



MEN
ON THE SIDE
OF THE ROAD

MSR ANNUAL REPORT

for the year ended 31 December 2007



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CHAIRMAN'S STATEMENT

2007 was a year of substantial growth for Men on the Side of the Road (MSR), with placement activities achieving 75 000 man days and R6.75 million in wages.

Our success to date has been founded on three pillars – our business model, our donors and our staff and social franchise partners.

The strength of our model has been affirmed by two independent studies carried out during the past year by Unisa, and a consultant on behalf of the State President's Second Economy project. Both studies praised the model and our activities while also pointing out shortcomings and problem areas. These result largely from our rapid growth and limited administrative funds. Within the restrictions of the latter, we have addressed the problem areas.

The second pillar comprises the financial resources made available by our very generous donors. MSR is totally reliant on donor funding as our business model does not permit us to generate our own funds. To do so would lead us into the field of labour broking – with all the related legal and cost ramifications – and into competition with private enterprise. We are, therefore, immensely grateful to our many donors and trust that they feel rewarded by the social dividend from our successes.

Finally, our success results from the dedication and commitment of our staff. In particular, our new Director, Peter Kratz, has done an outstanding job in strengthening the administration of the organisation as reflected in the speed with which the accounts and the annual report have been produced this year. He has also boosted the performance substantially and brought innovation to job creation by initiating the Cape Town's Tjommie guides and the waterless carwash projects.

Contributing significantly to the expansion have been our social franchise partners in Johannesburg, Pretoria, Durban, George, Cape Town and Nelspruit, which has been the most outstanding performer. We hope to extend our activities to Port Elizabeth during the coming year.

2008 will be a challenging year for placement as the economy slows, but hopefully the high level of activity in infrastructure development will continue to provide opportunities for our men.

Anthony Marshall-Smith

**SOCIAL
DIVIDENDS:**

**JOBS: 75 000
MAN DAYS
ACHIEVED**

**R6.75 M IN
WAGES
CREATED**

**TRAINING
DAYS: OVER
10 500
FACILITATED**

DIRECTOR'S REPORT

Reflecting on our 2007 activities and operational performance, it gives me a great deal of satisfaction to report on our outstanding success in achieving and exceeding the goals we set for the year.

I would like to thank the MSR staff, franchise operators and Board members for welcoming me to MSR. I value their contribution to the overwhelming success of MSR in 2007 and look forward to working with them to achieve the ambitious goals we have set ourselves for 2008/9.

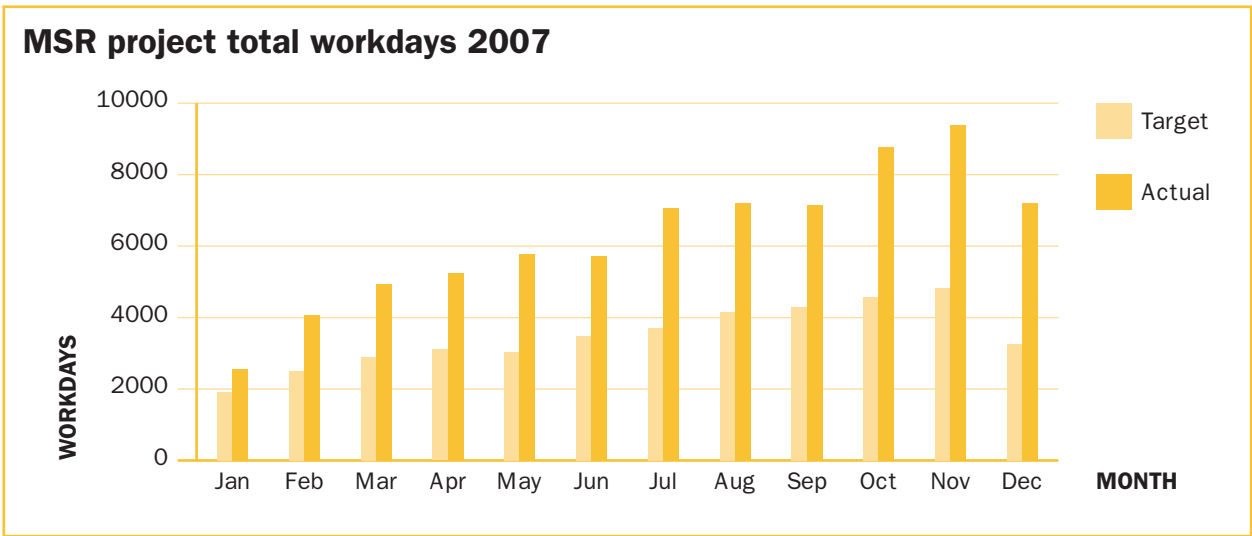
2007 organisational goals achieved

Our 2007 goals focused on achieving significant growth in our placement activities, together with continued investment in the training of members in hard skills. The objective is to improve member employability and income earning capacity.

