

**MENTORING RESOURCE NETWORK**  
**(MRN)**  
**(Reg No : 028-134-NPO)**  
**EAST LONDON**

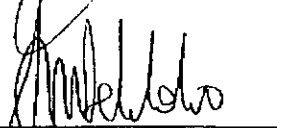
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2005**

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The Annual Financial Statements set out on pages 2 - 9 were approved by the Stakeholders and are signed on their behalf on the 30 September 2005.

  
\_\_\_\_\_  
D Gough  
(Treasurer)

  
\_\_\_\_\_  
M Sehloho  
(Chairman)



**REPORT OF THE INDEPENDENT AUDITORS**  
**to the Stakeholders of**  
**MENTORING RESOURCE NETWORK**

We have audited the Annual Financial Statements set out on pages 2 - 8 for the year ended 31 March 2005. These Annual Financial Statements are the responsibility of the entity's members. Our responsibility is to express an opinion on these financial statements based on our audit.

**SCOPE**

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

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

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

**QUALIFICATION**

In common with similar entities, the system of control are dependent upon the close involvement of the facilitator. Where independent confirmation of the completeness and validity of the accounting records was therefore not available we have accepted assurances from the facilitator that all the entity's transactions have been reflected in the records.

**OPINION**

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements fairly present, in all material respects, the financial position of the entity at 31 March 2005 and the results of its operations and cash flows for the period then ended in accordance with generally accepted accounting practice.

  
\_\_\_\_\_  
LEONARD TEBBUTT  
Chartered Accountants (SA)

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**DIRECTORS' REPORT**  
**for the year ended 31 March 2005**

The Executive Committee take pleasure in presenting their annual report for the year ended 31 March 2005.

**Review of Business and Operations**

The nature of the business is to serve as a coalition of mentoring NGO's working towards building sustainable and effective NGO's and CBO's, who are involved in responding to the crisis caused by HIV & AIDS. This strengthening is carried out through a process of mentoring, mutual support and united program implementation.

We have received a commitment from the Royal Netherlands Embassy to continue funding the MRN in 2005/6, and The National Department of Health has assured the MRN executive that the outstanding R 250 000 will be paid in the same year.

Operations during the period resulted in a net surplus of R 1459476. Details thereof are disclosed in the income statement set out on page 4.

**Executive Committee**

The Executive Committee in office during the period and at the date of this report is as follows.

Mohapi S Sehloho

Oupa J Dlamini

Darren G Gough (Term Lapsed)

Fiona McDonald

Luann M Hatane (Resigned)

**SECRETARY**

The company has no secretary.

**EVENTS SUBSEQUENT TO BALANCE SHEET DATE**

The stakeholders are not aware of any circumstances arising since the end of the financial year, not otherwise dealt with in the Annual Financial Statements, which significantly affects the financial position of the company or results of its operations.

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**BALANCE SHEET - 31 March 2005**

	<u>Notes</u>	<u>R</u>	<u>2004</u> <u>R</u>
<b><u>ASSETS</u></b>			
<b><u>NON-CURRENT ASSETS</u></b>			
Property, plant and equipment	1.1 & 4	15668	-
<b><u>CURRENT ASSETS</u></b>			
Trade and other receivables		7396	-
Cash and cash equivalents	5	1370628	39
SARS - vat		27344	-
<b><u>TOTAL ASSETS</u></b>		<b>1421536</b>	<b>39</b>
<b><u>EQUITY &amp; LIABILITIES</u></b>			
<b><u>CAPITAL &amp; RESERVES</u></b>			
Retained income		1403315	(56161)
<b><u>CURRENT LIABILITIES</u></b>			
Trade and other payables		18221	56200
<b><u>TOTAL EQUITIES &amp; LIABILITIES</u></b>		<b>1421536</b>	<b>39</b>

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for the year ended 31 March 2005

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INCOME STATEMENT  
for the year ended 31 March 2005

	<u>Notes</u>	<u>R</u>	<u>2004</u> <u>R</u>
<u>REVENUE</u>			
Funding income	1.2 & 2	3000500	50
Administrative expenses		(167865)	(6341)
Other operating expenses		<u>(1390786)</u>	<u>(50048)</u>
<u>PROFIT/(DEFICIT) from OPERATIONS before interest</u>	3	1441849	(56339)
Interest earned		17627	-
<u>NET PROFIT/(DEFICIT) for the period</u>		<u><u>1459476</u></u>	<u><u>(56339)</u></u>

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STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 March 2005

	<u>Accum</u> <u>Funds</u> <u>R</u>
Balance at 1 April 2003	
Net loss for the period	179 (56339)
Balance at 1 April 2004	
Net profit for the period	<u>(56161)</u> 1459476
Balance at 31 March 2005	<u><u>1403316</u></u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2005

1 ACCOUNTING POLICIES

The Annual Financial Statements are prepared on the historical cost basis and comply with generally accepted accounting policies. They incorporate the following accounting policies, which are consistent with the previous year:

1.1 Property, Plant and Equipment

Property, plant & equipment are shown at cost less accumulated depreciation. Depreciation is provided for on the straight line basis at a rate designed to reduce the assets to their residual value over their estimated useful lives.

