377	490 216	(55 395)	(63 849)	446 349
Motor vehicles	2 037	-	-	(1 102)	935
Office equipment	106 551	132 703	-	(55 452)	183 802
IT equipment	539 949	507 115	(942)	(376 314)	669 808
Leasehold improvements	-	1 070 917	-	(62 470)	1 008 447
	<b>723 914</b>	<b>2 200 951</b>	<b>(56 337)</b>	<b>(559 187)</b>	<b>2 309 341</b>

### Reconciliation of property, plant and equipment - Group - 2007

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	81 909	20 110	-	(26 642)	75 377
Motor vehicles	10 684	-	-	(8 647)	2 037
Office equipment	126 796	30 571	-	(50 816)	106 551
IT equipment	363 571	459 320	(3 031)	(279 911)	539 949
	<b>582 960</b>	<b>510 001</b>	<b>(3 031)</b>	<b>(366 016)</b>	<b>723 914</b>

# Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## Notes to the Group Annual Financial Statements

	Group		Company	
	2008 R	2007 R	2008 R	2007 R

### 4. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - Company - 2008

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	75 377	490 216	(55 395)	(63 849)	446 349
Motor vehicles	2 037	-	-	(1 102)	935
Office equipment	106 551	132 703	-	(55 452)	183 802
IT equipment	539 949	507 115	(942)	(376 314)	669 808
Leasehold improvements	-	1 070 917	-	(62 470)	1 008 447
	<b>723 914</b>	<b>2 200 951</b>	<b>(56 337)</b>	<b>(559 187)</b>	<b>2 309 341</b>

#### Reconciliation of property, plant and equipment - Company - 2007

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	81 909	20 110	-	(26 642)	75 377
Motor vehicles	10 684	-	-	(8 647)	2 037
Office equipment	126 796	30 571	-	(50 816)	106 551
IT equipment	363 571	459 320	(3 031)	(279 911)	539 949
	<b>582 960</b>	<b>510 001</b>	<b>(3 031)</b>	<b>(366 016)</b>	<b>723 914</b>

### 5. Available for sale financial assets

#### Unlisted investment at cost

100 Ordinary shares of R1 each in Soul City Broad-Based Empowerment Company (Pty) Ltd	100	100	-	-
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#### Loans and receivables

Loan to Soul City Broad-Based Empowerment Company (Pty) Ltd The loan is unsecured and interest free. Repayment terms have not been determined.	2 187 900	2 169 900	-	-
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#### Total other financial assets

	<b>2 188 000</b>	<b>2 170 000</b>	<b>-</b>	<b>-</b>
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#### Non-current assets

Unlisted investment at cost	100	100	-	-
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#### Current assets

Loan to Soul City Broad-Based Empowerment Company (Pty) Ltd	2 187 900	2 169 900	-	-
	<b>2 188 000</b>	<b>2 170 000</b>	<b>-</b>	<b>-</b>

## Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

### Notes to the Group Annual Financial Statements

	Group		Company	
	2008 R	2007 R	2008 R	2007 R
<b>6. Trade and other receivables</b>				
Trade receivables	1 624 998	1 159 061	1 624 998	1 159 061
Prepayments	5 585	218 224	5 585	218 224
VAT	2 725 749	6 860 150	2 725 749	6 860 150
Receivables due on grant contracts	32 736 073	25 387 107	32 736 073	25 387 107
Staff loans	72 480	74 114	72 480	74 114
Sundry receivables	(35 065)	7 051	(35 065)	7 051
	<b>37 129 820</b>	<b>33 705 707</b>	<b>37 129 820</b>	<b>33 705 707</b>

All amounts are short-term. The carrying value of trade receivables is considered a reasonable approximation of fair value.

All trade and other receivables have been reviewed for indicators of impairments and accordingly no provisions were raised.

#### Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor due nor impaired can be assessed by reference to historical information about counterparty default rates.

#### Receivables due on grant contracts

Included in receivables due on grant contracts is balances in the amount of R 5 770 742 which are past due more than 12 months. Management is in negotiations with these donors to ensure payment.

Included in receivables due on grant contracts is balances in the amount of R 5 410 901 (475 295 Euros), which is subject to the final approval by the Royal Netherlands Embassy.

