

TSHIKULULU SOCIAL INVESTMENTS
(Association Incorporated Under Section 21
1998/010772/08)

ANNUAL FINANCIAL STATEMENTS
31 December 2010

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1998/010772/08)

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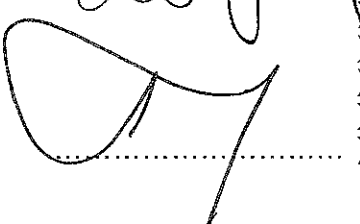
Statement of directors' responsibility

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The auditor is responsible for reporting on the fair presentation of the annual financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors are also responsible for the company's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the company's assets and to prevent and detect misstatement and loss. Nothing has come of the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

The annual financial statements have been prepared on the going concern basis since the directors believe that the company has adequate resources in place to continue in operation and that the assets will be realised and the liabilities settled in the normal course of business.

The annual financial statements that are set out on pages 3 to 27 were approved by the directors on 28th March 2011 and are signed on their behalf:



) DIRECTORS
)
)

Independent auditor's report to the directors of Tshikululu Social Investments (Association Incorporated Under Section 21)

We have audited the annual financial statements of Tshikululu Social Investments (Association Incorporated Under Section 21) which comprises the report of the directors, the statement of financial position as at 31 December 2010, the statement of comprehensive income for the year then ended, the statement of changes in reserves and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 26.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these 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 auditor's judgement, including 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 controls relevant to the company'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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the directors, as well as evaluating the overall financial statement presentation.

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

**Independent auditor's report
to the directors of Tshikululu Social Investments
(Association Incorporated Under Section 21) (continued)**

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.

Supplementary information

The detailed statement of comprehensive income set out on page 27 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion on it.

Deloitte & Touche

Deloitte & Touche

**Per: T Abdool-Samad
Partner**

TSHIKULULU SOCIAL INVESTMENTS

DIRECTORS' REPORT

31 December 2010

The Directors are pleased to present their report on the activities of the company for the year ended 31 December 2010.

Nature of Business

Tshikululu Social Investments (Tshikululu) was established in 1998 as a Section 21 company, associated not for gain. Tshikululu provides comprehensive fund and project management of the corporate social investment programmes of large and medium-sized businesses in South Africa. Tshikululu manages dedicated company CSI funds working in the following sectors: Education, Health, HIV/AIDS, Welfare and Development, Environment, Arts and Culture, Disability, Agriculture, Entrepreneurship, Community Care, Early Childhood Development, and Substance Abuse.

Tshikululu operates on a fee for service basis and the mix of services provided is subject to negotiation with individual clients.

The following services are offered to clients:

- CSI Fund Management
- Monitoring and evaluation, including NGO assessment and reporting
- Strategic consultancy and CSI strategy design and review
- NGO training
- Internal and external communications
- Capital infrastructure project management
- Bursary programme management
- Staff Volunteer programme design
- Development sector research and thought leadership
- Grant administration
- Grantmaking
- External audits
- NGO governance review
- Trust set-up, administration and legal and tax compliance
- Trust financial management and reporting
- PBO status management.

Financial results

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

	<u>2010</u>	<u>2009</u>
	R	R
Income before taxation	2 032 163	4 861 570
Taxation	(591 827)	(1 414 530)
Comprehensive income for the year	<u>1 440 336</u>	<u>3 447 040</u>

Going concern

The annual financial statements have been prepared on the going concern basis since the directors believe that the company has a positive new business pipeline and adequate reserves in place to continue in operation. That the assets as reflected in the balance sheet will be realised and the liabilities settled in the normal course of business.

TSHIKULULU SOCIAL INVESTMENTS

DIRECTORS' REPORT (continued)

31 December 2010

Directors

The directors of the company during the year under review and up to the date of this report were as follows:

+ GG Gomwe *	(Chairman)
AH Arnott *	
TW Henry	(Chief executive officer)
P Rungasamy *	
N Gxumisa *	
M Diaho *	(Appointed September 2010)

* Non-executive

+ Zimbabwean citizen

Interest of directors

No material contracts in which the directors have an interest were entered into in the current or prior year.

Share capital

As a Section 21 company Tshikululu does not have a share capital and the company pays no dividends.

Events after balance sheet date

The directors are not aware of any facts or circumstances of a material nature arising since the end of the financial year to the date of this report which significantly affect the financial position of the company or the results of its operations.

