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ACCOUNTING OFFICER'S REPORT for the year ended 31 March 2009

Report by the Accounting Officer to the executive authority and Parliament of the Republic of South Africa.

1. INTRODUCTION

The African Renaissance and International Co-operation Fund (hereafter referred to as the Fund) was established in terms of section 2(1) of the African Renaissance and International Co-operation Fund Act, 2000 (Act No. 51 of 2000) and is under the control of the Director-General: Department of International Relations and Cooperation. The current Act replaced the former Economic Co-operation Promotion Loan Fund Act, 1968 (Act No. 68 of 1968) that was repealed on 22 January 2001. The report covers the activities of the Fund during the 2008/2009 financial year in terms of the objectives and goals of the Act.

2. PURPOSE OF THE FUND

The purpose of the Fund is to promote economic co-operation between the Republic of South Africa and other countries by granting loans and/or rendering of other financial assistance in respect of development projects in such countries. Therefore, the Fund will enable the South African government to identify and fund, in a proactive way:

- co-operation between the Republic of South Africa and other countries, in particular African countries;
- promotion of democracy and good governance;
- prevention and resolution of conflict;
- socio-economic development and integration;
- humanitarian assistance; and
- human resource development.

Loans or other financial assistance are granted in accordance with an agreement entered into by the country in question and the Minister of International Relations and Cooperation (hereafter referred to as the Minister). Assistance granted is subject to such terms and conditions as may be agreed upon by that country and the Minister, acting in each case in consultation with the Minister of Finance.

An Advisory Committee has been established to manage the Fund and to also make recommendations to the Minister and the Minister of Finance on the disbursement of funds through loans or other financial assistance. The Advisory Committee consists of the following members:

- the Director-General of International Relations and Cooperation or the delegate of the Director-General.
- three officers of the department appointed by the Minister.
- two officers of the National Treasury appointed by the Minister of Finance.

3. RELATED PARTIES

The Department of International Relations and Cooperation provides the administrative support for the fund and the costs for such support are absorbed by the Department. The Accounting Officer, CFO and Audit Committee of the Department also function as the Accounting Officer, CFO and Audit Committee to the fund.

Due to the urgency of some of the projects as well as the process to be followed to finalise the projects, the Department of International Relations and Cooperation had to utilise its own funds after the approval of the Director-General or the Minister. This is done with a view of claiming it back from the Fund once a letter of concurrence has been received from the Minister of Finance. This has resulted in the opening of control accounts (Payables and Receivables) in the books of the Department and the Fund. This arrangement poses a risk to the Department, as the amount owed by the Fund is not enforceable in the event that the Minister of Finance does not issue the letter of concurrence.

4. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

4.1 Income

In terms of the Act, income, amongst other sources, consists of money appropriated by Parliament for the fund. During the year under review, transfer payments amounting to R699 million were effected by the Department of International Relations and Cooperation to the Fund.

The interest received from investments relates to the amount deposited with the Corporation for Public Deposits in the South African Reserve Bank.

4.2 Expenditure

During the year under review an amount of R476 million was approved which included funding the following projects:

(a) Lesotho (Sani Top Project) within the Maloti Drakensberg Trans -Frontier Conservation- R40 million

The South African government made financial resources, up to R40 million, available for the relocation of the border post and upgrading of the road from Himeville to Sani Top.

The Sani Pass Border post is not only the major access route to the tourism node at Sani Top, but is also a major trading link between Lesotho and the port city of Durban. The current state of the road is such that only four-wheel-drive vehicles can go through which is a major limiting factor for the majority of potential tourists and other members of the public who may want to use the road. The border post on the South Africa side also requires upgrading but because of its location within the uKhahlamba Drakensberg Park World Heritage Site, there was a need to relocate the border post.

(b) Lesotho (Metolong Dam Project) - R60 million

The South African government has committed R60 million for the damming of water in Lesotho. The R60 million will contribute towards the building of the Metolong Dam in order to improve access to water to the lowlands of Lesotho. The aim is to dam the Caledon River Catchment area.

(c) DRC capacity building project funded through the Public Administration Leadership and Management Academy (PALAMA) - R20 million

The South African Government has committed R20 million towards capacity building in the Democratic Republic of Congo. The South African Government had committed considerable resources and effort into the democratic processes of the DRC in previous years. In line with South Africa's commitment to the DRC, further funding for equipment and human resources was channelled through PALAMA to provide administrative support and training.