#### Trade and other receivables past due but not impaired

Trade and other receivables which are less than 30 days due are not considered to be impaired. At 29 February 2008, R 1 308 592 (2007: R 487 947) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	-	115 921	-	115 921
2 months past due	1 269 115	18 606	1 269 115	18 606
3 months and longer past due	39 477	353 420	39 477	353 420

# Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## Notes to the Group Annual Financial Statements

	Group		Company	
	2008 R	2007 R	2008 R	2007 R

### 7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	51 324	14 200	51 324	14 200
Bank balances	16 682 862	22 935 642	16 484 655	22 686 570
	<b>16 734 186</b>	<b>22 949 842</b>	<b>16 535 979</b>	<b>22 700 770</b>

### 8. Capital donation

The capital donation represents the net aggregate value of these assets less the liabilities of the Soul City Project as distributed by the Institute for Urban Primary Health Care Trust on 1 April 2000.

	2 754 217	2 754 217	2 754 217	2 754 217
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### 9. Deferred income

Refer to supplementary schedule on page 33 and 34 for details.

Deferred income	7 731 715	5 739 649	7 731 715	5 739 649
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### 10. Trade and other payables

Trade payables	10 507 467	14 261 700	10 507 181	14 261 414
Accrual for leave pay	595 522	761 444	595 522	761 444
Accrued expenses	2 109 903	4 470 100	2 109 903	4 470 100
	<b>13 212 892</b>	<b>19 493 244</b>	<b>13 212 606</b>	<b>19 492 958</b>

All amounts are short term. The carrying values are considered to be a reasonable approximation of fair value.

### 11. Revenue

Administration reimbursement	11 534 168	11 422 785	11 534 168	11 422 785
Donations received	4 573 353	693 117	4 555 353	273 117
Management fees	4 522 843	5 131 232	4 522 843	5 131 232
Grant income	138 683 575	132 628 099	138 683 575	132 628 099
	<b>159 313 939</b>	<b>149 875 233</b>	<b>159 295 939</b>	<b>149 455 233</b>

## Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

### Notes to the Group Annual Financial Statements

	Group		Company	
	2008 R	2007 R	2008 R	2007 R
<b>12. Operating (deficit) / surplus</b>				
Operating profit for the year is stated after accounting for the following:				
<b>Operating lease charges</b>				
Premises				
• Contractual amounts	1 948 842	1 140 814	1 948 842	1 140 814
Equipment				
• Contractual amounts	118 715	114 874	118 715	114 874
	<b>2 067 557</b>	<b>1 255 688</b>	<b>2 067 557</b>	<b>1 255 688</b>
Loss on sale of property, plant and equipment	24 586	4 206	24 586	4 206
Profit on exchange differences	(5 468 135)	(2 714 248)	(5 468 135)	(2 714 248)
Depreciation on property, plant and equipment	559 187	366 009	559 187	366 009
Employee costs	12 569 336	14 292 800	12 569 336	14 292 800
<b>13. Investment revenue</b>				
<b>Dividend revenue</b>				
Other unlisted investment	2 188 710	938 018	2 188 710	938 018
Ned Investment Trust	356 953	307 683	356 953	307 683
	<b>2 545 663</b>	<b>1 245 701</b>	<b>2 545 663</b>	<b>1 245 701</b>
<b>Interest revenue</b>				
Bank	326 115	393 932	326 115	393 932
	<b>2 871 778</b>	<b>1 639 633</b>	<b>2 871 778</b>	<b>1 639 633</b>
Soul City Broad-Based Empowerment Company (Pty) Ltd distributed R2 188 710 (2007: R938 018) to the Soul City Trust. These funds were received by the company as a beneficiary of Murray and Roberts' Broad-Based Empowerment Trust.				
<b>14. Finance costs</b>				
Trade and other payables	6 392	500	6 183	500
<b>15. Auditors' remuneration</b>				
Fees	135 179	154 113	125 375	154 113
Tax and secretarial services	2 280	285	-	-
	<b>137 459</b>	<b>154 398</b>	<b>125 375</b>	<b>154 113</b>

## Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

### Notes to the Group Annual Financial Statements

	Group		Company	
	2008 R	2007 R	2008 R	2007 R
<b>16. Cash used in operations</b>				
Profit (loss) before taxation	3 100 170	(752 122)	3 145 328	(1 170 504)
<b>Adjustments for:</b>				
Depreciation and amortisation	559 187	366 009	559 187	366 009
Loss on sale of assets	24 586	4 206	24 586	4 206
Interest received	(326 115)	(393 932)	(326 115)	(393 932)
Finance costs	6 392	500	6 183	500
Dividends received	(2 545 663)	(1 245 701)	(356 953)	(307 683)
<b>Changes in working capital:</b>				
Trade and other receivables	(3 424 113)	1 768 516	(3 424 113)	1 768 516
Trade and other payables	(6 280 353)	6 063 703	(6 280 353)	6 063 417
Deferred income	1 992 067	(13 881 831)	1 992 067	(13 881 831)
	<b>(6 893 842)</b>	<b>(8 070 652)</b>	<b>(4 660 183)</b>	<b>(7 551 302)</b>

