

**COPESSA (Association incorporated under Section 21 of the Companies Act)
Formerly Community Based Prevention and Empowerment Strategie - SA
(Registration number 2000/025755/08)
Annual Financial Statements
for the year ended 28 February 2010**

**Watermark Auditors Incorporated
Chartered Accountants (S.A.)
Issued 20 October 2010**

COPESSA (Association incorporated under Section 21 of the Companies Act)

Formerly Community Based Prevention and Empowerment Strategie - SA

(Registration number 2000/025755/08)

Annual Financial Statements for the year ended 28 February 2010

General Information

Company registration number	2000/025755/08
Tax reference number	9551/111/14/0
Country of incorporation and domicile	South Africa
Nature of business and principal activities	Strengthening the communities and neighbourhoods to protect children by creating a safe, secure and caring community.
Directors	N B Motjuwadi U T Motjuwadi E Mabusela R Issel R P Qacha N Mkhize J M J Mabasa
Registered office	Unit 2 Fourways Manor Office Park Cnr Macbeth Avenue and Roos Street Fourways 2055 (011) 705 - 0000
Business address	8955 Protea Boulevard Extension 11, Protea Glen Soweto 1868 (011) 297 - 3220
Postal address	PO Box 1049 Mondeor 2110
Bankers	Nedbank Limited
Auditor's	Watermark Auditors Incorporated Chartered Accountants (S.A.)
Secretary	Waterford Financial Management (Proprietary) Limited
Public officer	N B Motjuwadi
Public officer's tax number	0022/751/14/3
PAYE/UIF/SDL	7300756345
Workmens compensation	0214-790-2410

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Independent Auditor's report

To the members of COPESSA (Association incorporated under Section 21 of the Companies Act) Report on the Financial Statements

We have audited the annual financial statements of COPESSA (Association incorporated under Section 21 of the Companies Act), which comprise the statement of financial position as at 28 February 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 6 to 15.

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 the International Financial Reporting Standard for Small and Medium-sized Entities, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud 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 management, 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 COPESSA (Association incorporated under Section 21 of the Companies Act) as at 28 February 2010, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa.

Other matter

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on pages 16 to 18 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 thereon.

Report on Other Legal and Regulatory Requirements

Without qualifying our opinion, we draw your attention to the fact that with the written consent of all members, we have performed certain secretarial duties.

A handwritten signature in cursive script that reads "Watermark Auditors Inc.".**Watermark Auditors Incorporated**

Per: T Krige
Registered Accountants and Auditors
Chartered Accountants (S.A.)
20 October 2010

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Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities 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 of directors 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.

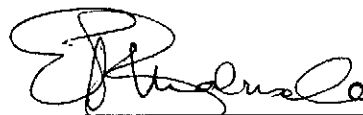
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial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

The directors have reviewed the company's cash flow forecast for the year to 28 February 2011 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor's is responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor's and their report is presented on page 3.

The annual financial statements set out on pages 6 to 17, which have been prepared on the going concern basis, were approved by the board of directors on 20 October 2010 and were signed on its behalf by:



Director

Director

Johannesburg

20 October 2010

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Directors' Report

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

1. Review of activities

Main business and operations

The company is engaged in strengthening the communities and neighbourhoods to protect children by creating a safe, secure and caring community. and operates principally in South Africa.

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

Net profit of the company was R 126,246 (2009: profit R 82,169), after taxation of R (4,770) (2009: R 4,770).

2. Change of company name

On 13 November 2009 the company changed its name from Community Based Prevention and Empowerment Strategie - SA to COPESSA. There were no further changes during the year.

3. Going concern

The 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.

4. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

5. Directors

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

Name	Changes
N B Motjuwadi	
U T Motjuwadi	
E Mabusela	
V F Vilakazi	Resigned 10 June 2009
R Issel	
R P Qacha	Appointed 22 August 2009
N Mkhize	Appointed 22 August 2009
D R Terblanche	Appointed 22 August 2009, resigned 03 June 2010
P A Opperman	Appointed 23 September 2009, resigned 08 March 2010
J M J Mabasa	Appointed 26 September 2009

6. Auditor's

Watermark Auditors Incorporated will continue in office in accordance with section 270(2) of the Companies Act.