Company secretary

WR Somerville of Corporate Statutory Services provides company secretarial and corporate governance advisory services to the company.

The registered physical and postal addresses are as follows:

Physical address

Block B, Ground Floor
Metropolitan Office Park
8 Hillside Road
Parktown
2193

Postal address

Private Bag X125
Braamfontein
2017

TSHIKULULU SOCIAL INVESTMENTS

DIRECTORS' REPORT (continued)
31 December 2010

Auditors

The auditors for the company for the year under review were Deloitte & Touche whose business and postal address were as follows:

Business Address	Postal address
Deloitte & Touche Place The Woodlands Office Park Woodlands Drive Woodmead Sandton 2196	Private Bag X6 Gallo Manor 2052

TSHIKULULU SOCIAL INVESTMENTS

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		R	R
Fee income		35 316 111	34 220 100
Other income		497 435	493 281
Interest received	5	<u>1 491 604</u>	<u>1 545 977</u>
Total income		37 305 150	36 259 358
Interest and finance charges paid	5	(27 389)	(40 337)
Operating expenditure		<u>(35 245 598)</u>	<u>(31 357 451)</u>
Income before taxation	6	2 032 163	4 861 570
Taxation	7	<u>(591 827)</u>	<u>(1 414 530)</u>
Total comprehensive income		<u>1 440 336</u>	<u>3 447 040</u>

TSHIKULULU SOCIAL INVESTMENTS

**STATEMENT OF FINANCIAL POSITION
at 31 December 2010**

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		R	R
ASSETS			
Non-current assets			
Plant and equipment	8	3 289 613	1 829 773
Deferred taxation asset	9	700 455	362 784
Total non-current assets		<u>3 990 068</u>	<u>2 192 557</u>
Current assets			
Accounts receivable	10	2 741 244	1 265 355
Taxation receivable	16	-	192 164
Cash and cash equivalents	11	17 328 629	17 086 139
Total current assets		<u>20 069 873</u>	<u>18 543 658</u>
Total assets		<u>24 059 941</u>	<u>20 736 215</u>
EQUITY AND LIABILITIES			
Funds and reserves			
Accumulated funds and reserves		<u>18 338 886</u>	<u>16 898 550</u>
Total funds and reserves		<u>18 338 886</u>	<u>16 898 550</u>
Current liabilities			
Accounts payable	12	3 266 368	1 730 508
Provisions	13	1 939 214	1 295 657
Non-interest bearing liabilities	14	262 000	811 500
Taxation payable	16	253 473	-
Total current liabilities		<u>5 721 055</u>	<u>3 837 665</u>
Total equity and liabilities		<u>24 059 941</u>	<u>20 736 215</u>

TSHIKULULU SOCIAL INVESTMENTS

**STATEMENT OF CHANGES IN RESERVES
for the year ended 31 December 2010**

	<u>Accumulated funds</u>	<u>Total</u>
	R	R
Balance at 1 January 2009	13 451 510	13 451 510
Total comprehensive income	<u>3 447 040</u>	<u>3 447 040</u>
Balance at 31 December 2009	16 898 550	16 898 550
Total comprehensive income	<u>1 440 336</u>	<u>1 440 336</u>
Balance at 31 December 2010	<u>18 338 886</u>	<u>18 338 886</u>

TSHIKULULU SOCIAL INVESTMENTS

STATEMENT OF CASH FLOWS for the year ended 31 December 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		R	R
Operating activities:			
Cash generated from operations	15	2 521 567	5 080 632
Interest and finance charges paid		(27 389)	(40 337)
Interest received		1 491 604	1 545 977
Taxation paid	16	(483 861)	(2 012 681)
<i>Net cash inflow from operating activities</i>		<u>3 501 921</u>	<u>4 573 591</u>
Investment activities:			
Acquisition of plant and equipment	8	(2 721 034)	(241 433)
Proceeds on disposal of assets		11 103	6 581
<i>Net cash outflow from investment activities</i>		<u>(2 709 931)</u>	<u>(234 852)</u>
Financing activities:			
Net decrease in non interest bearing liabilities		(549 500)	-
<i>Net cash outflow from financing activities</i>		<u>(549 500)</u>	<u>-</u>
Net increase in cash and cash equivalents		242 490	4 338 739
Cash and cash equivalents at beginning of the year		17 086 139	12 747 400
Cash and cash equivalents at the end of the year	11	<u><u>17 328 629</u></u>	<u><u>17 086 139</u></u>

TSHIKULULU SOCIAL INVESTMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 December 2010

1. Presentation of financial statements

These financial statements are presented in South African Rand.

