

**AREPP:THEATRE FOR LIFE TRUST
(TRUST NUMBER : 642/91)**

REGISTRATION NO : 014-688 NPO

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
28 FEBRUARY 2007**

**AREPP:THEATRE FOR LIFE TRUST
(TRUST NUMBER :642/91)**

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28 FEBRUARY 2007**

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APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements set out on pages 3 to 13 and supplementary schedules on pages 14 to 18 have been approved by the trustees and are signed on their behalf by:-

REPORT OF THE INDEPENDENT AUDITORS

TO THE TRUSTEES

AREPP:THEATRE FOR LIFE TRUST (TRUST NUMBER :642/91)

Report on the financial statements

We have audited the accompanying financial statements of AREPP:Theatre for Life Trust, which comprise the trustee's report, balance sheet as at 28 February 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 3 to 13.

Trustees' responsibility for the financial statements

The trustees are responsible for the preparation and the fair presentation of these financial statements in accordance with their accounting policies. This responsibility includes : designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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 risk 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

In common with similar organisations, it is not feasible for the trust to institute accounting controls over collections of income other than grants and interest prior to the initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Qualified Opinion

In our opinion, except for the effects of the matter described to in the Basis for Qualified Opinion paragraph, these financial statements fairly present, in all material respects, the financial position of AREPP:Theatre for Life Trust as at 28 February 2007, and of its financial performance and its cash flows for the year then ended in accordance with its accounting policies.

Emphasis of matter

As is explained in note 9 to the financial statements, the trust needs ongoing donor support if it is to continue operations. These financial statements have been prepared on the basis of accounting practices applicable to a going concern which assumes that the trust will generate sufficient funds by way of grants from donors to continue funding its activities in the ensuing year.

Douglas & Velcich
Chartered Accountants (S.A.)
Registered Accountants and Auditors

Johannesburg
16 May 2007

**AREPP:THEATRE FOR LIFE TRUST
(TRUST NUMBER :642/91)**

TRUSTEES' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2007

The trustees present herewith their report and annual financial statements of the Trust for the year ended 28 February 2007.

NATURE OF ACTIVITIES

To produce travelling entertainment theatre presentations at schools, which provides interactive, social life-skills and self-efficiency education to school going youth, to develop resilience and enabling them to make informed choices.

FINANCIAL RESULTS AND POST BALANCE SHEET EVENTS

The results for the year under review are set out in the attached financial statements. No material fact or circumstance has occurred in the affairs of the trust between the balance sheet date and the date of this report.

EQUIPMENT

During the year under review, the trust acquired equipment to the value R 6,900 (2006: R 39,351)

STATEMENT OF RESPONSIBILITY

The trustees are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with generally accepted accounting practice.

The trustees are also responsible for the trust's systems of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the trustees have every reason to believe that the trust has adequate resources in place to continue in operation for the foreseeable future.

TRUSTEES

The trustees during the year under review and at the date of this report are :

L Motsepe (chairperson)	S Omar
ML Nell (Deputy chairperson)	B Smith
B Heydenrych (Treasurer)	S Hellberg
J Honeyman	NS Culayo

AREPP:THEATRE FOR LIFE TRUST
(TRUST NUMBER :642/91)

BALANCE SHEET AT 28 FEBRUARY 2007

	Notes	2007 R	2006 R
		5,199,931	3,316,334
ASSETS			
Non-current assets			
Property	3.1	1,300,000	406,584
Equipment	3.2	231,244	329,083
Current assets			
Accounts receivable		2,617	1,402
Accrued grant income	4	449,911	-
Cash and cash equivalents	2	3,216,159	2,579,265
TOTAL ASSETS		5,199,931	3,316,334
EQUITY AND LIABILITIES			
Equity and reserves			
Trust capital - founder's donation		600	600
Operating and programme funds		1,707,696	1,756,684
Property and equipment fund		1,531,244	735,667
Current liabilities			
Accounts payable		8,740	3,554
Deferred grant income	5	1,951,651	819,829
TOTAL EQUITY AND LIABILITIES		5,199,931	3,316,334