(d) The Institute of Gemmology in Madagascar (IGM) Expansion project in Madagascar - R14 million

The South African Government has committed to provide R14 million to assist in transforming the IGM Gemmology Institute into a gemmological institute of regional scale and a centre of excellence in gemmology in Southern Africa. Due to the political environment in Madagascar this project has been placed on hold. This decision will be reviewed at a later stage.

(e) Burundi Peace Process - R10 million

South Africa has committed R10 million to fund the continuation and finalisation of the peace process. The balance was funded by other donors. South Africa's mandate to facilitate talks between the Government of Burundi and Palipehutu-FNL has been a priority since 2006.

(f) Timbuktu Manuscript Project - R20 million

The South African government has committed R20 million to the Timbuktu Manuscript project. In August 2002 South Africa and Mali signed an agreement expressing the two countries commitment to undertake the project aimed at conserving the manuscripts at the Ahmed Baba

Institute and rebuilding the library and archival infrastructure of the institute. This project will enable the storage and preservation of ancient manuscripts in Timbuktu's Ahmed Baba Institute.

(g) Zimbabwe Agricultural Project- R300 million

South Africa has committed to assist in the economic reconstruction of Zimbabwe after the introduction of the inclusive government in that country. R300 million has been provided for immediate agricultural requirements (e.g. emergency food relief and the provision of seed and fertiliser).

(h) Government of Uganda- refurbishing and reconstruction of the OR Tambo School of Leadership in Kawaweta- R8 million

An amount of R8 million has been approved to fund the refurbishment and construction of the OR Tambo School of Leadership in Kawaweta, Uganda. South Africa undertook to contribute R22 million towards the project and an amount of R14 million has been granted previously. The South African Departments of Public Works, International Relations and Cooperation, Defence and the Freedom Parks Trust will play a major role in this project. A Memorandum of Understanding (MoU) was signed between the Governments of South Africa and Uganda on 6 March 2007.

(i) South African Observer Mission (SADC) to Zimbabwe run-off elections- R3, 5 million

Zimbabwe held its run-off elections in June 2008 after its local, parliamentary and presidential elections which were held in March 2008. The South African Observer Mission formed part of the SADC delegation. An amount of R3, 5 million was granted to cover the cost of South Africa's participation.

4.3 Payables

Included in the payables is an amount of R29 042 million in respect of the 23rd Africa Cup of Nations Tournament (AFCON) that was held between 19 January to 10 February 2002. During 2001/02 the Government of the Republic of Mali made a request for financial support with regard to the hosting of the tournament. South Africa noted that at those stage preparations for hosting the tournament were still at initial stages and it became clear that the tournament would have been in jeopardy without assistance. Furthermore, at that stage, no other African country would have been in a position to host the tournament successfully. Since South Africa was intending to bid for the hosting of the 2006 FIFA Soccer World Cup tournament, it was prudent that support be given to the AFCON initiative in order to gain the confidence of the world that Africa is capable of hosting an event of the magnitude of the FIFA Soccer World Cup. Had the South

African Government not intervened, the tournament would not have taken place. An increased contribution of R29 042 million was paid from funds of the then Department of Foreign Affairs with a view that these monies will be refunded by the fund once the project had followed the prescribed process.

The Department of Sports and Recreation was responsible for the management of the project through the Mali Trust fund. However, due to the increased costs, the Minister of Finance requested that an audit of the Mali Trust fund be conducted before he could consider issuing a letter of concurrence. The audit was conducted by the Auditor General who issued a qualified audit report and has resulted in the Minister of Finance not granting the required concurrence. The matter has been pursued vigorously further with National Treasury during 2008/09 and it is envisaged that the matter will be finalised in the 2009/10 financial year.

5. SCOPA RESOLUTIONS

There are no outstanding SCOPA resolutions.

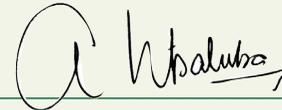
6. FINANCIAL POSITION

The financial position of the African Renaissance and International Co-operation Fund as at

31 March 2009 and the results of its operations are set out in the attached annual financial statements:

- Statement of Financial Performance
- Statement of Financial Position
- Statement of Changes in Net Assets
- Cash Flow Statement
- Notes to the Annual Financial Statements
- Schedule 1

The accounting officer has approved the above-mentioned financial statements.



