UNIVERSITY OF KWAZULU-NATAL
CENTRE FOR THE AIDS PROGRAMME
OF RESEARCH IN SOUTH AFRICA
(REGISTRATION NUMBER: 2002/024027/08)

ANNUAL FINANCIAL STATEMENTS
for the period ended 31 December 2007

UNIVERSITY OF KWAZULU-NATAL
CENTRE FOR THE AIDS PROGRAMME OF RESEARCH IN SOUTH AFRICA
REGISTRATION NUMBER: 2002/024027/08

ANNUAL FINANCIAL STATEMENTS
for the period ended 31 December 2007

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DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the annual financial statements of the Centre for the Aids Programme of Research in South Africa ("CAPRISA"), comprising the balance sheet at 31 December 2007, the income statement, statement of changes in accumulated funds, the cash flow statement for the period then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Reporting Standards (IFRS).

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these annual financial statements that are free from material misstatement, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

During the year the group changed its year end from 30 June to 31 December. Accordingly, the current annual financial statements represent an 18 month period compared to 12 months in the previous year.

The directors have made an assessment of CAPRISA's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the foreseeable future.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

UNIVERSITY OF KWAZULU-NATAL
CENTRE FOR THE AIDS PROGRAMME OF RESEARCH IN SOUTH AFRICA
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ANNUAL FINANCIAL STATEMENTS
for the period ended 31 December 2007

DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the period ended 31 December 2007 set out on pages 5 to 19 were approved on 16th NOV 2009 by the Caprisa Board of Control and signed by the Chief Finance Officer and the Pro Vice-Chancellor (Research) of the University of KwaZulu-Natal.

Mr R H Clarkson
Chief Finance Officer

Professor S S Abdool Karim
Pro Vice-Chancellor (Research)

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE CENTRE FOR THE AIDS PROGRAMME OF RESEARCH IN SOUTH AFRICA

We have audited the annual financial statements of the Centre for the Aids Programme Of Research in South Africa which comprise the balance sheet as at 31 December 2007, the income statement, the statement of changes in accumulated funds and cash flow statement for the 18 months period then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 5 to 19.

Directors' Responsibly for the Annual financial statements
The Directors of CAPRISA 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. This responsibility includes: designing, implementing and maintaining internal controls 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 financial statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirement 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.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE MEMBERS OF THE CENTRE FOR THE AIDS PROGRAMME OF RESEARCH IN SOUTH AFRICA

Qualified Opinion

The company has not conducted a statutory audit since its incorporation as a section 21 company in terms of the Companies Act of South Africa in 2002. We were unable to satisfy ourselves that the opening balances for the 18 months period ended 31 December 2007 do not contain misstatements that might materially affect the results for the current year and the accumulated deficit balance.

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the opening balances, the annual financial statements present fairly, in all material respects, the financial position of the company at 31 December 2007 and the financial performance and the cash flows for the period then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Per M Luthuli
Partner
Durban

UNIVERSITY OF KWAZULU-NATAL
CENTRE FOR THE AIDS PROGRAMME OF RESEARCH IN SOUTH AFRICA
(REGISTRATION NUMBER: 2002/04027/08)

BALANCE SHEET
as at 31 December 2007

	Note	2007 R	Restated 2006 R
ASSETS			
Non-current assets			
Property, plant and equipment	3	10 510 545	5 911 931
Current assets		24 635 491	33 234
Receivables	4	22 041 010	18 743
Cash and cash equivalents	5	2 594 481	14 491
TOTAL ASSETS		35 146 036	5 945 165
FUNDS AND LIABILITIES			
Funds			
Accumulated surplus/(deficit)		8 386 225	(3 904 638)
Current liabilities		26 759 811	9 849 803
Deferred grant liability	6	5 275 955	7 693 587
Payables	7	4 864 090	1 526 774
Provision	8	1 411 733	-
Owing to the University of KwaZulu-Natal		15 208 033	629 442
TOTAL FUNDS AND LIABILITIES		35 146 036	5 945 165

UNIVERSITY OF KWAZULU-NATAL
CENTRE FOR THE AIDS PROGRAMME OF RESEARCH IN SOUTH AFRICA
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INCOME STATEMENT
for the period ended 31 December 2007

