

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

REGISTRATION NO : 014-688 NPO

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
28 FEBRUARY 2006**

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

**INDEX TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2006**

Contents	Page
Report of the independent auditors	1
Report of thr trustees	2
Balance sheet	3
Income statement	4
Statement of changes in reserves	5
Cash flow statement	6
Notes to the financial statements	7 - 12
The fund statements r adverse variations on actual and future expenditures by r information purposes only and do not form part of the audited financial statements.	
Fund statements	Appendix A

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements set out on pages 2 to 12 and supplementary schedules on appendix A 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)

We have audited the financial statements of AREPP: Theatre for Life Trust as set out on page 2 to 12 for the year ended 28 February 2006. These financial statements are your responsibility, while our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with International Standards on Auditing which require that we plan and carry out the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

Qualification

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 audit opinion

In our opinion, except for the effects on the financial statements of the matter referred to in the preceding paragraph, these financial statements fairly present, in all material respects, the financial position of the trust at 28 February 2006 and the results of its activities for the year then ended in accordance with its accounting policies.

Supplementary information

The schedule set out in appendix A has been attached for information purposes only and is not covered by the audit opinion.

Douglas & Velcich
Chartered Accountants (SA)
Registered Accountants and Auditors

Johannesburg
4 May 2006

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

TRUSTEES' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2006

The trustees present herewith their report and annual financial statements of the Trust for the year ended 28 February 2006.

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 39,351 (2005: R 95,666).

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)
ML Nell (Deputy chairperson)
B Heydenrych (Treasurer)
J Honeyman

S Omar
B Smith
S Hellberg
NS Culayo

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

BALANCE SHEET AT 28 FEBRUARY 2006

	Notes	2006 R	2005 R
		3,316,334	4,297,075
ASSETS			
Non-current assets			
Property and equipment	3	735,667	814,706
Current assets			
Accounts receivable		1,402	40,390
Accrued grant income		-	730,500
Cash and cash equivalents	2	2,579,265	2,711,479
TOTAL ASSETS		3,316,334	4,297,075
EQUITY AND LIABILITIES			
Equity and reserves			
Trust capital	4	600	600
Operating and programme funds		1,756,684	2,662,338
Property and equipment fund		735,667	814,706
Current liabilities			
Accounts payable		3,554	99,700
Deferred grant income	5	819,829	719,731
TOTAL EQUITY AND LIABILITIES		3,316,334	4,297,075

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

**INCOME STATEMENT FOR THE
YEAR ENDED 28 FEBRUARY 2006**

	Notes	2006 R	2005 R
INCOME		2,324,970	5,228,482
Grants	6	2,001,354	4,814,844
Donations		190,658	233,912
Interest		112,971	159,547
Insurance claim		19,987	-
Sundry income		-	20,179
EXPENDITURE		3,191,274	5,196,090
Administration costs		205,108	386,832
Bank charges		12,704	18,820
Insurances		25,895	31,380
Legal fees		10,991	31,752
adverse variations on actual and future expenditures by		6,937	2,145
Rent, electricity and water		71,772	139,351
Security costs		5,244	5,124
Staff costs		71,565	158,260
Project Costs		2,986,166	4,809,259
Accommodation and subsistence		268,344	491,562
Communications		127,502	241,445
Evaluation		76,807	98,845
Finance		139,072	231,986
Media costs		74,860	189,030
Show consumables		80	4,331
Show development		27,316	24,917
Show maintenance		107,188	109,979
Staff costs		1,840,164	3,038,337
Travel		235,562	325,430
Staff training and welfare		89,271	53,397
(SURPLUS) / DEFICIT FOR THE YEAR		(866,304)	32,392

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

**STATEMENT OF CHANGES IN
RESERVES FOR THE YEAR
ENDED 28 FEBRUARY 2006**

	Trust capital R	Operating and programme funds R	Equipment fund R	Total R
Balance at 31 December 2004	600	2,725,613	808,154	3,534,367
Transfer to equipment fund	-	(95,666)	95,666	-
Proceeds on disposal of equipment			(19,893)	(19,893)
Profit on disposal of equipment			3,974	3,974
Depreciation for the year	-	-	(73,195)	(73,195)
Surplus for the year	-	32,392		32,392
Balance at 31 December 2005	600	2,662,339	814,706	3,477,645
Transfer to equipment fund		(39,351)	39,351	-
Depreciation for the year	-	-	(108,716)	(108,716)
Proceeds on disposal of equipment	-	-	(14,792)	(14,792)
Profit on disposal of equipment	-	-	5,118	5,118
Deficit for the year	-	(866,304)		(866,304)
Balance at 31 December 2006	600	1,756,684	735,667	2,492,951