Dr Ayanda Ntsaluba

Director-General:

Department of International Relations and Cooperation

Date: 31 July 2009

PERFORMANCE INFORMATION

SUB-PROGRAMMES/ OBJECTIVES	OUTPUTS/ACTIONS	OUTPUT PERFORMANCE MEASURES/SERVICE DELIVERY INDICATORS/KEY PERFORMANCE INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET			
			Target/ Measures	Actual		
				Achieved	Not Achieved	Way forward
To support the promotion of democracy & good governance in identified African countries	Support peace process initiatives in identified countries of the African continent.	Provided funding in the Burundi Peace Process by facilitating talks between the Government of Burundi and Palipehutu-FNL.	Evaluate project proposal. Provide funding of R10 million for the South African participation to the finalisation of the peace process in Burundi.	Approved R10 million to fund the continuation and finalisation of the peace process.		
	Assist and support in the institutional restructuring and reform of Government in the identified African countries.	Funding approved by ARF to the Timbuktu Manuscript Project in Mali.	Provide funding of R20 million through the Government of Mali.	Approved R20 million to undertake conserving manuscripts at Ahmed Baba Institute and rebuilding the library and archival infrastructure of the Institute in Mali.		
	Support the holding of elections in identified countries on the African continent.	Provided funding with respect to South Africa's participation in the SADC Observer Mission to the Zimbabwe run-off elections.	Evaluate project proposal Form part of the SADC Observer Mission.	Approved R3, 5 million for the monitoring of the Zimbabwe run-off elections which were successfully held in June 2008. South Africa form part of the SADC Observer Mission.		

To support the development of skills and capacity in identified African countries	To provide support in developing educational programmes and management training as well as to assist public service reform in Africa.	Technical assistance provided to identified countries:	Evaluate project proposals	Approved R20 million for capacity building and refurbishment and construction of the National School of Public Administration (ENA).		
		Refurbishment of the National School of Public Administration (ENA) in DRC.	Provide funds through the Public Administration Leadership and Management Academy (PALAMA) in DRC.			
		Training Congolese public service officials in DRC.				
		The Institute of Gemmology in Madagascar (IGM) Expansion Project.	Provide funds through the Government of Madagascar.	Approved R14 million to assist in transforming the IGM into a gemmological institute of regional scale and a centre of excellence in gemmology in Southern Africa.		Finalisation of the signing of the MOU and normalisation of the political situation in Madagascar.
		Refurbishing and reconstruction of the OR Tambo School of Leadership in Kawaweta, Uganda.	Provide funds for the capacity development project in Uganda.	Approved R8 million for the refurbishing and reconstruction of the OR Tambo School of Leadership in Kawaweta.		
Provide and support humanitarian assistance and disaster relief in Africa and elsewhere in the world	Assisted countries that are in need of disaster relief by providing funds as well as humanitarian and technical resource.	Zimbabwe Agricultural Project. South Africa has committed to assist in the economic reconstruction of Zimbabwe.	Provide funds through the disaster relief for Zimbabwe.	R300 million has been provided for immediate agricultural requirements (e.g. emergency provision of seeds and fertiliser).		
Promote implementation of bilateral agreements between South Africa and partner countries within areas of development	Provided funding for the implementation of bilateral agreements between South Africa and partner countries within areas of development.	Funding approved for the following bilateral projects:		Approved R40 million for the relocation of the border post and upgrading of the road from Himeville to Sani Top.		
		Lesotho Sani Top Project within the Maloti Drakensberg Trans -Frontier Conservation.				
		Lesotho Metolong Dam Project	Evaluate project proposals Provide funds through the departments responsible for the implementation of the projects.	Approved R60 million for the damming of water in Lesotho.		