	Note	2007 R	Restated 2006 R
INCOME			
Grants			
Donations and grants		103 841 694	30 407 288
Sundry income		2 125	-
Total income		103 843 819	30 407 288
EXPENDITURE			
Personnel costs		(42 293 144)	(10 905 715)
Rent of premises		(1 742 870)	(1 161 256)
Other operating expenses		(52 494 785)	(15 727 891)
Depreciation		(3 629 484)	(1 627 809)
Surplus before indirect costs		3 683 536	984 617
Indirect costs		6 402 803	(2 223 592)
Operating deficit	11	(2 719 267)	(1 238 975)
Foreign exchange losses		(98 594)	(376 005)
Finance costs		(187 936)	-
Net deficit for the period		(3 005 797)	(1 614 980)

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STATEMENT OF CHANGES IN ACCUMULATED FUNDS
for the period ended 31 December 2007

	Accumulated funds R
Fund balances at 1 July 2005	(2 837 795)
Capital grant utilised	548 137
Net deficit for the year	(1 614 980)
Fund balances at 30 June 2006	(3 904 638)
Prior year adjustment- restatements of fund balances	7 603 073
Restated fund balances at 30 June 2006	3 698 435
Capital grants utilised	1 770 740
Supplemental grant realised	5 922 847
Net deficit for the period	(3 005 797)
Fund balances at 31 December 2007	8 386 225

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CASH FLOW STATEMENT
for the period ended 31 December 2007

	Notes	2007 R	2006 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	A	(1 844 817)	1 043 787
Interest paid		(187 936)	-
Net cash flow from operating activities		(2 032 753)	1 043 787
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(8 266 285)	(1 031 011)
Net cash flow from investing activities		(8 266 285)	(1 031 011)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in deferred grant liability		(2 417 633)	-
Transfer of deferred grants to accumulated funds		7 693 587	-
Prior year adjustment – restatement of accumulated funds		7 603 073	-
Net cash flow from financing activities		12 879 027	-
NET INCREASE IN CASH		2 579 989	12 776
Cash at beginning of the period		14 491	1 715
NET CASH RESOURCES AT END OF THE PERIOD	B	2 594 480	14 491

UNIVERSITY OF KWAZULU-NATAL
CENTRE FOR THE AIDS PROGRAMME OF RESEARCH IN SOUTH AFRICA
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NOTES TO THE CASH FLOW STATEMENT
for the period ended 31 December 2007

A Cash generated from operations

Net deficit for the period	(3 005 797)	(1 614 980)
Adjusted for non-cash items		
Depreciation	3 629 484	1 627 809
Increase in deferred surplus	-	1 556 072
Loss on disposal of asset	38 187	63 531
	661 874	1 632 432
Adjusted for finance costs	187 936	-
Movements in working capital		
(Increase)/decrease in accounts receivable	(22 022 267)	1 135 946
Increase/(decrease) in accounts payable	19 327 640	(1 724 591)
	(1 844 817)	1 043 787

B NET CASH RESOURCES AT END OF THE PERIOD

Cash in bank	2 485 098	1
Petty cash	109 383	14 490
	2 594 481	14 491

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the period ended 31 December 2007

1. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) for the IASB that are relevant to its operations.

At the date of authorisation of these Annual financial statements, the following relevant Standards and Interpretations were considered but are not yet applicable:

- IFRS 2 - Share-based Payment
- IFRS 3 - Business Combinations
- IFRS 5 - Non-current Assets Assets Held for Sale and Discontiued Operations
- IFRS 8 - Operating Segments
- IAS 1 - Presentation of Annual financial statements
- IAS 17 - Leases
- IAS 31 - Interest in Joint Ventures
- IAS 36 - Impairment of Assets
- IAS 39 - Financial Instruments: Recognition and Measurement
- IFRIC 17 - Distribution of Non-Cash Assets to Owners
- IFRIC 18 - Transfer of Assets from Customers

The company is in the process of evaluating the effects of these new standards and interpretations but they are not expected to have a significant impact on the centre's results and disclosures.

2. ACCOUNTING POLICIES

2.1 Statement of compliance

The annual financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Financial Reporting Board using historic cost except for certain financial instruments that are stated at fair value.

2.2 Basis of preparation

The principal accounting policies adopted in the preparation of these annual financial statements are set out below. The basis of preparation is consistent with prior years, except for new and revised standards and interpretations adopted during the period.