2. Adoption of new and revised standards

Standards and Interpretations effective in the current year

The company has adopted all the new and revised standards issued by the International Accounting Standards Board (IASB) that are relevant and effective for accounting periods beginning on or after 1 January 2010.

At the date of authorisation of the financial statements, the following Standards and Interpretations applicable to the entity were in issue but not yet effective:

- IFRS 9 Financial Instruments - Classification and Measurement

At the date of authorisation of the financial statements, the following Standards and Interpretations applicable to the entity have been amended but are not yet effective:

- IFRS 1 First-time adoption of International Financial Reporting Standards
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of financial statements
- IAS 12 Income Taxes
- IAS 24 Related Party disclosures

The directors anticipate that all of the amendments of the above Standards of Interpretation will be adopted in the company's financial statements for the period commencing 1 January 2011 and that the adoption of those Interpretations will have no material impact on the financial statements of the company in the period of initial application.

3. General information

Tshikululu Social Investments "Tshikululu" was established in 1998 as a Section 21 Company, associated not for gain. It provides management services to a number of major South African corporates for their corporate social investment (CSI) activities.

4. Significant accounting policies

The company adopts the following accounting policies in preparing its financial statements. These policies have been consistently applied in all material respects with those applied during the previous year.

TSHIKULULU SOCIAL INVESTMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 December 2010

4. Significant accounting policies (continued)

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

Basis of preparation

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the outcome of the transaction involving the service can be estimated reliably.

Fee income

Fee income comprises the invoiced value net of Value Added Taxation (VAT) where applicable in respect of management fees and consulting services for the administration of corporate social investment funds which are recorded at the date services are rendered.

Interest income

Interest income is accrued on a time apportionment basis, by reference to the principal amount and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to that asset's net carrying value.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Retirement benefit costs

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

TSHIKULULU SOCIAL INVESTMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 December 2010

4. Significant accounting policies (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred taxes are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

TSHIKULULU SOCIAL INVESTMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

31 December 2010

4. Significant accounting policies (continued)

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. Where there is certainty of ownership at the end of the lease, the useful economic life of the asset is used as the depreciation period.

The depreciation rates used are:

Computer equipment	20% - 33.33%	per annum
Computer software	33.33% - 50%	per annum
Furniture and fittings	16.67% - 20%	per annum
Office equipment	16.67% - 20%	per annum

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows required to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial Instruments

Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

TSHIKULULU SOCIAL INVESTMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) 31 December 2010

4. Significant accounting policies (continued)

Financial assets (continued)

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

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.

Impairment of financial assets

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

TSHIKULULU SOCIAL INVESTMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) 31 December 2010

4. Significant accounting policies (continued)

Financial Instruments (continued)

Financial assets (continued)

Derecognition

Financial assets are derecognised when:

- the contractual rights to the asset expires;
- where there is a transfer of the contractual rights that comprise the assets; and
- the company retains the contractual rights of the assets but assumes a corresponding liability to transfer these contractual rights to another party and consequently transfers substantially all the risks and benefits associated with the asset.

Where the company retains substantially all the risks and rewards of ownership of the financial assets, the company continues to recognise the financial asset. The company derecognises a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Fair values

The fair values of all financial instruments are substantially identical to the carrying amounts reflected on the statement of financial position.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' "FVTPL" or 'other financial liabilities'.

Financial liabilities at "FVTPL" are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Critical judgements if applying accounting policies

In the application of the company's accounting policies, which are described in this note, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

TSHIKULULU SOCIAL INVESTMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

31 December 2010

4. Significant accounting policies (continued)

Financial Instruments (continued)

Critical judgements if applying accounting policies (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Residual value and useful life

The company depreciates its assets over their estimated useful lives taking into account residual values, which, following the adoption of IAS16 Property, plant and equipment (revised), are re-assessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Income taxes

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the balance sheet date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the company operates could limit the ability of the company to obtain tax deductions in future periods.

Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorney, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

TSHIKULULU SOCIAL INVESTMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

31 December 2010

	<u>2010</u>	<u>2009</u>
	R	R
5. Net interest received		
	1 491 604	1 545 977
Interest received-South African Revenue Service	-	11 403
Interest received-financial institutions	1 491 604	1 534 574
Interest and finance charges paid	(27 389)	(40 337)
	<u>1 464 215</u>	<u>1 505 640</u>
6. Income before taxation		
Income before taxation after the following operating expenditure items:		
Audit fees: - current year	647 000	650 000
- prior year under provision	282 513	193 238
	<u>929 513</u>	<u>843 238</u>
Depreciation: - owned	1 134 935	1 094 920
- leased	4 924	10 893
	<u>1 139 859</u>	<u>1 105 813</u>
Loss/ (profit) on sale of plant and equipment	<u>110 232</u>	<u>(2 280)</u>
Directors' remuneration - for managerial services	<u>1 192 736</u>	<u>1 046 212</u>
- for services as directors	<u>70 026</u>	<u>58 000</u>
Rent paid	<u>1 612 215</u>	<u>1 682 022</u>
Consulting and management fees	<u>2 661 073</u>	<u>3 088 499</u>
Staff costs	<u>21 753 083</u>	<u>18 629 019</u>

Staff costs are significantly higher than 2009 reflecting the growth in staff complement. Additional staff was recruited during the year to increase the company's capacity to services new clients contracted.

TSHIKULULU SOCIAL INVESTMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 December 2010

	<u>2010</u>	<u>2009</u>
	R	R
7. Taxation		
SA normal taxation		
- current	929 498	1 554 570
Deferred taxation		
- current	(337 671)	(140 040)
	<u>591 827</u>	<u>1 414 530</u>
Reconciliation of tax rate:		
Statutory tax rate	28.00%	28.00%
Adjusted for:		
Permanent differences	1.12%	1.10%
Effective tax rate	<u><u>29.12%</u></u>	<u><u>29.10%</u></u>

TSHIKULULU SOCIAL INVESTMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 December 2010

8. Plant and equipment

	Owned						Leased			Total R		
	Computer equipment		Furniture and fittings		Leasehold improvements		Office equipment		Computer equipment		Office equipment	
	R	R	R	R	R	R	R	R	R		R	
2010 Cost												
At beginning of the year	1 400 003	770 047	917 409	1 708 862	592 462	196 609	34 465				5 619 857	
Additions	105 000	58 863	765 165	1 718 343	73 663	-	-				2 721 034	
Disposals	(250 095)	-	(7 810)	(1 708 862)	(50 114)	(90 335)	(16 384)				(2 123 600)	
At end of the year	1 254 908	828 910	1 674 764	1 718 343	616 011	106 274	18 081				6 217 291	
Accumulated depreciation												
At beginning of the year	1 081 132	554 513	440 906	1 088 318	399 065	196 609	29 541				3 790 084	
Depreciation	141 269	196 593	167 754	532 680	96 639	-	4 924				1 139 859	
Disposals	(248 953)	-	(4 121)	(1 592 358)	(50 114)	(90 335)	(16 384)				(2 002 265)	
At end of the year	973 448	751 106	604 539	28 640	445 590	106 274	18 081				2 927 678	
Carrying value												
At beginning of the year	318 871	215 534	476 503	620 544	193 397	-	4 924				1 829 773	
At end of the year	281 460	77 804	1 070 225	1 689 703	170 421	-	-				3 289 613	

TSHIKULULU SOCIAL INVESTMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 December 2009

8. Plant and equipment (continued)

	Owned						Leased			Total
	Computer equipment		Furniture and fittings		Leasehold improvements		Office equipment		Office equipment	
	R	R	R	R	R	R	R	R	R	
2009 Cost										
At beginning of the year	1 261 873	723 445	1 019 799	1 608 022	758 101		219 637	114 466		5 705 343
Additions	203 933	37 500	-	-	-		-	-		241 433
Transfers	102 996	9 102	(102 390)	100 840	(110 548)		-	-		-
Disposals	(168 799)	-	-	-	(55 091)		(23 028)	(80 001)		(326 919)
At end of the year	1 400 003	770 047	917 409	1 708 862	592 462		196 609	34 465		5 619 857
Accumulated depreciation										
At beginning of the year	1 109 891	389 781	303 079	520 446	365 406		219 637	98 649		3 006 889
Depreciation	125 114	166 355	168 583	538 666	96 202		-	10 893		1 105 813
Transfers	12 406	(1 623)	(30 756)	29 206	(9 233)		-	-		-
Disposals	(166 279)	-	-	-	(53 310)		(23 028)	(80 001)		(322 618)
At end of the year	1 081 132	554 513	440 906	1 088 318	399 065		196 609	29 541		3 790 084
Carrying value										
At beginning of the year	151 982	333 664	716 720	1 087 576	392 695		-	15 817		2 698 454
At end of the year	318 871	215 534	476 503	620 544	193 397		-	4 924		1 829 773