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

**CASH FLOW STATEMENT FOR THE YEAR
ENDED 28 FEBRUARY 2006**

	2006 R	2005 R
CASH FLOW FROM OPERATING ACTIVITIES	(92,863)	(559,217)
(Deficit) / surplus for the year	(866,304)	32,392
Adjustments		
Investment income	(112,971)	(159,547)
(Increase)/decrease in accrued grant income	730,500	228,689
Increase/(decrease) in deferred grant income	100,098	(820,572)
Net deficit before working capital changes	(148,677)	(719,038)
Working capital changes	(57,157)	274
Increase/(Decrease) in accounts payable	(96,145)	25,301
(Increase)/decrease in accounts receivable	38,988	(25,027)
Net cash deficit from operations	(205,834)	(718,764)
Interest received	112,971	159,547
Cash flow from investing activities	(39,351)	(95,666)
Acquisition of equipment	(39,351)	(95,666)
Net (decrease) in cash and cash equivalents	(132,214)	(654,883)
Cash and cash equivalents at beginning of year	2,711,479	3,366,362
Cash and cash equivalents at end of year	2,579,265	2,711,479

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2006**

1. ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis, except for 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 cost and is not depreciated.

Equipment is stated at cost less provision for depreciation. Depreciation is calculated to write off the cost of the assets on the reducing balance method over their expected useful lives 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2006 (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.

	2006	2005
	R	R
2. CASH AND CASH EQUIVALENTS		
Petty cash - Johannesburg	500	500
Petty cash - Cape Town	500	500
Current account	35,470	14,626
Call account - DOH	338,370	10,100
Call account - EU	815,245	10,944
Call account - SAIH	30,854	550,254
Call account - ICCO	58,326	114,024
Fixed deposit	1,300,000	2,010,531
	<u>2,579,265</u>	<u>2,711,479</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 28 FEBRUARY 2006 (continued)

3. PROPERTY AND EQUIPMENT

	Computer equipment R	Sound and video Equipment R	Office equipment furniture and tools R	Motor vehicles R	Land and buildings R	Total R
Net book value 1/3/2005	61,222	41,313	50,131	255,456	406,584	814,706
Cost	92,877	79,509	64,642	628,428	406,584	1,272,040
Accumulated depreciation	(31,655)	(38,196)	(14,511)	(372,972)	-	(457,334)
Additions	37,701	-	1,650	-	-	39,351
Depreciation for the year	(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	406,584	735,667
Cost	114,578	79,509	66,292	628,428	406,584	1,295,391
Accumulated depreciation	(51,531)	(45,083)	(23,047)	(440,063)	-	(559,724)
Net book value 1/3/2004	30,214	36,019	41,017	294,320	406,584	808,154
Cost	77,879	67,633	48,224	628,428	406,584	1,228,748
Accumulated depreciation	(47,665)	(31,614)	(7,207)	(334,108)	-	(420,594)
Additions	61,303	15,876	18,487	-	-	95,666
Depreciation	(18,422)	(7,471)	(8,438)	(38,864)	-	(73,195)
Disposals and write-offs	(11,873)	(3,111)	(935)	-	-	(15,919)
Cost	(46,305)	(4,000)	(2,069)	-	-	(52,374)
Accumulated depreciation	34,432	889	1,134	-	-	36,455
Net book value 28/2/2005	61,222	41,313	50,131	255,456	406,584	814,706
Cost	92,877	79,509	64,642	628,428	406,584	1,272,040
Accumulated depreciation	(31,655)	(38,196)	(14,511)	(372,972)	-	(457,334)

Land and buildings comprises Erf. 1853 Johannesburg, situated in Sydenham Township, measuring 854 square metres, with improvements thereto.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 28 FEBRUARY 2006 (continued)**