The applicable rates are :

Computer equipment

33.3% p.a

1.2 Revenue recognition

Revenue represents funding received from overseas institutions and the National Department of Health. These funds are accounted for on receipt of these funds

Other revenues earned by the company are recognised on the following basis:

- Interest income - as it accrues

2 FUNDING

Received from :

Royal Netherlands Embassy

National Department of Health

2500000  
500500

3000500

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

3 PROFIT from OPERATIONS

Profit from operations before interest is stated after taking into account the following items:

	R
Bookkeeping fees	22048
Depreciation of property, plant & equipment	1221
Staff costs	73653

4 PROPERTY, PLANT & EQUIPMENT

	Computer Equipment
	<u>R</u>
Net book value-beginning of year	-
Additions	16889
Depreciation	(1221)
Net book value-end of year	<u>15668</u>
Cost	<span style="border: 1px solid black; padding: 2px;">16889</span>
Accumulated depreciation	<span style="border: 1px solid black; padding: 2px;">(1221)</span>

5 CASH AND CASH EQUIVALENTS

Bank balances represented by :  
Current accounts

<u>1370628</u>	<u>39</u>
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6 TAXATION

The company has applied for tax exemption from the South African Revenue Services. No provision has therefore been made for any potential tax liability.

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**CASH FLOW STATEMENT**  
**for the year ended 28 February 2005**

	<u>R</u>	<u>2004</u> <u>R</u>
<b><u>CASH GENERATED BY OPERATIONS</u></b>		
<b><u>OPERATING PROFIT/(LOSS) before interest</u></b>	1441849	(56339)
Adjustments for:		
Depreciation	<u>1221</u>	<u>-</u>
<b><u>OPERATING PROFIT /(LOSS) before WORKING CAPITAL CHARGES</u></b>	1443070	(56339)
<b><u>Generated to finance working capital</u></b>	(73219)	52648
Increase in trade & other receivables	<span style="border: 1px solid black; padding: 2px;">(35240)</span>	<span style="border: 1px solid black; padding: 2px;">-</span>
(Decrease)/Increase in trade & other payables	<span style="border: 1px solid black; padding: 2px;">(37979)</span>	<span style="border: 1px solid black; padding: 2px;">52648</span>
<b><u>CASH GENERATED/(UTILISED) by OPERATIONS</u></b>	<u>1369851</u>	<u>(3691)</u>
Interest earned	<u>17627</u>	<u>-</u>
<b><u>NET CASH INFLOW/(OUTFLOW) from OPERATIONS</u></b>	1387478	(3691)
<b><u>CASHFLOW from INVESTING ACTIVITIES</u></b>		
Additions to property, plant and equipment	(16889)	-
	<u>1370589</u>	<u>(3691)</u>
<b><u>CASH EFFECT of FINANCING ACTIVITIES</u></b>		
(increase)/Decrease in cash and cash equivalents	<u>(1370589)</u>	<u>3691</u>

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**DETAILED INCOME STATEMENT**  
**for the year ended 31 March 2005**

**INCOME**

Funding income	3000500	50
<b>Less : EXPENSES</b>	<b>1558651</b>	<b>56389</b>
<b><u>Administrative expenses</u></b>	<b>167865</b>	<b>6341</b>
Administration	40500	5900
Advertising	7897	-
Bad debts	-	441
Bank charges	1584	-
Bookkeeping fees	22048	-
Printing and stationery	6583	-
Rent	10500	-
Salaries and wages	70660	-
Staff welfare	2993	-
Teas and cleaning	2250	-
Water & electricity	2850	-
<b><u>Operating expenses :</u></b>	<b>1390786</b>	<b>50018</b>
Depreciation	1221	-
Conference expenses	16422	-
Computer expenses	8921	-
Consultancy fees	2800	-
Insurance	5175	-
Motor vehicle expenses	6530	3502
Organisational development	291680	-
Mentoring expenses	380600	-
Project expenses - material and equipment	229579	-
NGO core funding	100000	-
Training	107240	-
Telephone and fax	17857	853
Salaries subsistence	6504	-
Web page expenses	10000	-
Travel and accommodation	206157	45693
<b><u>NET PROFIT/(LOSS) before interest</u></b>	<b>1441849</b>	<b>(56339)</b>
<b><u>Finance income</u></b>		
Interest income	17627	-
<b><u>NET PROFIT/(LOSS) for the period</u></b>	<b>1459476</b>	<b>(56339)</b>