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Directors' Report

7. Secretary

The secretary of the company is Waterford Financial Management (Proprietary) Limited of:

Business address

Unit 2 Fourways Manor Office Park
Cnr Macbeth Avenue and Roos Street
Fourways
2055
(011) 705 - 0000

Postal address

P O Box 2295
Lonehill
2062

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Statement of Financial Position

	Note(s)	2010 R	2009 R
Assets			
Current Assets			
Trade and other receivables	3	356,000	356,000
Cash and cash equivalents	4	418,892	268,552
		<u>774,892</u>	<u>624,552</u>
Total Assets		<u>774,892</u>	<u>624,552</u>
Equity and Liabilities			
Equity			
Retained income		<u>697,652</u>	<u>571,406</u>
Liabilities			
Current Liabilities			
Loans from director	5	50,000	-
Receiver of revenue		-	4,770
Trade and other payables	6	27,240	48,376
		<u>77,240</u>	<u>53,146</u>
Total Equity and Liabilities		<u>774,892</u>	<u>624,552</u>

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Statement of Comprehensive Income

	Note(s)	2010 R	2009 R
Revenue	7	921,581	1,380,208
Operating expenses		(815,105)	(1,310,489)
Operating profit	8	106,476	69,719
Investment revenue	9	15,232	17,220
Finance costs	10	(232)	-
Profit before taxation		121,476	86,939
Taxation	12	4,770	(4,770)
Profit for the year		126,246	82,169
Other comprehensive income		-	-
Total comprehensive income for the year		126,246	82,169

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Annual Financial Statements for the year ended 28 February 2010

Statement of changes in equity

	Share capital	Retained income	Total equity
	R	R	R
Balance at 01 March 2008	-	489,237	489,237
Changes in equity			
Total comprehensive income for the year	-	82,169	82,169
Total changes	-	82,169	82,169
Balance at 01 March 2009	-	571,406	571,406
Changes in equity			
Total comprehensive income for the year	-	126,246	126,246
Total changes	-	126,246	126,246
Balance at 28 February 2010	-	697,652	697,652

Note(s)

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Statement of Cash Flows

	Note(s)	2010 R	2009 R
Cash flows from operating activities			
Cash receipts from customers		520,073	1,380,209
Cash paid to suppliers and employees		(434,733)	(1,265,274)
Cash generated from operations	13	85,340	114,935
Interest income		15,232	17,220
Finance costs		(232)	-
Net cash from operating activities		100,340	132,155
Cash flows from financing activities			
Repayment of shareholders loan		50,000	-
Net cash from financing activities		50,000	-
Total cash movement for the year		150,340	132,155
Cash at the beginning of the year		268,552	136,395
Rounding		-	2
Total cash at end of the year	4	418,892	268,552

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Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period, except for the changes set out in note 14 First-time adoption of the International Financial Reporting Standard for Small and Medium-sized Entities.

1.1 Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

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.

Property, plant and equipment is written off against donation income in the year of the acquisition. Fixed property is capitalised.

1.2 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

1.3 Tax

Tax expenses

The company has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act therefore the receipts and accruals are exempt from income tax in terms of section 10(1)(cN) of the Act. Furthermore, donations by or to the public benefit organisation are exempt from donations tax in terms of section 56(1)(h) of the Income Tax Act.

1.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

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

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Notes to the Annual Financial Statements

	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
2. Property, plant and equipment						
Building improvements	66,864	(66,864)	-	66,864	(66,864)	-
Machinery	301,232	(301,232)	-	301,232	(301,232)	-
Motor vehicles	184,986	(184,986)	-	184,986	(184,986)	-
Office equipment	428,998	(428,998)	-	428,998	(428,998)	-
IT equipment	9,733	(9,733)	-	9,733	(9,733)	-
Playground equipment and accessories	161,190	(161,190)	-	147,893	(147,893)	-
Electronic equipment	87,702	(87,702)	-	87,702	(87,702)	-
Total	1,240,705	(1,240,705)	-	1,227,408	(1,227,408)	-
3. Trade and other receivables						
Deposits				356,000		356,000
4. Cash and cash equivalents						
Cash and cash equivalents consist of:						
Bank balances				418,892		268,552
5. Loans from directors						
U T Motjuwadi				50,000		-
No date has been set for repayment of the loan which is unsecured and currently interest free.						
6. Trade and other payables						
Trade payables				-		3,308
Other payables - payroll related				27,240		45,068
				27,240		48,376
7. Revenue						
Donations received				921,581		1,380,208

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Notes to the Annual Financial Statements

