

POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)
(Registration number 2007/012741/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2010

BBR van der Grijp & Associates
Chartered Accountant (S.A.)
Registered Accountant and Auditor
Issued 08 September 2010

POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010
General Information

| | |
|--|---|
| Country of incorporation and domicile | South Africa |
| Nature of business and principal activities | Carry on the business of the prevention of infection and the provision of prevention and education programmes relating to HIV |
| Directors | S Solomon G A Reid T J R van Dyk B M A Fasani |
| Business address | 1501 Christian Barnard Hospital Loop Street Cape Town 8001 |
| Postal address | P O Box 1192 Greenpoint 8051 |
| Bankers | First National Bank |
| Auditor | BBR van der Grijp & Associates Chartered Accountant (S.A.) Registered Auditor |
| Company registration number | 2007/012741/08 |

POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010
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BBR VAN DER GRIJP & ASSOCIATES

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Report of the Independent Auditor

To the members of Positive Heroes (South Africa) Limited (Incorporated under Section 21)

I have audited the accompanying annual financial statements of Positive Heroes (South Africa) Limited (Incorporated under Section 21), which comprise the directors' report, the balance sheet as at 28 February 2010, 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 13.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, 1973. 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

My responsibility is to express an opinion on these annual financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I 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 the directors, as well as evaluating the overall presentation of the annual financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

In common with similar organisations, it is not feasible for the company to institute accounting controls over cash collections from fund raising activities and donations prior to initial entry of the collections in the accounting records. Accordingly, it was impracticable for me to extend my examination beyond the receipts actually recorded.

Qualified Audit Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects the financial position of the company as of 28 February 2009, 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 of South Africa, 1973.

Supplementary Information

I draw your attention to the fact that the supplementary information set out on page 14 does not form part of the annual financial statements and is presented as additional information. I have not audited this information and accordingly do not express an opinion thereon.


BBR van der Grijp & Associates
Registered Auditor

08 September 2010

Strand

**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010
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 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 International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.


The annual financial statements are prepared in accordance with International Financial Reporting Standards 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 directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company.

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 annual financial statements set out on pages 5 to 14, which have been prepared on the going concern basis, were approved by the directors on 08 September 2010 and were signed on its behalf by:



G A Reid

T J R van Dyk

S Solomon

B M A Fasani

Strand

08 September 2010

**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010
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 carry on the business of the prevention of infection and the provision of prevention and education programmes relating to HIV and operates in South Africa.

During the year there were no changes in the nature of the business.

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 77,161 (2009: profit R 97,857), after taxation of R - (2009: R -).

2. Post balance sheet events

The directors are not aware of any matter or circumstance arising since the end of the financial year which might have an effect on the financial results of the company.

3. Non-current assets

There were no major changes in the nature of the non-current assets of the company during the year.

4. Directors

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

| Name | Changes |
|---------------|-------------------------|
| S Solomon | |
| G A Reid | |
| T J R van Dyk | |
| B M A Fasani | Appointed 17 April 2009 |

5. Acknowledgements

Positive Heroes is inspired by all the individuals and organisations of People living with HIV who courageously show leadership in response to the challenge of HIV, especially the Positive Heroes themselves. We remain motivated and dedicated in memory of the 1,000 individuals who have died each day during the reporting period of these accounts.

Positive Heroes is immensely grateful to the organisations who partner with us to publicise the Positive Heroes to millions of South Africans. In particular we would like to thank: Move! Magazine and Thought24. Standard Bank, Lightspeed, Southern Sun, Nike, Gimme That!, Marcus Brewster Publicity, Discovery, Mango and Metropolitan for their support in the last year.

We would also like to thank everyone who has freely given their time, skill and expertise to Positive Heroes and who make our work possible.

During the last year the ratio of advertising value equivalent obtained in the ratio to organisational expenditure is 9:1 (2009: 6:1). (This measures the value of the coverage Positive Heroes attracts compared to money spent getting the publicity.)

POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010
Statement of Financial Position

| | Notes | 2010 R | 2009 R |
|-------------------------------------|-------|----------------|----------------|
| Assets | | | |
| Current Assets | | | |
| Trade and other receivables | | - | 2,077 |
| Cash and cash equivalents | 2 | 219,069 | 149,830 |
| | | 219,069 | 151,907 |
| Total Assets | | 219,069 | 151,907 |
| Equity and Liabilities | | | |
| Equity | | | |
| Retained income | | 217,726 | 140,565 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 3 | 1,343 | 11,342 |
| Total Equity and Liabilities | | 219,069 | 151,907 |

POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010
Statement of Comprehensive Income

| | Note | 2010 R | 2009 R |
|---|-------------|-------------------|-------------------|
| Revenue | | 291,481 | 157,761 |
| Other income | | - | 1,733 |
| Operating expenses | | (221,959) | (66,334) |
| Operating profit | | 69,522 | 93,160 |
| Investment revenue | 4 | 7,639 | 4,697 |
| Total Comprehensive income and Profit for the year | | 77,161 | 97,857 |

POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010
Statement of Changes in Equity

| | Retained income | Total equity |
|--|----------------------------|---------------------|
| | R | R |
| Balance at 01 March 2008 | 42,708 | 42,708 |
| Changes in equity | | |
| Total Comprehensive Income and Profit for the year | 97,857 | 97,857 |
| Total changes | 97,857 | 97,857 |
| Balance at 01 March 2009 | 140,565 | 140,565 |
| Changes in equity | | |
| Total Comprehensive Income and Profit for the year | 77,161 | 77,161 |
| Total changes | 77,161 | 77,161 |
| Balance at 28 February 2010 | 217,726 | 217,726 |

POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010
Statement of Cash Flows

| | Notes | 2010 R | 2009 R |
|---|-------|----------------|----------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 7 | 63,932 | 64,170 |
| Interest income | | 7,639 | 4,697 |
| Net cash from operating activities | | 71,571 | 68,867 |
| Total cash movement for the year | | 71,571 | 68,867 |
| Cash at the beginning of the year | | 149,830 | 79,230 |
| Effect of exchange rate movement on cash balances | | (2,332) | 1,733 |
| Total cash at end of the year | 2 | 219,069 | 149,830 |

**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010
Accounting Policies**

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa, 1973. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 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.