AREPP:THEATRE FOR LIFE TRUST
(TRUST NUMBER :642/91)

INCOME STATEMENT FOR THE
YEAR ENDED 28 FEBRUARY 2007

	Notes	2007 R	2006 R
INCOME		2,449,510	2,310,178
Grants	6	2,198,221	2,001,354
Donations		96,624	190,658
Interest		141,033	112,971
Insurance claim		-	5,195
Sundry income		13,632	-
EXPENDITURE		2,552,671	3,191,274
Administration costs		229,780	206,313
Audit fees		41,836	1,205
Bank charges		10,395	12,704
Insurances		37,429	25,895
Legal fees		298	10,991
Prior year expenses		-	6,937
Rent, electricity and water		84,042	71,772
Security costs		5,666	5,244
Staff costs		50,114	71,565
Production costs		2,322,891	2,984,961
Accommodation and per diem		246,551	268,344
Communications		94,476	127,502
Evaluation		-	76,807
Finance		155,052	137,867
Media costs		73,357	74,860
Show arrangements		43,655	-
Show consumables		1,545	80
Show development		7,899	27,316
Show maintenance		81,283	107,188
Staff costs		873,907	1,110,756
Travel		190,845	235,562
Performers		514,705	729,408
Staff development and welfare		39,616	89,271
(DEFICIT) FOR THE YEAR		(103,161)	(881,096)

**AREPP:THEATRE FOR LIFE TRUST
(TRUST NUMBER :642/91)**

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 28 FEBRUARY 2007**

	Trust capital R	Operating and Programme funds R	Property and Equipment fund R	Total R
Balance at 28 February 2005	600	2,662,339	814,706	3,477,645
Transfer to equipment fund	-	(39,351)	39,351	-
Proceeds on disposal of equipment		14,792	(14,792)	-
Profit on disposal of equipment			5,118	5,118
Depreciation for the year	-	-	(108,716)	(108,716)
Deficit for the year	-	(881,096)		(881,096)
Balance at 28 February 2006	600	1,756,684	735,667	2,492,951
Transfer to equipment fund		(6,900)	6,900	-
Depreciation for the year	-	-	(104,739)	(104,739)
Proceeds on disposal of equipment	-	61,073	(61,073)	0
Profit on disposal of equipment	-	-	61,073	61,073
Revaluation of property			893,416	893,416
Deficit for the year	-	(103,161)		(103,161)
Balance at 28 February 2007	600	1,707,696	1,531,244	3,239,540

**AREPP:THEATRE FOR LIFE TRUST
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**CASH FLOW STATEMENT FOR THE YEAR
ENDED 28 FEBRUARY 2007**

	Notes	2007 R	2006 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from donors and performances		2,989,173	3,066,794
Cash paid to suppliers and employees		(2,547,485)	(3,287,420)
Cash generated from / (utilised in) operations	7	441,688	(220,626)
Interest received		141,033	112,971
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of equipment		(6,900)	(39,351)
Proceeds on disposal of equipment		61,073	14,792
Net increase / (decrease) in cash and cash equivalents		636,894	(132,214)
Cash and cash equivalents at beginning of year		2,579,265	2,711,479
Cash and cash equivalents at end of year	2	3,216,159	2,579,265

**AREPP:THEATRE FOR LIFE TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2007**

1. ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis, except for property and financial instruments as indicated below. The financial statements incorporate the following principal accounting policies which are consistent, in all material respects, with those applied in the previous year :-

1.1 Property and equipment and depreciation

Property is stated at valuation. The intention of the trustees is to review the valuation every three years.

Equipment is stated at cost less provision for depreciation. Depreciation is calculated to reduce the cost of the assets to residual values over estimated useful lives. At present, the trust depreciates equipment on the reducing balance method at the following rates :

Computers	- 33.33% per annum
Office equipment	- 16.67% per annum
Motor vehicles	- 20.00% per annum
Sound equipment	- 16.67% per annum

1.2 Property and equipment fund

In order that operating reserves reflect assets available to fund the operations of the trust, a property and equipment fund is maintained to separate out the funding of such assets.