	2006	2005
	R	R
4. TRUST CAPITAL		
Donation - G Friedman	<u>600</u>	<u>600</u>
5. DEFERRED GRANT INCOME		
Department of Health	82,515	94,219
Stop Aids Now	662,314	-
De Beers Fund	75,000	-
The Norwegian Students' and Academics' International Assistance Fund (SAIH)	-	255,732
Interchurch Organisation for Development Cooperation (ICCO)	-	369,780
	<u>819,829</u>	<u>719,731</u>
6. GRANTS		
Interchurch Organisation for Development Co-operation (ICCO)	509,256	725,093
Received	801,790	555,486
Deferred to 2007	(662,314)	
Deferred to 2006	369,780	(369,780)
Deferred to 2005	-	539,387
National Arts Council	40,000	-
National Lotteries Distribution Trust Fund	-	666,000
European Union	-	1,257,286
Received	-	2,216,475
Accrued in 2004	-	(959,189)
The Norwegian Students' and Academics' International Assistance Fund (SAIH)	606,632	820,027
Received	350,900	785,000
Deferred to 2006	255,732	(255,732)
Deferred to 2005	-	290,759
Balance carried forward	<u>1,155,888</u>	<u>3,468,406</u>

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

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 29 FEBRUARY 2006 (continued)**

	2006	2005
	R	R
6. GRANTS (Continued)		
Balance brought forward	1,155,888	3,468,406
De Beers Fund	-	-
Received	75,000	-
Deferred to 2007	(75,000)	-
Department of Health	845,466	1,346,438
Received	1,564,262	-
Accrued in 2005	(730,500)	730,500
Deferred to 2006	94,219	(94,219)
Deferred to 2007	(82,515)	-
Deferred to 2005	-	710,157
	2,001,354	4,814,844

7. TAXATION

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

8. 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 2006/2007 year.

9. FINANCIAL INSTRUMENTS

9.1 Currency risk

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

9.2 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 and placings within market expectations.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 29 FEBRUARY 2006 (continued)**

9. FINANCIAL INSTRUMENTS (Continued)

9.3 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.

9.4 Liquidity risk

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

9.5 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.

10. COMPARATIVE FIGURES

Comparative figures have been restated to facilitate improved disclosure.

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

Appendix A

FUND STATEMENTS FOR THE PERIOD 1 MARCH 2005 TO 28 FEBRUARY 2006

	TOTAL R	ICCO SAN R	ICCO R	DOH R	SAIH R	NAC R	De Beers R	Arepp R
INCOME	2,324,970	139,476	369,780	845,466	614,099	40,000	-	316,149
Grants	2,001,354	139,476	369,780	845,466	606,632	40,000	-	-
- Deferred Income : Previous Finan Yr	719,731	-	369,780	94,219	255,732	-	-	-
- Grant Income : Current Finan Yr	2,101,452	801,790	-	833,762	350,900	40,000	75,000	-
- Deferred Income : Next Finan Yr	(819,829)	(662,314)	-	(82,515)	-	-	(75,000)	-
Donations	190,658	-	-	-	-	-	-	190,658
Interest	112,971	-	-	-	7,467	-	-	105,504
Insurance claim	19,987	-	-	-	-	-	-	19,987
Sundry income	-	-	-	-	-	-	-	-
EXPENDITURE	3,191,274	139,476	369,780	811,704	614,099	40,000	-	1,216,215
Administration costs	205,108	9,270	-	12,000	33,167	6,000	-	144,671
Bank charges	12,704	520	-	-	2,083	-	-	10,101
Insurances	25,895	900	-	-	3,500	1,000	-	20,495
Legal fees	10,991	700	-	-	2,500	-	-	7,791
Prior year expenses	6,937	-	-	-	-	-	-	6,937
Rent, electricity and water	71,772	2,200	-	12,000	8,750	3,000	-	45,822
Security costs	5,244	150	-	-	500	-	-	4,594
Staff costs	71,565	4,800	-	-	15,833	2,000	-	48,932
Project costs	2,986,166	130,206	369,780	799,704	580,932	34,000	-	1,071,544
Accommodation and subsistence	268,344	-	3,723	183,096	69,762	5,000	-	6,763
Communications	127,502	6,705	66,770	21,500	26,667	-	-	5,860
Evaluation	76,807	-	-	18,893	10,000	-	-	47,914
Finance	139,072	2,807	26,688	10,000	21,033	2,000	-	76,544
Media costs	74,860	1,322	1,158	32,013	34,958	2,000	-	3,409
Show consumables	80	-	-	-	80	-	-	-
Show development	27,316	-	-	27,192	123	-	-	1
Show maintenance	107,188	15,000	-	40,000	14,428	-	-	37,760
Staff costs	1,840,164	93,952	236,382	400,287	348,042	20,000	-	741,500
Travel	235,562	10,000	22,569	63,723	47,305	5,000	-	86,964
Staff training and welfare	89,271	420	12,490	3,000	8,533	-	-	64,828
	(866,304)	-	0	33,762	0	-	-	(900,066)