### 17. Commitments

#### Operating and project expenditure

##### Already contracted for but not provided for

• Operating expenditure - within one year	324 456	-	324 456	-
• Operating expenditure - in second to fifth year inclusive	475 000	-	475 000	-
• Project expenditure - within one year	13 684 449	-	13 684 449	-
• Project expenditure - in second to fifth year inclusive	475 000	-	475 000	-

#### Operating leases – as lessee (expense)

##### Minimum lease payments due

- within one year	1 245 160	537 104	1 245 160	537 104
- in second to fifth year inclusive	8 790 216	-	8 790 216	-
	<b>10 035 376</b>	<b>537 104</b>	<b>10 035 376</b>	<b>537 104</b>

The total future minimum sublease payment expected to be received under non-cancellable sublease	1 482 152	-	1 482 152	-
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Operating lease payments represent rentals payable by the group for its office properties. Leases are negotiated for an average term of ten years and rentals are fixed for an average of five years. No contingent rent is payable.

# Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## Notes to the Group Annual Financial Statements

	Group		Company	
	2008 R	2007 R	2008 R	2007 R
<b>18. Related parties</b>				
<b>Relationships</b>				
Entities with mutual management			Soul City Trust Mass Media Projects (Section 21)	
Members of key management			Sue Goldstein Aadielah Maker John Molefe Kasthuri Soni Shereen Usdin Harriet Perlman Lebogang Ramafoko	
Directors			C Carolus J Broomberg K Kahn AR Velcich S Salojee AB Mashigo MMN Chane AE Borman CG Japhet Y Carrim S Maslamoney P Nhlapo K Soni	
<b>Compensation to directors and other key management</b>				
Short-term employee benefits	6 084 382	5 427 360	6 084 382	5 427 360

## 19. Directors' emoluments

### Executive

2008	Remuneration paid or receivable	Total
For services as directors	952 384	952 384
2007	Remuneration paid or receivable	Total
For services as directors	905 235	905 235

# Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## Notes to the Group Annual Financial Statements

	Group		Company	
	2008 R	2007 R	2008 R	2007 R

### 20. Risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, and the availability of funding through an adequate amount of committed credit facilities.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and monitored.

#### Interest rate risk

As the group has no significant interest-bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates.

#### Credit risk

Credit risk is managed on a group basis.

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

#### Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Foreign exchange risk arises from the group's foreign donor activities and donor projects, which are primarily denominated in South African Rands and Euro's.

Foreign exchange risk arises when future transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The sensitivity to foreign exchange in the net result for the year, and equity, in regards to the group's financial assets and liabilities was affected by a 11,71% decline in the Rand / Euro exchange rate for the period ended 29 February 2008. (2008: R 9,89767 (2007: R 8,85525)). Exposure to foreign exchange rates varied during the year depending on the volume and amount of foreign currency transactions.

#### Exchange rates used for conversion of foreign items were:

Euro	11.38430	9.48950	11.38430	9.48950
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## Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