The mechanism whereby the property and equipment fund is maintained at a value equal to the carrying value of such assets in the balance sheet is that an amount equal to the cost of property and equipment acquired is charged against operating income each year and credited to the fund.

Depreciation, and profits and losses on disposal are adjusted annually against the fund.

1.3 Financial instruments

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below:

Trade and other receivables

Trade, other receivables and accrued income are stated at cost less provision for impairment losses.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2007 (Continued)**

1.3 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payment and amortisations.

1.4 Investment income

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is probable that such income will accrue to the trust.

1.5 Income recognition

Income from grants is generally brought to account in the period to which it relates. All other income is brought to account as and when received.

Deferred grant income comprises income received in advance of the period to which it relates and is accounted for as a current liability.

Accrued grant income comprises income designated for the current year, but received in the period between the financial year end and the date of the audit report, and is accounted for as income with a corresponding current asset.

2007	2006
R	R

2. CASH AND CASH EQUIVALENTS

Petty cash	30	1,000
Current account	19,238	35,470
Call accounts	3,196,891	2,542,795
	<u>3,216,159</u>	<u>2,579,265</u>

3. PROPERTY AND EQUIPMENT

3.1 PROPERTY

Land and buildings comprises Erf. 1853 Johannesburg, situated in Sydenham Township ,measuring 854 square metres, with improvements thereto - at trustees' valuation (2006 - at cost)

<u>1,300,000</u>	<u>406,584</u>
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**AREPP:THEATRE FOR LIFE TRUST
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**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 28 FEBRUARY 2007 (continued)**

3.2 EQUIPMENT

	Computer equipment R	Sound and video Equipment R	Office equipment furniture and tools R	Motor vehicles R	Total R
Net book value 1/3/2006	63,047	34,426	43,245	188,365	329,083
Cost	114,578	79,509	66,292	628,428	888,807
Accumulated depreciation	(51,531)	(45,083)	(23,047)	(440,063)	(559,724)
Additions	4,450	-	2,450	-	6,900
Depreciation for the year	(24,975)	(8,764)	(8,840)	(62,160)	(104,739)
Disposals and write-offs	-	-	-	-	-
Cost	(16,999)	(11,790)	-	(140,801)	(169,590)
Accumulated depreciation	16,999	11,790	-	140,801	169,590
Net book value 28/2/2007	42,522	25,662	36,855	126,205	231,244
Cost	102,029	67,719	68,742	487,627	726,117
Accumulated depreciation	(59,507)	(42,057)	(31,887)	(361,422)	(494,873)
Net book value 1/3/2005	61,222	41,313	50,131	255,456	408,122
Cost	92,877	79,509	64,642	628,428	865,456
Accumulated depreciation	(31,655)	(38,196)	(14,511)	(372,972)	(457,334)
Additions	37,701	-	1,650	-	39,351
Depreciation	(26,202)	(6,887)	(8,536)	(67,091)	(108,716)
Disposals and write-offs	(9,674)	-	-	-	(9,674)
Cost	(16,000)	-	-	-	(16,000)
Accumulated depreciation	6,326	-	-	-	6,326
Net book value 28/2/2006	63,047	34,426	43,245	188,365	329,083
Cost	114,578	79,509	66,292	628,428	888,807
Accumulated depreciation	(51,531)	(45,083)	(23,047)	(440,063)	(559,724)

**AREPP:THEATRE FOR LIFE TRUST
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**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 28 FEBRUARY 2007 (continued)**