2.3 Income recognition

Grants are recognised as income in the financial year to which they relate. Grants for specific purposes are brought into the appropriate fund as income at the time that they are available to finance the expenditure for the purpose provided. However, if funding is provided in advance of the specified requirement, the relevant amounts are disclosed as current liabilities.

2.4 Capital grants

When a grant is received to finance, or part finance, the purchase, construction or development of an asset, and the asset is capitalised, the grant is credited to a deferred capital grant (a liability). An annual transfer is made to accumulated funds over the useful economic life of the asset in proportion to the depreciation charge on the asset for which the grant was awarded.

2. ACCOUNTING POLICIES (continued)

2.5 Exchange rate risk

Foreign currency transactions constitute a risk, especially as the entire grant is denominated in United States Dollars, the receipt of which, by way of a series of tranches, is spread over an extended period of time.

2.6 Foreign currency transactions

Foreign currency transactions are accounted of at spot rates, being the exchange rates prevailing at the dates of the respective transactions. Gains and losses arising from the settlement of such transaction are recognised in the income statement in the income statement in the year in which they arise. Assets and liabilities designated in foreign currencies at the balance sheet date are translated at exchange rates ruling at the balance sheet date.

2.7 Financial instruments

Financial assets and liabilities are recognised on the centre's balance sheet when the centre has become a party to the contractual provision of the instrument.

The company's principal financial assets are bank balances and cash, trade and other receivables.

Receivables are stated at their nominal values reduced by appropriate allowances for estimated irrecoverable amounts.

Significant financial liabilities include finance lease obligations, interest-bearing bank loans, interest bearing shareholders loans and overdrafts and trade and other payables.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities, other than trading financial liabilities and derivatives, are subsequently measured at amortised cost being the original obligation less principal payments and amortisations. Trading financial liabilities are subsequently measured at fair value.

Payables are stated at their nominal values. Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Long-term borrowings are initially recorded at the fair value of the consideration received, net of issue costs. They are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated taking into account any issue costs or any discount or premium on settlement. Gains and losses are recognised in net profit and loss when the liabilities are extinguished.

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial instruments are initially measured at cost, including transaction costs, when the centre becomes a party to their contractual arrangements. The subsequent measurement of financial instruments is dealt with below.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the period end 31 December 2007

2. ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

A financial instrument or a portion of a financial instrument will be derecognised and a gain or loss recognised when the centre loses the contractual rights or extinguishes the obligation associated with such an instrument.

On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in income.

On derecognition of a financial liability the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid for is included in income.

2.8 Receivables

Trade and other receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

2.9 Payables

Payables are stated at fair value.

2.10 Accounting for Leases

Leases of assets, under which all the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.11 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that are directly attributable to the acquisition of the asset.

Assets costing less than R5 000 are written off in the year of acquisition.

Depreciation is calculated on the straight-line method, at rates calculated to write off the cost of assets over their estimated useful lives, or in the case of lease improvement over the terms of the lease, as follows:

Laboratory, computer and office equipment	5 years
Office furniture	5 years
Motor vehicles	5 years
Leasehold improvements	
- Vulindlela Clinic	10 years
- CDC Clinic	5 years

No depreciation is charged on capital work in progress in respect of leasehold improvements.

When parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Depreciation methods, useful lives and residual values are reassessed at the reporting date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the period end 31 December 2007

2. ACCOUNTING POLICIES (continued)

2.11 Property, plant and equipment (continued)

No business economic changes were occurred during the period to lead management to believe that the useful lives and residual values of the plant and equipment has changed.

2.12 Impairment

At each balance sheet date, the centre reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the centre estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2.13 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash, deposits held at call with banks and investments in money market instruments, net of bank overdrafts.

2.14 Provisions

Provisions are recognised when the centre has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle obligations and a reliable estimate of the amount of the obligation can be made.