TSHIKULULU SOCIAL INVESTMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) 31 December 2010

	<u>2010</u>	<u>2009</u>
	R	R
9. Deferred taxation asset		
Deferred taxation asset comprises:		
Plant and equipment allowances - leasehold improvements	21 307	-
Provisions and income received in advance	679 148	362 784
	<u>700 455</u>	<u>362 784</u>
Reconciliation of opening and closing balances:		
Deferred taxation asset at the beginning of the year	362 784	222 744
Differences on plant and equipment - leasehold improvements	21 307	-
Differences in provisions and income received in advance	316 364	132 677
Differences on lease liability	-	7 363
Deferred taxation asset at end of the year	<u>700 455</u>	<u>362 784</u>
10. Accounts receivable		
Trade debtors	2 054 976	678 315
Pre-payments	308 941	288 631
Deposits	75 000	75 000
Vat refund	229 162	176 781
Other	20 861	1 500
Recoverable travel costs	52 304	45 128
	<u>2 741 244</u>	<u>1 265 355</u>
The directors consider that the carrying amount of trade and other receivables approximate their fair values.		
11. Cash and cash equivalents		
FNB current account	2 451 989	619 610
FNB Corporate loan account	262 000	486 289
RMB money market account – cash reserves	10 904 400	-
RMB money market account – operating cash	3 710 240	3 580 240
RMB Money Market Account – Fixed Term-Deposit (maturing 25/11/10)	-	12 400 000
	<u>17 328 629</u>	<u>17 086 139</u>

TSHIKULULU SOCIAL INVESTMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) 31 December 2010

11. Cash and cash equivalents (continued)

A portion of the above cash was encumbered by way of a guarantee in favour of Dream World Investments 374 (Proprietary) Limited (the "lessor" of the premises at 28 Harrison Street, Johannesburg) for Tshikululu's (the "tenant") obligations under the lease. The total amount encumbered is R302 940 of which R75 000 is held as a refundable deposit (see Note 10) and the balance (R227 940) is held in guarantee by the company's bankers.

First National Bank Limited has cancelled the lease guarantee as the premises at 28 Harrison Street has been vacated as on 30 November 2010. The R75 000 is refundable by the lessor within a period of 90 days after vacating the premises. This is expected to be received within the next 90 days as per the lease agreement and has been confirmed with Dream World Investments 374 (Proprietary) Limited.

A new guarantee has been entered into with the new "lessor" of the premises at 8 Hillside Road, Parktown for Tshikululu's "tenant" obligations under the lease. The total amount encumbered for this purpose is R655 370.

The directors consider that the carrying amount of cash and cash equivalents approximate their fair values.

	<u>2010</u>	<u>2009</u>
	R	R
12. Accounts payable		
Trade creditors	427 975	267 152
Accruals and control accounts	2 352 080	1 119 142
Income received in advance	486 313	344 214
	<u>3 266 368</u>	<u>1 730 508</u>

The directors consider that the carrying amount of trade and other payables approximate their fair values.

13. Provisions

Staff related

Opening balance	1 295 657	821 780
Charged to income statement	643 557	473 877
Additional provisions created	654 388	473 877
Unused amounts reversed	(10 831)	-
Closing balance	<u>1 939 214</u>	<u>1 295 657</u>

TSHIKULULU SOCIAL INVESTMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) 31 December 2010

	<u>2010</u>	<u>2009</u>
	R	R
14. Non-interest bearing liabilities		
<i>Corporate loans</i>		
Anglo American Corporation of South Africa Ltd	-	349 500
De Beers Limited	262 000	262 000
The FirstRand Foundation	-	200 000
Total	<u>262 000</u>	<u>811 500</u>
These loans are unsecured, interest free and are to be utilised for capital procurement.		
15. Reconciliation of income before taxation with cash generated from operations		
Income before taxation	2 032 163	4 861 570
Adjusted for:		
Depreciation	1 139 859	1 105 813
Interest received	(1 491 604)	(1 545 977)
Interest and finance charges paid	27 389	40 337
Loss/(profit) on disposal of assets	110 232	(2 280)
Operating profit before changes in working capital	1 818 039	4 459 463
Increase in accounts receivables	(1 475 889)	(126 985)
Increase in accounts payable and provisions	2 179 417	748 154
	<u>2 521 567</u>	<u>5 080 632</u>
16. Taxation paid		
(Refundable) / payable beginning of year	(192 164)	265 947
Normal taxation reflected in income statement (excluding deferred tax)	929 498	1 554 570
(Payable) / refundable end of year	(253 473)	192 164
	<u>483 861</u>	<u>2 012 681</u>