	2007	2006
	R	R
4. ACCRUED GRANT INCOME		
Western Cape Cultural Commission	40,000	-
Department of Health	404,911	-
National Arts Council	5,000	-
	<u>449,911</u>	<u>-</u>
5. DEFERRED GRANT INCOME		
Department of Health	-	82,515
Gauteng Provincial Government	100,000	-
National Lotteries Distribution Trust Fund	237,233	-
ICCO / Stop Aids Now	877,433	662,314
De Beers Foundation	-	75,000
Interchurch Organisation for Development Cooperation (ICCO)	736,985	-
	<u>1,951,651</u>	<u>819,829</u>
6. GRANTS		
Interchurch Organisation for Development Co-operation (ICCO) / Stop Aids Now Received	839,408 <u>1,054,527</u>	509,256 <u>801,790</u>
Deferred to 2007	662,314	(662,314)
Deferred to 2008	(877,433)	
Deferred to 2006		369,780
Interchurch Organisation for Development Co-operation (ICCO) - ZA 042071 Received	506,871 <u>1,243,856</u>	- <u></u>
Deferred to 2008	(736,985)	
National Arts Council Received	100,000 <u>95,000</u>	40,000 <u>40,000</u>
Accrued in 2007	5,000	
National Lotteries Distribution Trust Fund Received	106,516 <u>343,749</u>	- <u></u>
Deferred to 2008	(237,233)	-
The Norwegian Students' and Academics' International Assistance Fund (SAIH) Received	- <u></u>	606,632 <u>350,900</u>
Deferred to 2006	-	255,732
Balance carried forward	<u>1,552,795</u>	<u>1,155,888</u>

**AREPP:THEATRE FOR LIFE TRUST
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**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 28 FEBRUARY 2007 (continued)**

	2007 R	2006 R
6. GRANTS (Continued)		
Balance brought forward	1,552,795	1,155,888
De Beers Foundation	75,000	-
Received	-	75,000
Deferred to 2007	75,000	(75,000)
Department of Health	487,426	845,466
Received	-	1,564,262
Accrued in 2005	-	(730,500)
Deferred to 2006	-	94,219
Deferred to 2007	82,515	(82,515)
Accrued in 2007	404,911	
Hoskens Consolidated Investments Foundation	3,000	-
Western Cape Cultural Commision	80,000	-
Received	40,000	-
Accrued in 2007	40,000	-
Department of Sports, Arts, Culture and Recreation - Gauteng Provincial Government	-	-
Received	100,000	-
Deferred to 2008	(100,000)	-
	2,198,221	2,001,354

7. CASH GENERATED FROM OPERATIONS

Deficit for the year	(103,161)	(881,096)
Adjustments for :		
Accrued grant income	(449,911)	730,500
Deferred grant income	1,131,822	100,098
Interest received	(141,033)	(112,971)
Changes in working capital		
Trade and other receivables	(1,215)	(96,145)
Trade and other payables	5,186	38,988
	441,688	(220,626)

8. TAXATION

No provision for income tax has been made as the trust has been granted tax exemption in terms of section 10(i)(cN) as read with Section 30 of the Income Tax Act.

9. GOING CONCERN

The existence of the trust is dependent on the continued support of its donors, by way of grants. Should the grants be withdrawn it is highly unlikely that the trust will be able to continue as a going concern. Donors have agreed to continue supporting the trust in the 2007/8 financial year.

**AREPP:THEATRE FOR LIFE TRUST
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**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 28 FEBRUARY 2007(continued)**

10. FINANCIAL INSTRUMENTS

10.1 Currency risk

The trust is exposed to currency risk to the extent that grants are received by the trust in foreign currency.

10.2 Interest rate risk

The trust is exposed to interest rate risk, as it places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rates.

10.3 Credit risk

The trust's credit risk is attributable to accounts receivable, accrued income and liquid funds. The credit risk on liquid funds is limited because the counter party is a bank with credit rating assigned by international credit-rating agencies. The trust has no significant concentration of credit risk arising from accounts receivable or accrued grant income.

10.4 Liquidity risk

The trust manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained to cover planned costs.

10.5 Capital adequacy risk

The trust manages the risk that there are insufficient reserves to provide for adverse variations on actual and future expenditures by maintaining and adding to its own organisational reserves where this is possible.

11. COMPARATIVE FIGURES

Comparative figures have been restated to facilitate improved disclosure.