2.15 Key sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that management have assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

2.16 Judgements made by management

Preparing annual financial statements in accordance with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. There are no accounting policies that have been identified as involving particularly complex or subjective judgements or assessments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the period ended 31 December 2007

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	Net Book Value
	R	R	R
2007			
Leasehold improvements	6 703 040	(2 273 011)	4 430 029
Motor vehicles	1 245 450	(388 885)	856 565
Furniture and equipment	9 887 342	(4 663 391)	5 223 951
	17 835 832	(7 325 287)	10 510 545
2006			
Leasehold improvements	3 503 937	(829 148)	2 674 789
Motor vehicles	156 499	(109 516)	46 933
Furniture and equipment	5 947 348	(2 757 468)	3 190 209
	9 607 734	3 695 803	5 911 931

Reconciliation of property ,plant and equipment

	Opening Net Book Value	Additions	Disposals	Depreciation	Total
	R	R	R	R	R
2007					
Leasehold improvement	2 674 789	3 199 103	-	(1 443 864)	4 430 028
Motor vehicles	46 933	1 089 000	-	(279 369)	856 564
Furniture and equipment	3 190 209	3 978 182	(38 187)	(1 906 251)	5 223 953
	5 911 931	8 266 285	(38 187)	(3 629 484)	10 510 545
2006					
Leasehold improvements	2 635 791	560 743	(33 731)	(488 014)	2 674 789
Motor vehicles	78 224	-	-	(31 291)	46 933
Furniture equipment	3 858 283	470 268	(29 838)	(1 108 504)	3 190 209
	6 572 298	1 031 011	(63 569)	(1 627 809)	5 911 931

	2007 R	2006 R

4. RECEIVABLES

	2007 R	2006 R
Consortium funds	21 027 221	-
Other receivables	1 013 789	18 743
	22 041 010	18 743

The carrying amount of accounts receivable is considered to approximate fair value.

(a) Receivables - credit risk

The entity does not have any trade receivables but the receivables recorded relates to accrued grants that had not been received at year-end. Therefore, its exposure to the credit risk is limited to these receivables.

To the extent that the receivable amounts are estimated to be less than their associated carrying values, impairment changes have been recorded and the carrying values have been written down to their recoverable amounts.

As the entity does not have any trade receivables, no assessment of past due receivable balances recoverability has been performed.

5. CASH AND CASH EQUIVALENTS

	2007 R	2006 R
Cash in bank	2 485 098	1
Cash on hand	109 383	14 490
	2 594 481	14 491

6. DEFERRED GRANT LIABILITY

	2007 R	2006 R
Opening balance	7 693 587	6 685 652
Capital grant utilised	(1 770 740)	(548 137)
Grants received	5 275 955	15 805 166
Supplemental grant utilised	(5 922 847)	(14 249 094)
	5 275 955	7 693 587

7. PAYABLES

	2007 R	2006 R
Trade payables	853 560	954 423
Other creditors	4 010 531	572 351
	4 864 091	1 526 774

UNIVERSITY OF KWAZULU-NATAL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2007

8. PROVISIONS

	2007 R	2006 R
Leave pay provision	1 411 733	-

Key management judgement

Leave pay provision: the provision is based on the number of days leave owing to the employees multiplied by the total cost of employment daily rate.

9. RELATED PARTY TRANSACTIONS

The company takes care to avoid conflicts of interest and, accordingly, has adopted a policy requiring declarations of interest – actual or potential by members of its Board, senior management and other permanent staff. In terms of this policy, transactions with third parties in which a Board of staff member has a direct or fiduciary interest are required to be disclosed and, consequently, must be entered at arm's length and be in accordance with approved procurement policy. During the twelve months under review and subsequently, no transactions were identified with third parties controlled by one or more Board or staff members.

10. FINANCIAL RISK MANAGEMENT

The company operating activities expose it to various financial risks that, if left unmanaged, could adversely impact on current or future earnings. Although not necessarily mutually exclusive, these financial risks are categorised separately according to their different generic risk characteristics and include market risk (foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk. The centre is actively engaged in the management of all of these financial risks in order to minimise their potential adverse impact on the centre's financial performance.

The company does not take positions on derivative contracts speculatively and only enter into contractual arrangements with counterparties that have investment grade credit ratings.

Market risk

The company activities are exposed to primarily foreign exchange and cash flow interest rate risk. Both risks are actively monitored on a continuous basis and managed through the use of various CFC accounts. Although the company's cash flows are exposed to movements in key input and output prices, such movements represent economic rather than residual financial risk inherent in commodity payables and receivables. Consequently, the company is not substantively exposed to commodity price risk as defined in IFRS 7.