Placement

Placement continued to show very strong growth in 2007, increasing to over 75 000 workdays (vs 16 000 in 2006). Days worked in 2007 exceeded the target by 81%. The impact of these workdays is best understood by quantifying their value to members: in 2007, through our efforts, members earned R6.75 million in wages (vs R1.3 million in 2006).

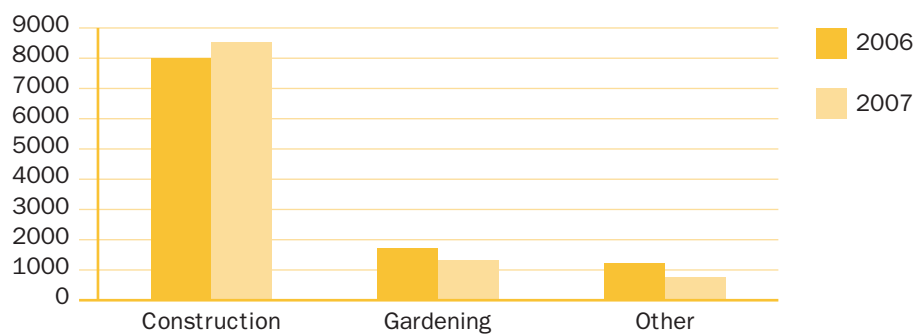
The Nelspruit Community Forum, our partner in Nelspruit, achieved exceptional placement results.



Training

Together with placement, training is one of our key focus areas. Training is very expensive and entirely dependent on the generosity of donors. Unfortunately we were not able to significantly increase the number of people trained in the year, although we were able to improve the selection of courses and subsequent employment of members trained. I would like to thank all donors who contributed to these activities and I hope that we will be able to count on your continued support in the future.

Number of training days



Other achievements

2007 saw the following significant developments at MSR:

- The creation of a separate Cape Town branch improved the local focus on the primary objectives of placement and training.
- Formalisation of our social franchise agreements with our selected regional partners.
- Redesign of our website incorporating the worker hire web functionality aimed at providing a voice for our members. The site is open to all and will have a significant impact on improving the employment opportunities of low-skilled and semiskilled workers by acting as a point of reference.
- Continued strong financial performance as evidenced by the financial reports attached. Due to the nature of the organisation it will continue to be dependent on significant donor funding for the foreseeable future.
- Amendment of the constitution of the association to reflect changes required by legislation. The Board and the relevant department of South African Revenue Services have approved all changes.
- Refining the MSR brand identity, and carrying the new look and feel across all our communications. Also adopting a more environmentally conscious approach to our communications (such as this report and in our marketing) by reducing our printed matter and moving towards more sustainable, digital solutions where feasible.

**WORKDAY
GOALS
EXCEEDED
BY 81%**

FOCUS FOR 2008/9

Placement

Our target is to facilitate more than 116 000 workdays in 2008/9 – an increase of more than 50% on 2007.

We will continue to build on the notion of linkages, providing a bridge by which members can join the ranks of the employed by linking members to employers. We do this by continuously improving communication of our members’ skills to potential employers. This is done via the internet, telephone, newspapers and onsite job placement.

We hope to extend our branch network to include Port Elizabeth in the course of 2008. We are dependent on finding a sponsor willing to commit to the establishment of an office in that region.

Training

Training will focus on assisting members who have shown a dedication and commitment to improving their circumstances. It is seen as a reward for consistent hard work with the intention always to improve their earning capacity.

Our target is to facilitate training for 1 000 people in 2008. This will be 50% more than we achieved in 2007.

AIDS awareness and testing programme

The emphasis of this programme is on increasing the incidence of testing among our members. We believe that the first step to changing behaviour is knowledge and we hope to facilitate the attendance of more than 3 000 members at AIDS awareness and testing days set up at various locations around the country.

Job creation

We will extend the existing job creation initiatives known as the waterless car wash and Tjommies. The waterless car wash offers a new way of caring for vehicles, saves water, provides jobs for our members and is geared to grow micro-enterprises. Tjommies trains men as guides to assist tourists to find their way around Cape Town. The men wearing branded uniforms are stationed in and around the CBD, or are on call for hotels. This programme is run in conjunction with Cape Town Tourism. Together, we expect these programmes to create at least 200 jobs in the next two years, as well as a number of new small business owners.