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 March 2009

1. Basis of accounting

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognized Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP

GRAP 1: Presentation of financial statements

GRAP 2: Cash flow statement

GRAP 3: Accounting policies, changes in accounting estimates and errors

Replaced Statement of GAAP

AC101: Presentation of financial statements

AC118: Cash flow statements

AC103: Accounting policies, changes in accounting estimates and errors

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in items presented and disclosed differently in the financial statements. The implementation of GRAP 1,2 & 3 has resulted in the following significant changes in the presentation of the financial statements:

1.1 Terminology differences:

Standard of GRAP

Statement of financial performance

Statement of financial position

Statement of changes in net assets

Net assets

Surplus/deficit for the period

Accumulated surplus/deficit

Contributions from owners

Distribution to owners

Reporting date

Replaced Statement of GAAP

Income statement

Balance sheet

Statement of changes in equity

Equity

Profit/loss for the period

Retained earnings

Shared capital

Dividends

Balance sheet date

1.2 The cash flow statement can only be prepared in accordance with the direct method.

1.3 Specific information such as:

- (a) receivables from non-exchange transactions, including taxes and transfers;
- (b) taxes and transfers payable;
- (c) trade and other payables from non- exchange transactions must be presented separately on the statement of financial position

1.4 The amount and nature of any restrictions and cash balances is required to be disclosed. Paragraph 11 – 15 of GRAP 1 has not been implemented as the budget reporting standard is in the process of being developed by the international and local standard setters. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect fair presentation.

2. Significant accounting policies

2.1 Statement of compliance

The annual financial statement has been prepared in accordance with the Standards of Generally Recognized Accounting Practices. These require the use of critical accounting estimates. They also require management to exercise its judgment in the process of applying the entity's Accounting Policies.

2.2 Currency

These financial statements are presented in the South African Rands since that is the currency in which that entity transaction is denominated.

2.3 Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are based on the statutory records that are maintained under the historical cost convention. The financial statements incorporate the fundamental assumptions of going concern consistency and accrual.

The principal accounting policies adopted are set out below. These have been applied consistently.

3. Revenue

Revenue from state contributions and interest from investments is accounted for on the accrual basis of accounting. Interest on loans is brought into account in the year in which it is capitalised or accrued. Interest on loans is calculated bi-annually in arrears on the balance outstanding, and where withdrawals were made during the period, from the date of each withdrawal. In accordance with international practice interest is calculated on the basis of a 360 day year, consisting of 12 months of 30 days each. Interest is not charged on instalments in arrears.

4. Comparative figures

The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the Department may reasonably have available for reporting in terms of the Public Finance Management Act.

5. Debts written off

In terms of the current Act "the Minister may, in consultation with the Minister of Finance and upon recommendation of the advisory committee, write off or convert to grants any outstanding debts owed to the previous Economic Co-operation Promotions Loans Fund".

6. Financial Instruments

The Fund's principal financial assets are Cash and Cash Equivalents, Receivables and Long Term Loans granted to other countries. These financial assets are reported at fair value at year end as reduced by provision for impairment.

Financial liabilities are classified according to the substance of the agreement or arrangement entered into. The main financial liabilities of the Fund are amounts due to the Department of International Relations and Cooperation for loans that are awaiting concurrence letters from the Minister of Finance, as well as amounts owed to outside parties in respect of projects approved in terms of the African Renaissance and International Co-operation Fund Act, 2000 (Act No. 51 of 2000)

7. Impairment of assets

The carrying amounts of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. In arriving at the recoverable amount management uses its judgment. The impairment loss is recognised in the statement of financial performance as an expense whenever the carrying amount of an asset exceeds its estimated recoverable amount.

8. Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

9. Related party transactions

Related party is the department of International Relations and Cooperation that controls the Fund in making financial and operating decisions. Specific information with regards to the department's transactions is included in the disclosure notes.

10. Subsequent events

There have been no significant subsequent events after year end that had impacts on the financial statements.



A U D I T O R - G E N E R A L

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE AFRICAN RENAISSANCE AND INTERNATIONAL CO-OPERATION FUND FOR THE YEAR ENDED 31 MARCH 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the African Renaissance and International Co-operation Fund which comprise the statement of financial performance, statement of financial position as at 31 March 2009, statement of changes in net assets and cash flow statement for the year then ended, summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 15.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in the summary of accounting policies and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the African Renaissance and International Co-operation Fund Act, 2000 (Act No. 51 of 2000) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read

with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 6(1) of the African Renaissance and International Co-operation Fund Act, 2000 (Act No. 51 of 2000), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with the International Standards on Auditing read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. 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 the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion the financial statements present fairly, in all material respects, the financial position of the African Renaissance and International Co-operation Fund as at 31 March 2009 and its financial performance and its cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in the summary of accounting policies and in the manner required by the PFMA.