### Detailed Income statement

	Note(s)	Group		Company	
		2008 R	2007 R	2008 R	2007 R
<b>Revenue</b>					
Administration reimbursements		11 534 168	11 422 785	11 534 168	11 422 785
Grant income		138 683 575	132 628 099	138 683 575	132 628 099
Donations received		4 573 353	693 117	4 555 353	273 117
Management fees		4 522 843	5 131 232	4 522 843	5 131 232
	11	<b>159 313 939</b>	<b>149 875 233</b>	<b>159 295 939</b>	<b>149 455 233</b>
<b>Other income</b>					
Rental income		444 480	321 470	444 480	321 470
Discount received		-	870 099	-	870 099
Insurance refunds		209 604	37 323	209 604	37 323
Skill development levy refund		-	71 147	-	71 147
Consulting services		-	146 707	-	146 707
Sales of materials		212 888	399 425	212 888	399 425
Profit on exchange differences		5 468 135	2 714 248	5 468 135	2 714 248
		<b>6 335 107</b>	<b>4 560 419</b>	<b>6 335 107</b>	<b>4 560 419</b>
<b>Investment revenue</b>					
Dividend revenue	13	2 545 663	1 245 701	2 545 663	1 245 701
Interest received	13	326 115	393 932	326 115	393 932
		<b>2 871 778</b>	<b>1 639 633</b>	<b>2 871 778</b>	<b>1 639 633</b>
<b>Expenses (Refer to page 33)</b>					
		<b>(165 414 262)</b>	<b>(156 826 907)</b>	<b>(165 351 313)</b>	<b>(156 825 289)</b>
<b>Operating (deficit) / surplus</b>	12	<b>(3 228 545)</b>	<b>(5 312 041)</b>	<b>(3 183 596)</b>	<b>(5 730 423)</b>
Finance costs	14	(6 392)	(500)	(6 183)	(500)
<b>(Deficit) / surplus for the period</b>		<b>(3 234 937)</b>	<b>(5 312 541)</b>	<b>(3 189 779)</b>	<b>(5 730 923)</b>

# Soul City (Association incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

## Detailed Income statement

	Note(s)	Group		Company	
		2008 R	2007 R	2008 R	2007 R
<b>Operating expenses</b>					
Accounting fees		5 819	10 470	5 819	10 470
Advertising		5 430	15 345	5 430	15 345
Auditors' remuneration	15	137 459	154 398	125 375	154 113
Bad debts		120 000	(52 252)	120 000	(52 252)
Bank charges		(60 643)	129 031	(61 508)	127 698
BEE sustainability strategy fees		76 324	8 102	76 324	8 102
Cleaning		29 585	779	29 585	779
Computer expenses		1 295 147	1 060 803	1 295 147	1 060 803
Conference fees		69 781	298 526	69 781	298 526
Consulting fees		263 196	121 766	263 196	121 766
Consumables		177 461	133 003	177 461	133 003
Delivery expenses		2 308	4 739	2 308	4 739
Depreciation, amortisation and impairments		559 187	366 009	559 187	366 009
Donations		344 918	76 242	294 918	76 242
Employee costs		12 569 336	14 292 800	12 569 336	14 292 800
Entertainment		13 218	10 762	13 218	10 762
Gifts		38 668	28 238	38 668	28 238
Grant Expenses		138 683 575	132 628 099	138 683 575	132 628 099
Insurance		178 187	148 379	178 187	148 379
IT expenses		-	47 100	-	47 100
Lease rentals on operating lease		2 067 557	1 255 688	2 067 557	1 255 688
Legal expenses		122 817	177 749	122 817	177 749
Levies		-	17 373	-	17 373
Loss on disposal of assets		24 586	4 206	24 586	4 206
Magazines, books and periodicals		170	-	170	-
Motor vehicle expenses		75 639	53 222	75 639	53 222
Placement fees		179 164	131 662	179 164	131 662
Postage		8 415	13 003	8 415	13 003
Project expenses reimbursed		5 953 401	4 358 348	5 953 401	4 358 348
Printing and stationery		211 490	195 103	211 490	195 103
Relocation costs		690 735	15 000	690 735	15 000
Repairs and maintenance		156 062	219 879	156 062	219 879
Resource centre		24 588	19 935	24 588	19 935
Royalties and license fees		1 290	592	1 290	592
Security		23 074	30 002	23 074	30 002
Subscriptions		175 302	8 986	175 302	8 986
Sundry expenses		184 527	118 213	184 527	118 213
Telephone and fax		344 232	263 894	344 232	263 894
Training		173 324	4 800	173 324	4 800
Travel - local		61 433	111 785	61 433	111 785
Travel - overseas		150 873	170 223	150 873	170 223
Utilities		276 627	174 905	276 627	174 905
		<b>165 414 262</b>	<b>156 826 907</b>	<b>165 351 313</b>	<b>156 825 289</b>

