

**THE AIDS AND RIGHTS ALLIANCE FOR SOUTHERN AFRICA**

**(ARASA) TRUST**

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2008**



THE AIDS AND RIGHTS ALLIANCE FOR SOUTHERN AFRICA (ARASA) TRUST  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008

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ADMINISTRATION

Donors:

- Ford Foundation
- Irish Aid
- Open Society Initiative for Southern Africa (OSISA)
- Public Welfare Foundation
- Swedish International Development Cooperation Agency (SIDA)
- Foundation Open Society Institute
- HIVOS

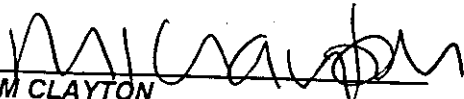
Trustees

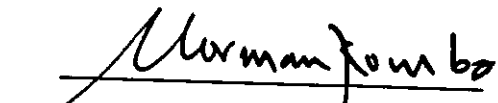
- Christine Stegling
- Nonkosi Khumalo
- Kaumbu Mwendela
- Lois Chingandu
- Norman Tjombe
- Emma Tuahepa

Auditors: Stier Vente Associates

STATEMENT BY THE TRUSTEES

The annual financial statements for the year ended 31 December 2008 set out on pages 4 to 17 have been approved by The Trustees and are signed on their behalf by:

  
 M CLAYTON  
 (Director)

  
 (Trustee)

WINDHOEK  
27 January 2009





**STIER VENTE ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

Tel: 061-264440 / 60 / 80  
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**REPORT OF THE INDEPENDENT AUDITORS**

To the Trustees of

**THE AIDS AND RIGHTS ALLIANCE FOR SOUTHERN AFRICA (ARASA) TRUST**

We have audited the annual financial statements of The Aids and Rights Alliance for Southern Africa (ARASA) Trust which comprise the balance sheet as at 31 December 2008, the income statement, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 4 to 17.

**Trustees' responsibility for the financial statements**

The Trustees are responsible for the preparation and fair presentation of these annual financial statements in accordance with Statement of Generally Accepted Accounting Practice - NAC001: Financial Reporting for Small and Medium Sized Entities. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of annual financial statements and are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' responsibility**

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of 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 auditors' 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 auditors consider 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 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 of our audit opinion.

**Opinion**

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Trust at 31 December 2008 and its financial performance and its cash flows for the year then ended in accordance with Statements of Generally Accepted Accounting Practice in Namibia Practice - NAC001: Financial Reporting for Small and Medium Sized Entities.

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**Expenditure of Lesotho and Botswana offices**

*Without qualifying our opinion above, we wish to emphasize that certain expenditure of the Lesotho and Botswana offices could not be agreed to detailed expenditure vouchers of these offices. The expenditure could only be agreed to duly authorised Fund transfers to these offices, which had been allocated to expenditure lines according to budgets.*

**Comparative figures of prior year**

*Without qualifying our opinion above, we wish to emphasize that comparative figures on the actual expenditure could only be provided on subtotal level due to a different budget and expenditure allocation approach being used in the prior financial year of the Trust.*

*Stier V- t Associates*  
STIER VENTE ASSOCIATES  
REGISTERED ACCOUNTANTS AND AUDITORS  
CHARTERED ACCOUNTANTS (NAMIBIA)

WINDHOEK  
27 January 2009



**THE AIDS AND RIGHTS ALLIANCE FOR SOUTHERN AFRICA (ARASA) TRUST**  
**BALANCE SHEET AS AT 31 DECEMBER 2008**

	Note	<u>2008</u>	<u>2007</u>
		N\$	N\$
<u>ASSETS</u>			
<i>CURRENT ASSETS</i>			
Trade and other receivables	4	94 920	1 364 931
Cash and cash equivalents		<u>934 338</u>	<u>2 060 448</u>
<b>TOTAL ASSETS</b>		<u>1 029 258</u>	<u>3 425 379</u>
 <u>FUNDS AND LIABILITIES</u>			
<i>FUNDS AND RESERVES</i>			
Accumulated funds	3	<u>715 143</u>	<u>3 111 093</u>
<i>CURRENT LIABILITIES</i>			
Trade and other payables	5	<u>314 115</u>	<u>314 286</u>
<b>TOTAL FUNDS AND LIABILITIES</b>		<u>1 029 258</u>	<u>3 425 379</u>