Basis of accounting

8. Accounting policy note xx to the financial statements describes the basis of accounting. The public entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury.

Other matters

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of financial statements:

Governance framework

9. The governance principles that impact the auditor’s opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

10. The PFMA tasks the accounting officer with a number of responsibilities concerning the financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	√	
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.	√	
3.	The annual report was submitted for consideration prior to the tabling of the auditor’s report.	√	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines i.e. section 40 of the PFMA.	√	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	√	
Development and compliance with risk management, effective internal control and governance practices			

No.	Matter	Y	N
6.	Audit committee	√	
	• The trading entity had an audit committee in operation throughout the financial year.	√	
	• The audit committee operates in accordance with approved, written terms of reference.	√	
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 27.1.8.	√	
7.	Internal audit	√	
	• The Trading Entity had an internal audit function in operation throughout the financial year.	√	
	• The internal audit function operates in terms of an approved internal audit plan.	√	
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 27.2..	√	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	√	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	√	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	√	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 27.2		√
12.	Powers and duties have been assigned, as set out in section 44 of the PFMA.	√	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.	√	

No.	Matter	Y	N
14.	SCOPA/Oversight resolutions have been substantially implemented.		N/A
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	√	
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	√	
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the public entity against its mandate, predetermined objectives, outputs, indicators and targets Treasury Regulations 5.1, 5.2 and 6.1.	√	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.		N/A

11. Although risk management procedures were performed, it was not done in a timely manner. Management has implemented a risk management process after 31 March 2009.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

12. I have reviewed the performance information as set out on pages 5 to 6.

The accounting officer's responsibility for the performance information

13. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.
14. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008.
15. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
16. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review

APPRECIATION

17. The assistance rendered by the staff of the African Renaissance and International Co-operation Fund during the audit is sincerely appreciated.

Auditor-General

Pretoria
31 July 2009



A U D I T O R - G E N E R A L

**Statement of Financial Performance
for the year ended 31 March 2009**

	<i>Notes</i>	2008/09	2007/08
		R'000	R'000
Revenue			
Transfers and Subsidies Received	1	698,925	300,00
Other income	2	46,174	36,306
Total revenue		745,099	336,306
Expenditure			
Local and foreign aid assistance		(475,600)	(352,172)
Total expenditure		(475,600)	(352,172)
Surplus/(Deficit) for the year		269,499	(15,866)

**Statement of Financial Position
as at 31 March 2009**

	<i>Notes</i>	2008/09	2007/08
		R'000	R'000
ASSETS			
Current assets			
Loans and Receivables	4	34,386	34,386
Cash and cash equivalents		698,725	466,983
Total assets		733,111	501,369
LIABILITIES			
Current liabilities			
Local and foreign aid assistance payable	3	418,647	456,404
Total liabilities		418,647	456,404
NET ASSETS			
Accumulated Surplus	8	314,464	44,965
Total Net Assets and liabilities		733,111	501,369

**Statement of Changes in Net Assets
for the year ended 31 March 2009**

	<i>Notes</i>	Accumulated Surplus/(Deficit) R'000
Balance at 01 April 2007		60,831
Deficit for the year		(15,866)
Balance as at 31 March 2008		44,965
Surplus for the year		269,499
Balance as at 31 March 2009		314,464

**Cash Flow Statement
for the year ended 31 March 2009**

	<i>Notes</i>	2008/09 R'000	2007/08 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers		698,925	300,000
Cash paid to suppliers and employees		(513,357)	(75,127)
Cash generated from/(utilised in) operations		185,568	(224,873)
Interest received		46,174	36,306
Net cash inflows/outflows from operating activities	7	231,742	261,179
Net increase/(decrease) in cash and cash equivalents		231,742	261,179
Cash and cash equivalent at the beginning of the year		466,983	205,804
Cash and cash equivalent at end of the year	5	698,725	466,983