## Soul City (Association Incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

### Schedule of grant income and expenditure - current year

	Balance beginning of the year R	Project grant received for the year R	Interest received on grant funds R	Project expenditure for the year R	Surplus / (Deficit) for the year R
Access	32 758	-	-	(32 758)	-
Cancer Association	177 035	-	-	-	177 035
Department of Health & Human Services - USA : Centre for Desease Control and Prevention	(4 914 766)	42 893 197	147 714	(44 902 151)	(6 776 006)
Children's Institute	40 800	-	-	(40 800)	-
De Beers	640 400	1 250 000	-	(2 830 228)	(939 828)
Department of Health	2 978 127	12 336 580	376 483	(13 525 910)	2 165 280
Department of Health Global Fund	-	-	-	(2 003 894)	(2 003 894)
Department for International Development Southern Africa	(290 042)	9 419 364	96 759	(7 935 356)	1 290 725
Department of Social Development	-	-	-	(675 151)	(675 151)
DPSA	468 552	-	-	(390 855)	77 697
Elma Foundation	-	3 125 000	112 368	(3 100 224)	137 144
European Union (SA)	(2 988 832)	-	11 857	-	(2 976 975)
Global Fund	(2 622 918)	-	85	(170 935)	(2 793 768)
IBIS	195 769	-	-	(165 891)	29 878
Ireland Aid / DCI	870 752	1 880 800	126 896	(622 993)	2 255 455
Kagiso Trust	275	-	23	-	298
Old Mutual	1 348	-	-	(1 348)	-
Oprah W Foundation	46 667	-	3 827	-	50 494
Oxfam Novib	287 167	-	-	(287 167)	-
SABC	(1 279)	3 952 626	(459)	(2 403 180)	1 547 708
Regional Programme - European Union, RNE, Irish Aid and DFID	(14 569 270)	57 454 924	138 630	(59 594 734)	(16 570 450)
	<b>(19 647 457)</b>	<b>132 312 491</b>	<b>1 014 183</b>	<b>(138 683 575)</b>	<b>(25 004 358)</b>

## Soul City (Association Incorporated under Section 21)

(Registration number 1995/010944/08)

Group Annual Financial Statements for the year ended 29 February 2008

### Schedule of deferred income and grants receivable - cumulative

	Project grant received	Interest received on grant funds	Project expenditure to date	Balance
	R	R	R	R
Access	674 510	-	(674 510)	-
Africa Foundation	37 667	-	(37 667)	-
Cancer Association	1 193 535	-	(1 016 500)	177 035
Department of Health & Human Services - USA : Centre for Disease Control and Prevention	69 760 359	171 578	(76 707 943)	(6 776 006)
Children's Institute	111 602	-	(111 602)	-
De Beers	3 705 818	-	(4 645 646)	(939 828)
Department of Health	53 188 896	906 701	(51 930 316)	2 165 280
Department of Health Global Fund	-	-	(2 003 894)	(2 003 894)
Department for International Development Southern Africa	120 269 323	1 264 128	(120 242 726)	1 290 725
Department of Social Development	-	-	(675 151)	(675 151)
DPSA	3 256 960	-	(3 179 263)	77 697
Elma Foundation	3 125 000	112 368	(3 100 224)	137 144
European Union (SA)	81 437 404	936 877	(85 351 257)	(2 976 975)
Global Fund	18 126 718	143 347	(21 063 833)	(2 793 768)
IBIS	300 000	-	(270 122)	29 878
Ireland Aid	13 949 994	322 790	(12 017 329)	2 255 455
JICA-Embassy of Japan	552 005	-	(552 005)	-
Kagiso Trust	-	298	-	298
Khomanani	1 364 035	-	(1 364 035)	-
Old Mutual	1 430 789	-	(1 430 789)	-
Oprah W Foundation	615 460	50 494	(615 460)	50 494
Oxfam Novib	452 475	-	(452 475)	-
SABC	10 029 057	(6 612)	(8 474 737)	1 547 708
UNICEF	1 793 307	-	(1 793 307)	-
Reg Prog - European Union, RNE, Irish Aid and DFID	291 714 990	1 016 327	(309 301 767)	(16 570 450)
	<b>677 089 904</b>	<b>4 918 296</b>	<b>(707 012 558)</b>	<b>(25 004 358)</b>
Prior year	<b>544 777 413</b>	<b>3 904 111</b>	<b>(568 328 982)</b>	<b>(19 647 458)</b>
Movement for current year	<b>132 312 491</b>	<b>1 014 185</b>	<b>(138 683 576)</b>	<b>(5 356 900)</b>
<b>2008:</b>				
Deferred revenue				7 731 715
Grants receivable				(32 736 073)
Net grants receivable				(25 004 358)
<b>2007:</b>				
Deferred revenue				5 739 649
Grants receivable				(25 387 107)
Net grants receivable				(19 647 458)