Peter Kratz



2008 GOAL:
50% INCREASE
IN WORKDAYS
AND TRAINEES

MANAGEMENT BOARD

The members of the association during the year and at the time of this report are:

Anthony Marshall-Smith (Chairman)
Tim Leher
Warren Conrad
Robin Gilfillan

Organisational structure

Programme management	021 448 9000/1/2	
Director		Peter Kratz
Regional manager		Richard Ryan
Admin and finance		Lauren King

Branch network

Cape Town	021 448 9000/1/2	Patrick Mbanga
Durban	083 384 3607	Francis Moodley
George	044 870 8528	Kim Andreoli
Johannesburg	011 786 1717/8	James Hardisty
Kimberley	053 842 0855	Yvonne Benn
Nelspruit	013 752 2140	Trevor Mare
Pretoria	012 805 6885	Peter Skelton

Legal status and banking details

Registered as a non profit organisation (024-519 NPO)
 Tax exempt in terms of Section 18A of the Income Tax Act reference number 930005561

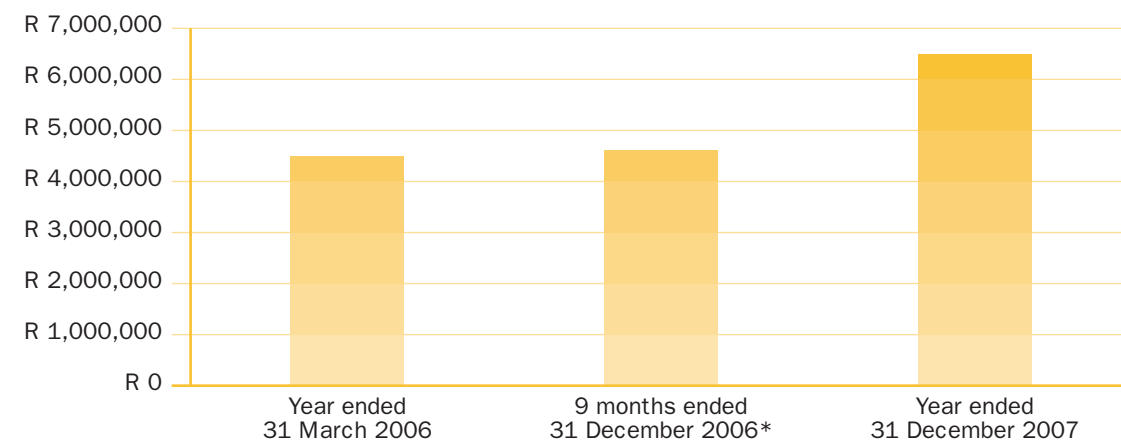
Standard Bank South Africa
 Thibault Square
 Branch code 051001
 Account number 70956383



FUNDERS

Contributors have increased their funding to the project consistently over the years. At the end of 2007 we had secured funding in respect of 40% of the 2008 budget.

Total funding year on year

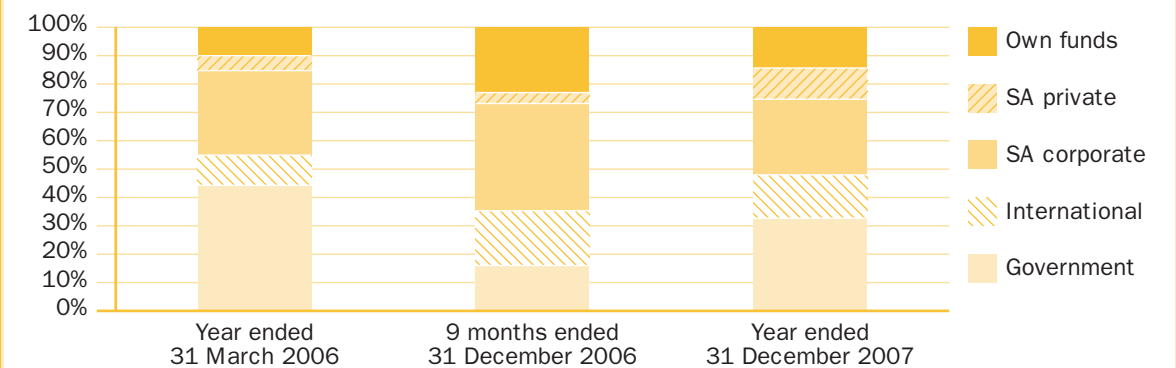


* Normalised for 12 months

Funders supporting the project over the past two years include:

Ackerman Family
 Ackerman - Pick 'n Pay Charitable Foundation Trust
 Anglo-American Chairman's Fund
 Adele Searll Trust
 Barlow Plascon (Pty) Ltd
 BOE Educational Foundation
 Brait Foundation Trust
 British American Tobacco South Africa (Pty) Ltd
 Builders Warehouse (Pty) Ltd
 National Department of Social Development
 Department of Social Development (KwaZulu Natal)
 Department of Social Development (Northern Cape)
 Department of Social Development (Western Cape)
 Department of Social Development (Gauteng)
 Edcon Pty Ltd
 First Rand Foundation
 Golden Arrow Foundation
 Heks Swiss Inter-Church aid
 Holcim South Africa (Pty) Ltd
 Inca Capacity Building fund
 Quaker Foundation
 Stichting Liberty Foundation
 The D.G. Murray Trust
 The Global Fund for Children
 The Rolf-Stephan Nussbaum Foundation
 WesBank Fund

% contribution to total funds



AUDITED FINANCIAL REPORT

The following are our audited financial statements for the year ended 31 December 2007. A full version is available on our website and bound copies are available on request.

Balance sheet

Figures in Rand	31 December 2007	31 December 2006
Assets		
Non-Current Assets		
Property, plant and equipment	264,711	314,600
Current Assets		
Trade and other receivables	128,634	294,692
Cash and cash equivalents	1,673,545	186,299
	1,802,179	480,991
Total Assets	2,066,890	795,591
Equity and Liabilities		
Equity		
Accumulated surplus	1,856,122	492,208
Liabilities		
Non-Current Liabilities		
Other financial liabilities	112,861	96,562
Current Liabilities		
Other financial liabilities	32,377	21,176
Operating lease liability	3,034	7,190
Trade and other payables	48,742	145,611
Provisions	13,754	32,844
	97,907	206,821
Total Liabilities	210,768	303,383
Total Equity and Liabilities	2,066,890	795,591

THE PAST YEAR HAS SEEN A STRENGTHENING OF OUR FINANCIAL PERFORMANCE AS WELL AS SUBSTANTIAL INCREASES IN JOB PLACEMENT AND SKILLS DEVELOPMENT.



Detailed Income Statement

Figures in Rand	Year ended 31 December 2007	9 Months ended 31 December 2006
Revenue	6,437,524	3,471,547
Operating expenses		
Advertising	(213,817)	(40,989)
Auditors remuneration	(79,400)	-
Bad Debts	(28,903)	(57,417)
Bank charges	(40,396)	(28,547)
Black Umbrellas	(4,721)	(256,887)
Computer expenses	(22,513)	(17,676)
Depreciation and amortisation	(107,163)	(49,821)
Employee costs		
Branch management	(814,810)	(541,170)
Field workers and placement	(650,976)	(441,165)
Admin and program management	(749,976)	(327,494)
Entertainment / Teas	(4,938)	(11,658)
Federation organisation expenditure	(51,348)	(299,152)
Fundraising	(258,400)	(278,650)
Insurance	(37,467)	(14,841)
Lease rentals on operating lease	(204,300)	(131,978)
Legal expenses	(7,498)	(6,342)
Loss on disposal of assets	-	(3,448)
Motor vehicle expenses	(15,044)	(41,938)
Placement programme expenditure	(647,476)	(740,469)
Postage	(4,180)	(3,616)
Printing and stationery	(48,443)	(38,226)
Repairs and maintenance	(8,231)	(16,234)
Subscriptions	(17,530)	(8,696)
Telephone and fax	(208,904)	(112,862)
Training	(739,490)	(1,245,165)
Travel - local	(50,096)	(76,094)
"Uncle Bob's" expenditure	(6,650)	(134,736)
Shoebox homes	(91,013)	-
Total operating expenses	(5,113,683)	(4,925,271)
Operating surplus / (deficit)	1,323,841	(1,453,724)
Investment revenue	56,197	50,107
Finance costs	(16,124)	(5,844)
Surplus / (deficit) for the period	1,363,914	(1,409,461)



Each day they gather, come rain or shine, an estimated 100 000 men at sites across South Africa. These are the men on the side of the road ... waiting hopefully for anyone who could offer them a job.

Men on the Side of the Road

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designs for a better future

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Photos: Masixole Feni