HOSPIVISION (SECTION 21 COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2009

Snijder & Associates Inc.
Chartered Accountants (S.A.)
Registered Auditors
Issued 24 July 2009

INDEX

The reports and statements set out below comprise the financial statements:

Index	**Page**
Report of the Independent Auditors	2 - 3
Directors' Responsibilities and Approval	4
Directors' Report	5
Balance Sheet	6
Income Statement	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Accounting Policies	10
Notes to the Financial Statements	11
The following supplementary information does not form part of the financial statements and is unaudited:	
Detailed Income statement	12

REPORT OF THE INDEPENDENT AUDITORS

To Hospivision (Section 21 Company)

We have audited the accompanying financial statements of Hospivision (Section 21 Company), which comprise the directors' report, the balance sheet as at 28 February 2009, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 11.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa, 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

In common wih other similiar organisations, it is not feasible for the association to institute accounting controls over cash collections from donations prior to initial entry of the collections in the accounting records. Accordingly, it was unpractical to extend our audit procedures beyond those receipts actually recorded.

Opinion

In our opinion, except for the effect on the financial statements of the maters refferred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of company as of 28 February 2009, and of its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa, 1973.

Supplementary Information

We draw your attention to the fact that the supplementary information set out on page 12 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Snijder & Associates Inc.
Chartered Accountants (S.A)
Registered Auditors

24 July 2009
Pretoria

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent 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 these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 2.

The financial statements set out on pages 5 to 12, which have been prepared on the going concern basis, were approved by the board on 24 July 2009 and were signed on its behalf by:

Director **Director**

DIRECTORS' REPORT

The directors submit their report for the year ended 28 February 2009.

1. Review of activities

Main business and operations

The company is engaged in providing mental and emotional well being for hospitalized people and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

Net surplus of the company was R 69,232 (2008: deficit R 83,497).

2. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. 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:

AE De La Porte
JP Van Der Walt
MT Moatlhodi

5. Secretary

The secretary of the company is Pierneef Secretarial Services (Pty) Ltd of:

Business address

699 Pierneef Street
Deerness
0084

Postal address

PO Box 31061
Totiusdal
0134

6. Auditors

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

BALANCE SHEET

	2009 R	2008 R
Assets		
Non-Current Assets		
Property, plant and equipment	25,562	51,409
Current Assets		
Cash and cash equivalents	137,725	38,434
Total Assets	**163,287**	**89,843**
Equity and Liabilities		
Equity		
Retained income	7,324	(61,908)
Liabilities		
Current Liabilities		
Trade and other payables	155,963	151,751
Total Equity and Liabilities	**163,287**	**89,843**

INCOME STATEMENT

	2009 R	2008 R
Revenue	4,232,479	2,637,111
Cost of sales	(808,187)	(345,047)
Gross surplus	**3,424,292**	**2,292,064**
Other income	372,629	241,178
Operating expenses	(3,723,943)	(2,616,938)
Operating surplus (deficit)	**72,978**	**(83,696)**
Investment revenue	12,665	4,666
Finance costs	(16,411)	(4,467)
Surplus (deficit) for the year	**69,232**	**(83,497)**

STATEMENT OF CHANGES IN EQUITY

	Retained income R	Total equity R
Balance at 01 March 2007	**21,589**	**21,589**
Changes in equity		
Deficit for the year	(83,497)	(83,497)
Total changes	(83,497)	(83,497)
Balance at 01 March 2008	**(61,908)**	**(61,908)**
Changes in equity		
Surplus for the year	69,232	69,232
Total changes	69,232	69,232
Balance at 28 February 2009	**7,324**	**7,324**

CASH FLOW STATEMENT

	2009 R	2008 R
Cash flows from operating activities		
Cash receipts	4,232,480	2,637,112
Cash paid to suppliers and employees	(4,125,813)	(2,603,453)
Cash generated from operations	106,667	33,659
Interest income	12,665	4,666
Finance costs	(16,411)	(4,467)
Net cash from operating activities	**102,921**	**33,858**
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,629)	(76,924)
Total cash movement for the year	**99,292**	**(43,066)**
Cash at the beginning of the year	38,434	81,500
Total cash at end of the year	**137,726**	**38,434**

ACCOUNTING POLICIES

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and the Companies Act of South Africa, 1973. The 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.

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.

Item	**Average useful life**
Furniture and fixtures	6 years
IT equipment	3 years
Computer software	3 years

1.2 Financial instruments

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.

1.3 Turnover

Turnover comprises of donations and grants received. Turnover is exclusive of value added taxation.

1.4 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

	2009	2008
	R	R

2. Property, plant and equipment

	2009			2008		
	Cost / Valuation	**Accumulated depreciation**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	2,400	(2,398)	2	2,400	(2,398)	2
Office equipment	3,629	(3,625)	4	-	-	-
IT equipment	72,716	(53,312)	19,404	72,716	(33,594)	39,122
Computer software	18,419	(12,267)	6,152	18,419	(6,134)	12,285
Total	**97,164**	**(71,602)**	**25,562**	**93,535**	**(42,126)**	**51,409**

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

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	2009 R	2008 R
Bank balances	137,725	38,434

4. Trade and other payables

	2009 R	2008 R
Other payables	155,963	151,751

5. Investment revenue

	2009 R	2008 R
Interest revenue		
Bank	12,665	4,666

6. Finance costs

	2009 R	2008 R
Interest paid	16,411	4,467

7. Auditors' remuneration

	2009 R	2008 R
Fees	9,500	9,500

8. Cash generated from operations

	2009 R	2008 R
Profit (loss) before taxation	69,232	(83,497)
Adjustments for:		
Depreciation and amortisation	29,477	26,284
Interest received	(12,665)	(4,666)
Finance costs	16,411	4,467
Changes in working capital:		
Trade and other payables	4,212	91,071
	106,667	**33,659**

DETAILED INCOME STATEMENT

	Note	2009 R	2008 R
Revenue			
Grants Received		3,106,737	1,954,405
Donations		1,125,742	682,706
		4,232,479	**2,637,111**
Cost of sales			
Direct costs		(808,187)	(345,047)
Gross surplus		**3,424,292**	**2,292,064**
Other income			
Other income		372,629	241,178
Interest received	5	12,665	4,666
		385,294	**245,844**
Operating expenses			
Accounting fees		(9,395)	(5,463)
Administration and management fees		(686)	-
Advertising		(219,895)	(186,130)
Auditors remuneration	7	(9,500)	(9,500)
Bank charges		(17,937)	(9,807)
Computer expenses		(92,027)	(24,101)
Depreciation, amortisation and impairments		(29,477)	(26,284)
Donations		(4,409)	(1,820)
Employee costs		(2,361,180)	(1,755,994)
Fines and penalties		(2,195)	-
Gifts		(2,830)	(5,559)
Insurance		(7,099)	(2,141)
Lease rentals on operating lease		(8,610)	(5,593)
Operating Expenses		(118,362)	(54,402)
Postage		(14,780)	(7,623)
Printing and stationery		(236,115)	(184,594)
Repairs and maintenance		(80,096)	(94,720)
Staff welfare		(36,426)	(20,510)
Telephone and fax		(51,369)	(40,561)
Training		(41,619)	(30,966)
Travel - local		(142,272)	(37,462)
Workspho meals - Champs Advanced		(11,465)	(11,760)
Worksphop meals - Champs Basic		(226,199)	(101,948)
		(3,723,943)	**(2,616,938)**
Operating surplus (deficit)		**85,643**	**(79,030)**
Finance costs	6	(16,411)	(4,467)
Surplus (deficit) for the year		**69,232**	**(83,497)**