	2010 R	2009 R
8. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Employee costs	<u>502,468</u>	<u>461,544</u>
9. Investment revenue		
Interest revenue		
Bank	<u>15,232</u>	<u>17,220</u>
10. Finance costs		
Bank	1	-
Late payment of tax	<u>231</u>	<u>-</u>
	<u>232</u>	<u>-</u>
11. Auditor's' remuneration		
Fees	<u>11,126</u>	<u>8,636</u>
12. Taxation		
No provision has been made for 2010 tax as the company is an approved public benefit organisation in terms of section 30 of the Income Tax Act and is therefore exempt from income tax in terms of section 10(1)(cN) of the Act.		
13. Cash generated from operations		
Profit before taxation	121,476	86,939
Adjustments for:		
Interest received	(15,232)	(17,220)
Finance costs	232	-
Changes in working capital:		
Trade and other payables	<u>(21,136)</u>	<u>45,216</u>
	<u>85,340</u>	<u>114,935</u>

14. First-time adoption of the International Financial Reporting Standard for Small and Medium-sized Entities.

The company has applied the International Financial Reporting Standard for Small and Medium-sized Entities, for the first time for the 2010 year end. On principle this standard has been applied retrospectively and no adjustments are required to be made to the annual financial statements as a result of the first time adoption applied.

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Notes to the Annual Financial Statements

		2010 R	2009 R		
15. Related parties					
Related party balances					
Loan accounts - Owing to related parties					
U T Motjuwadi		50,000	-		
Deposit paid to a related party					
First Care Management Services (Proprietary) Limited		356,000	356,000		
16. Directors' emoluments					
Executive					
2010	Emoluments	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
In connection with the affairs of the company	155,016	-	-	-	155,016
2009	Emoluments	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
In connection with the affairs of the company	185,000	-	-	-	185,000

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	Note(s)	2010 R	2009 R
Revenue			
Donations received		921,581	1,380,208
Other income			
Interest received	9	15,232	17,220
Expenses (Refer to page 17)		(815,105)	(1,310,489)
Operating profit	8	121,708	86,939
Finance costs	10	(232)	-
Profit before taxation		121,476	86,939
Taxation	12	(4,770)	4,770
Profit for the year		126,246	82,169

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	Note(s)	2010 R	2009 R
Operating expenses			
Accounting fees		330	-
Assets under R7,000		-	9,420
Auditors remuneration	11	11,126	8,636
Bank charges		5,357	5,448
Capital expenditure written off		17,577	657,042
Compensation fund		1,637	1,447
Computer expenses		9,806	6,660
Donations		1,800	4,380
Employee costs		502,468	461,544
Food parcels		91,861	-
Insurance		21,945	19,035
Legal expenses		-	29,313
Motor vehicle expenses		11,037	13,719
Postage		1,253	-
Printing and stationery		19,422	5,284
Promotions		84,465	13,714
Repairs and maintenance		4,595	14,812
Secretarial fees		4,925	673
Security		6,799	5,448
Staff welfare		2,676	3,466
Telephone and fax		15,786	17,823
Travel - local		-	32,625
Utilities		240	-
		815,105	1,310,489

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Schedule of income received

	2010 R	2009 R
Donations received		
ABB South Africa (Proprietary) Limited	5,000	-
Anglican Catholic Church MDSA	10,000	-
Aspen Pharmacare	75,000	-
Aurobindo Pharma (Proprietary) Limited	5,000	-
Beth Chapman	8,190	-
Brantar Contracting	-	1,400
Brian Rogers (For the cause of it)	26,650	18,500
Capacity Outsourcing	-	5,000
Chris Dykes - IPL Bursary	2,710	-
Department of Social Development (IDT)	150,000	-
EOH	100,000	300,000
Fikile Mabaso	-	1,000
Foundation for Prov Dev	-	36,750
Good Start Foundation	13,300	-
Holy Family	300	-
IDC	-	530,312
Infant Trust	61,251	66,665
Julie Probus Schad	1,592	2,369
Lake Superior Software	3,896	-
Letsema Holdings	-	3,500
Meditech	45,000	-
Methodist Mission	-	200
Munich Reins	12,000	-
Norvatis	5,000	-
Pick n Pay - Protea Glen	8,000	-
Pragma Africa (Proprietary) Limited	10,000	-
SAB	50,000	-
Samsung	39,202	-
Su Kadesh Barnea	-	2,000
Sundry	-	3,750
Table of Peace and Unity	156,000	334,302
Tanker Services	-	6,500
Thaba Ya Batswana	2,500	-
The Friends of COPES	41,617	4,965
Vermont Sale	10,000	-
	842,208	1,317,213
Fundraising		
Crafts for women	600	-
Curry Club	-	23,810
Gala Dinner	74,792	-
Golf Day	-	28,380
HIV Workshop	-	200
Jumble Sale	2,700	9,350
My School Card	1,281	1,255
	79,373	62,995