Foreign currency sensitivity analysis

Foreign exchange risk sensitivity analysis has been performed on the foreign currency exposures inherent in the centre's financial assets and financial liabilities at the reporting dates presented. The sensitivity analysis provides an indication of the impact on the centre's reported earnings of reasonably possible changes in the currency exposures embedded within the functional currency environments that the centre operates in. Reasonably possible changes are based on an analysis of historic currency volatility, together with any relevant assumptions regarding near term future volatility.

Cash flow interest rate risk

The company holds cash and cash equivalents. Consequently, the centre is exposed to cash flow interest rate risk. The company's accounting policy stipulates that all borrowings are held at amortised cost.

10. FINANCIAL RISK MANAGEMENT (continued)

Management of cash and cash equivalents

Cash comprises cash on hand, short term investments account and petty cash. Arrangements are in place, which ensure that cash is utilised most efficiently for the ongoing working capital needs of the company and the company earns the most advantageous rates of interest available.

Net variable rate debt sensitivity analysis

The net variable rate exposure represents variable rate debt less cash and cash equivalents. Reasonably possible changes in interest rates have been applied to net variable rate exposure, in order to provide an indication of the possible impact on the income statement.

Cash flow interest rate risk exposures and sensitivities	2007 R	2006 R
Total debt	17 708 326	2 156 216
Less: Cash and petty cash	(2 594 481)	(14 491)
Net variable rate exposure	15 113 845	2 141 725

Net variable rate debt represents variable rate debt (which excludes deferred grant liabilities) less cash and cash equivalents. Reasonably possible changes in interest rates have been applied to net variable rate debt, in order to provide an indication of the possible impact on the company's income statement.

Credit risk

Credit risk is the risk that a contractual counterparty will default on its contractual obligations to the company and that the company would suffer financial loss as a consequence of such a default. The company's credit risk is mainly confined to the risk of customers defaulting on sales invoices raised. Any credit risk arising from cash deposits is deemed to be insignificant on the basis that all relevant counterparties are investment grade entities. Full disclosure of the company's maximum exposure to credit risk is presented in the following table.

Exposure to credit risk

	2007 R	2006 R
Bank and cash	2 594 481	14 491
Accounts receivable	22 041 010	18 743
	24 635 491	33 234

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2007

10. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the company could experience difficulties in meeting its commitments to creditors as financial liabilities fall due for payment. The company manages its liquidity risk by using reasonable and retrospectively assessed assumptions to forecast the future cash-generative capabilities and working capital requirements of the business and by maintaining sufficient reserves and committed borrowing facilities.

The maturity profile of the financial instruments is summarised as follows:

	Between 1 – 3 months	< 1 year	Total
2007	R	R	R
Financial assets			
Accounts receivable	1 013 788	21 027 222	22 041 010
Bank and cash balances	2 594 481	-	2 594 481
Financial liabilities			
Deferred grant liabilities	5 275 954	-	5 275 954
Trade and other payables	1 088 560	-	1 088 560
2006			
Financial assets			
Accounts receivable	18 743	-	18 743
Bank and cash balances	14 491	-	14 491
Financial liabilities			
Deferred grant liabilities	7 693 587	-	7 693 587
Trade and other payables	1 526 814	-	1 526 814

11. OPERATING DEFICIT

	2007	2006
	R	R
Operating deficit is arrived at after taking into account the following items		
Auditors' remuneration	230 330	97 900
Loss on disposal of fixed assets	38 187	63 569
Legal and other professional fees	1 271 704	367 715
Repairs and maintenance	1 629 043	25 308

11. OPERATING DEFICIT (continued)

	2007 R	2006 R
Indirect costs have been funded by the following grants, to the extent that related grant funding has been recognised in terms of the stated accounting policy:		
Core operating grant - CIPRA	3 180 813	1 235 164
Supplemental grant - PEPFAR	-	988 428
Microbicide	1 178 645	-
CTU	594 718	-
CHAVI	537 440	-
CAT	222 222	-
Other	688 965	-
Total indirect costs	6 402 803	2 223 592

Summary of indirect costs

	2007 R	2006 R
University (UKZN) Administration fees	3 201 401	1 111 796
CAPRISA administration and finance related expenses	3 201 401	1 111 796
Total indirect costs	6 402 803	2 223 592

12. TAXATION

The company's registered as an "association not for gain" in terms of section 21 of the Companies Act of South Africa, and is exempt from taxation in terms of section 10(1)(cN) of the Income Tax Act. Accordingly, no provision for current taxation has been raised.