TSHIKULULU SOCIAL INVESTMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) 31 December 2010

17. Commitments - operating leases

The company is party to an operating lease agreement (see below)

Repayable in one year	1 615 700	848 110
Repayable in two to three years	4 144 087	-
Repayable in four to five years	5 378 055	-
	<u>11 137 842</u>	<u>848 110</u>

The company entered into a three year operating lease agreement with Dream World Investments from 2007 to 2010 on 28 Harrison Street, Johannesburg. The lease had an annual escalation of 9%. Tshikululu Social Investments vacated the premises on 30 November 2010 as the lease term had expired.

A new lease agreement was entered into with Metropolitan Life Limited for a period of 5 years from 1 November 2010 until 29 February 2016, including a 3 month rent free period. The lease has an annual escalation of 10%.

18. Risk management

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 4 to the financial statements.

Financial risk management objectives

The directors monitor and manage the financial risks relating to the operations of the company through continuous monitoring of risks and analysis of the company's exposures to the risk factors. The directors consider the degree and magnitude of these risks.

These risks include liquidity risk and cash flow interest rate risk.

The company seeks to minimise the effects of these risks by implementing policies such as cash flow management and cost saving drives that if implemented will decrease the impact of changes in the risk environment.

The company does not make use of any derivative financial instruments to hedge any risk exposures.

TSHIKULULU SOCIAL INVESTMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) 31 December 2010

18. Risk management (continued)

Financial Instruments

Categories of financial instruments

	<u>2010</u>	<u>2009</u>
	R	R
Financial Assets		
Receivables (including cash and cash equivalents)	<u>20 069 873</u>	<u>18 351 494</u>
Financial Liabilities		
Other financial liabilities	<u>3 528 368</u>	<u>2 542 008</u>

Capital risk management

The company's objective when managing capital is to safeguard its ability to continue as a going concern while maximising the return on free funds on a risk adjusted basis.

The capital structure of the company consists of accumulated reserves.

Liquidity risk

The company's risk to liquidity relates to funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities. Regular cash flow forecasts are prepared to monitor the adequacy of the company's cash facilities.

Interest rate risk

Deposits and borrowings attract interest at rates that vary with the prime rate. The company's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the company.

	<u>2010</u>	<u>2009</u>
	R	R
19. Retirement benefits		
The company contribution charged to the statement of comprehensive income	<u>2 882 791</u>	<u>2 572 886</u>

The company contributes to the Tshikululu Personal Pension Fund retirement benefit scheme. The retirement fund is governed by the Pension Funds Act 1956 (Act no 24 of 1956). The fund is in the nature of a defined contribution plan where the retirement benefits are determined with reference to the employer's and employee's contribution. The company has no other post retirement benefits.

TSHIKULULU SOCIAL INVESTMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 December 2010

20. Related parties

At year-end , the following related party relationships existed:

<u>Related party</u>	<u>Nature of relationship</u>
Anglo American Corporation of South Africa Limited	Directorship of both boards
FirstRand Foundation	Director and trustee of both entities
Tshikululu Trust	Director and trustee of both entities

During the year, the company entered into the following trading transactions with related parties:

	<u>2010</u>	<u>2009</u>
	R	R
Management fees received / (paid)		
Anglo American Corporation of South Africa Limited	10 147 500	9 900 000
FirstRand Foundation	9 500 000	9 500 000
Tshikululu Trust	200 000	58 000
	<u>10 347 500</u>	<u>9 842 000</u>
Recoupment of travel costs		
Anglo American Corporation of South Africa Limited	469 645	161 253
	<u>469 645</u>	<u>161 253</u>
Balances at year-end owing to related parties		
Anglo American Corporation of South Africa Limited	-	349 500
		<u>349 500</u>
Directors remuneration		
Directors' remuneration - for managerial services	1 192 736	1 046 212
- for services as directors	70 026	58 000
	<u>1 262 762</u>	<u>1 104 212</u>