Trade and other receivables

Trade receivables are initially and subsequently measured at cost.

Trade and other payables

Trade receivables are initially and subsequently measured at cost.

Cash and cash equivalents

Cash and cash equivalents comprise short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.2 Tax

Income from company activities is exempt from taxation in terms of section 10(1)(cN) and 56(1)(h) of the Income Tax Act.

Income from other company activities is subject to normal income tax where this amount exceeds the limits specified in terms of sections 10(1)(cN) of the Income Tax Act.

1.3 Revenue

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

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.

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

Donations, grants and other income is recognised on the receipt basis.

1.4 Turnover

Turnover comprises of donations and sponsorships from interested parties.

**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010
Accounting Policies**

1.5 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

Notes to the Annual Financial Statements

| | 2010 R | 2009 R |
|--|-------------------|-------------------|
| 2. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Bank balances | 219,069 | 149,830 |
| 3. Trade and other payables | | |
| Trade payables | - | 5,993 |
| Sundry payables | 1,343 | 5,349 |
| | 1,343 | 11,342 |
| 4. Investment revenue | | |
| Interest revenue | | |
| Bank | 7,639 | 4,697 |
| 5. Taxation | | |
| No provision has been made for 2010 tax as the company has no taxable income. The company is exempt from income tax in terms of section 10(1)(cN) of the Income Tax Act of 1962, as amended. | | |
| 6. Auditor's remuneration | | |
| Fees | - | 1,140 |
| Tax and secretarial services | 319 | - |
| | 319 | 1,140 |
| 7. Cash generated from operations | | |
| Profit before taxation | 77,161 | 97,857 |
| Adjustments for: | | |
| Loss (profit) on foreign exchange | 2,332 | (1,733) |
| Interest received | (7,639) | (4,697) |
| Changes in working capital: | | |
| Trade and other receivables | 2,077 | - |
| Trade and other payables | (9,999) | (27,257) |
| | 63,932 | 64,170 |
| 8. Related parties | | |
| Relationships | | |
| Members of key management | | |

G A Reid

**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010**

Notes to the Annual Financial Statements

| | 2010 R | 2009 R |
|---------------------------------|-------------------|-------------------|
| 9. Directors' emoluments | | |
| Executive | | |
| 2010 | Emoluments | Total |
| For services as consultant | 94,000 | 94,000 |
| 2009 | Emoluments | Total |
| For services as consultant | 20,000 | 20,000 |

10. Risk management

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Foreign exchange risk

The company does not hedge foreign exchange fluctuations.

11. Sponsorships and donations in kind received

Donations in kind

| | | |
|------------------------|----------------|----------------|
| Badges | - | 1,000 |
| Banners | 4,500 | 4,500 |
| Fashion show | 132,000 | - |
| Footwear & clothing | 31,560 | - |
| Launch costs | - | 23,340 |
| Logo & brochure design | 48,000 | 16,500 |
| Promotional video | - | 14,000 |
| Toys for Kidzpositive | - | 3,000 |
| Website design & setup | 29,000 | 48,000 |
| | 245,060 | 110,340 |

Details of sponsors

| | | |
|---------------------------|------------------|----------------|
| Media Coverage | 1,769,050 | 247,609 |
| Move! Magazine - articles | 319,362 | 141,405 |
| | 2,088,412 | 389,014 |

Sponsorships and donations in kind received have been valued by the directors at the value the company would have paid had they incurred these expenses. These sponsorships and donations in kind are unaudited and are not included in the income statement or balance sheet of the company, and are disclosed as additional information only.

POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010
Detailed Income statement

| | Notes | 2010 R | 2009 R |
|---|-------|----------------|----------------|
| Revenue | | | |
| Donations received | | 202,761 | 157,761 |
| Fundraising income | | 88,720 | - |
| | | 291,481 | 157,761 |
| Other income | | | |
| Interest received | 4 | 7,639 | 4,697 |
| Profit on exchange differences | | - | 1,733 |
| | | 7,639 | 6,430 |
| Operating expenses | | | |
| Advertising, marketing and public relations | | 20,816 | 10,611 |
| Auditors remuneration | 6 | 319 | 1,140 |
| Bank charges | | 2,199 | 1,845 |
| Casual wages | | 6,000 | - |
| Consulting fees | | 118,415 | 24,500 |
| Fundraising expenses | | 21,903 | - |
| Launch costs | | - | 5,321 |
| Legal expenses | | 285 | 766 |
| Loss on exchange differences | | 2,332 | - |
| Magazines, books and periodicals | | - | 273 |
| Postage | | - | 1,120 |
| Printing and stationery | | 1,329 | 2,669 |
| Sponsorships | | 24,275 | 5,112 |
| Subsistence cost | | 3,575 | 521 |
| Telephone and fax | | 4,209 | 1,165 |
| Training | | 3,950 | 600 |
| Travel - local | | 10,772 | 7,799 |
| Website cost | | 1,580 | 2,892 |
| | | 221,959 | 66,334 |
| Profit for the year | | 77,161 | 97,857 |

The supplementary information presented does not form part of the annual financial statements and is unaudited