**Notes to the Annual Financial Statements
for the year ended 31 March 2009**

	2008/09	2007/08
	R'000	R'000
1. Transfers and subsidies received		
National Departments	698,925	300,00
Total	698,925	300,00
2. Other income		
Interest on investments	46,174	36,306
Total	46,175	36,306
3. Local and foreign aid		
Local and foreign aid assistance payable	418,647	456,404
4. Trade and receivables		
Other receivables	32,314	32,314
Prepayments	2,072	2,072
Total	34,386	34,386
5. Cash and cash equivalents		
Cash and balances with banks	698,725	466,983
Total	698,725	466,983
For the purpose of the cash flow statement:		
Cash & cash equivalents at the end of theyear	698,725	466,983
Cash & cash equivalents at the beginning of the year	466,983	205,804

**Notes to the Annual Financial Statements
for the year ended 31 March 2009**

	2008/09	2007/08
	R'000	R'000
6. Cash generated from/(utilised in) operations		
Surplus before taxation	269,499	(15,866)
Investment income	(46,174)	(36,306)
Operating cash flows before working capital changes	223,325	(52,172)
Working capital changes	37,757	277,045
Net cash flows from operating activities	185,568	224,873
7. Net cash inflows/outflows from operating activities		
Cash receipts from customers	698,925	300,000
Cash payments to suppliers and employees	(513,357)	(75,127)
Cash generated from/ (utilised in) operations	185,568	224,873
Interest received/ (paid)	46,174	36,306
Net cash inflows/outflows from operating activities	231,742	261,179
8. Accumulated Surplus		
Accumulated surplus		
Balance at the beginning of the year	44,965	60,831
Net surplus/(Deficit) for the year	269,499	(15,866)
Total	314,464	44,965
9. Related party		
Department of Foreign Affairs	24,187	45,927
Total	24,187	45,927
10. Contingent Liability		
Accumulated surplus	314,464	44,965

In terms of PFMA section 53 (3), a public entity, which must submit a budget in terms of section 53 (1), may not budget for a deficit and may not accumulate surpluses unless prior written approval of National Treasury has been obtained. The fund has applied for the approval, but as at the year end formal approval has not been obtained. The existence of the obligation to surrender the surplus will be evidenced by negotiations between the African Renaissance and International Fund and National Treasury.

**Notes to the Annual Financial Statements
for the year ended 31 March 2009**

11. Taxation

No provision has been made for taxation, as the Trading Entity is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act No 58 of 1962).

12. Financial Instruments

The ARF deposits all its cash in reputable financial institution. The ARF exposure to interest rate risk and the effective interest rates on financial instruments at reporting date are as follows:

	Fixed rate	
	Amount R'000	Effective interest rate
Year ended 31 March 2009		
Assets		
Cash	698,725	7%
Accounts receivable	34,386	0%
Total financial assets	733,111	
Liabilities		
Accounts payable	418,647	0%
Net financial assets	314,464	

**Annual Financial Statements
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Schedule 1: Payables

	2008/09 R'000	2007/08 R'000
Owing to DFA	55,926	45,926
Government of Comoros – Electoral assistance projects	5,084	5,084
DRC Observer Mission	10,081	10,081
Zimbabwe Elections	2,226	12,226
UNISA/DFA Project	22,976	22,976
Office of the Facilitator of the Burundi Peace Process	7,500	16,000
UN Mission (UNMIL/UNPOL) in Liberia for the rebuilding of the Liberian National Police	7,141	7,141
Building of the Kindia museum Government of Guinea	-	5,000
Seychelles Government- infrastructural rehabilitation of Seychelles port	26,280	26,280
Mozambique – Operation BAPISA	13,008	13,008
African Economic Research Consortium	-	2,100
Government of Guinea (Conakry) -Rice Production, Waste management, & Technical assistance	172,325	172,325
Western Sahara Technical Assistance	2,000	22,000
Assistance to Democratic Republic of Congo (DRC) Government - Guinea Bissau Anti Drug Trafficking	-	81,257
Government of Uganda - refurbishment and construction of the O R Tambo School of Leadership in Kawaweta.	-	1,000
Assistance to Saharawi Government	-	14,000
SADC Observer Mission – Zimbabwe run-off elections	-	-
Lesotho (Sani Top Project) within the Maloti Drakensburg Trans- frontier Conservation	-	-
Lesotho (Metology Dam Project)	60,000	-
PALAMA	-	-
IGM Expansion project (Madagascar)	14,100	-
Timbuktu Manuscript Project	20,000	-
Total payables	418,647	456,404