**THE AIDS AND RIGHTS ALLIANCE FOR SOUTHERN AFRICA (ARASA) TRUST**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	<u>2008</u> <u>Budget</u>	<u>2008</u> <u>Actual</u>	<u>Variance</u>	<u>2007</u> <u>Actual</u>
	N\$	N\$	N\$	N\$
<b>OUTCOME # 1</b>				
<b>Advocacy Programme</b>				
<i>Production and distribution of annual regional HIV and Human Rights Report</i>	<u>187 000</u>	<u>50 000</u>	<u>137 000</u>	
<b>Sub Total</b>	<u>187 000</u>	<u>50 000</u>	<u>137 000</u>	<b>188 804</b>
<i>Regional consultative meeting on sexual and reproductive rights and the legal status of women</i>	190 000	184 103	5 897	
<i>Regional consultative meeting on HIV in prisons</i>	190 000	-	190 000	
<i>To cover the cost of attendance by ARASA members at ARASA AGM</i>	<u>385 000</u>	<u>414 266</u>	<u>(29 266)</u>	
<b>Sub Total</b>	<u>765 000</u>	<u>598 369</u>	<u>166 631</u>	<b>323 601</b>
<i>Internet services @ N\$ 1 200 per month per office</i>	44 000	40 249	3 751	
<i>IT and Website maintenance</i>	20 000	19 360	640	
<i>Computer hardware and software</i>	200 000	140 557	59 443	
<i>Purchase of books, resource material and journal subscription fees</i>	<u>50 000</u>	<u>-</u>	<u>50 000</u>	
<b>Sub Total</b>	<u>314 000</u>	<u>200 166</u>	<u>113 834</u>	<b>30 398</b>
<i>General Advocacy Campaign Development</i>	<u>100 000</u>	<u>100 000</u>	<u>-</u>	
<b>Sub Total</b>	<u>100 000</u>	<u>100 000</u>	<u>-</u>	
<i>2 x 3-day Policy and Advocacy workshops</i>	<u>608 300</u>	<u>608 300</u>	<u>-</u>	
<b>Sub Total</b>	<u>608 300</u>	<u>608 300</u>	<u>-</u>	

**THE AIDS AND RIGHTS ALLIANCE FOR SOUTHERN AFRICA (ARASA) TRUST**  
**INCOME STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	<u>2008</u> <u>Budget</u>	<u>2008</u> <u>Actual</u>	<u>Variance</u>	<u>2007</u> <u>Actual</u>
	N\$	N\$	N\$	N\$
<b>OUTCOME # 1 (continued)</b>				
<b>Programme management costs</b>				
Director 1/3	184 783	184 783	-	
Programme Manager 1/3	166 865	49 079	117 786	
Office Co-ordinator 1/3	98 134	121 497	(23 363)	
Financial Manager 1/3	123 896	76 719	47 177	
M & E Manager 1/3	104 462	-	104 462	
Communications Officer	313 386	99 048	214 338	
Researcher/Writer	313 386	-	313 386	
Advocacy Co-ordinator	372 011	372 618	(607)	
Office Administrator 1/3	57 000	-	57 000	
Assistant to Director 1/3	73 200	38 489	34 712	
Office Assistant 1/3	26 005	24 175	1 830	
Staff Development costs	30 000	27 361	2 639	
Administrative costs	200 550	293 153	(92 603)	
To cover the cost of travel for the director and staff to support activities in the region and to attend internationally	100 000	341 732	(241 732)	
Office furniture and equipment Johannesburg and Windhoek: furniture for additional staff	<u>30 000</u>	<u>83 644</u>	<u>(53 644)</u>	
<b>Sub Total</b>	<u>2 193 678</u>	<u>1 712 295</u>	<u>481 383</u>	904 710
<b>OUTCOME # 2</b>				
<b>Training and Capacity Building Programme</b>				
2 x basic TOT and 1 x Advanced TOT workshop 28 pax	600 000	600 000	-	
Specialised training workshops 2 per year	700 000	858 931	(185 931)	
Placement of 5 interns with partner organisation	<u>165 000</u>	<u>31 722</u>	<u>133 278</u>	
<b>Sub Total</b>	<u>1 465 000</u>	<u>1 490 653</u>	<u>(25 653)</u>	1 517 229
Needs Assessment meetings	<u>20 000</u>	-	<u>20 000</u>	
<b>Sub Total</b>	<u>20 000</u>	-	<u>20 000</u>	



**THE AIDS AND RIGHTS ALLIANCE FOR SOUTHERN AFRICA (ARASA) TRUST**  
**INCOME STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	<u>2008</u> <u>Budget</u>	<u>2008</u> <u>Actual</u>	<u>Variance</u>	<u>2007</u> <u>Actual</u>
	N\$	N\$	N\$	N\$
<b>OUTCOME # 2 (continued)</b>				
<b>Training and Capacity Building Programme (continued)</b>				
Office furniture and equipment HIV and Human Rights Officer # Democratic Republic of Congo	20 000	21 443	(1 443)	
Country #1: Contribution to utilities, communications, fuel, stationery, office supplies, equipment maintenance Republic of Congo	238 909	173 881	65 028	
In country HIV and Human Rights Officer #1	<u>199 800</u>	<u>142 790</u>	<u>57 010</u>	
<b>Sub Total</b>	<u>458 709</u>	<u>338 114</u>	<u>120 595</u>	
Training and awareness raising workshops 40 pax	1 650 000	1 909 469	(259 469)	
In country partners meetings	75 000	171 025	(96 025)	
General awareness raising activities and material development	<u>100 000</u>	<u>55 691</u>	<u>44 309</u>	
<b>Sub Total</b>	<u>1 825 000</u>	<u>2 136 185</u>	<u>(311 185)</u>	
Small grants x 7 annually	<u>490 000</u>	-	<u>490 000</u>	
<b>Sub Total</b>	<u>490 000</u>	-	<u>490 000</u>	
Provision for payment of additional consultants for capacity building in the region and for payment of legal fees as necessary to support litigation in the region	<u>100 000</u>	<u>3 720</u>	<u>96 280</u>	
<b>Sub Total</b>	<u>100 000</u>	<u>3 720</u>	<u>96 280</u>	
Production and distribution of Advocacy Training Resource Manual in 2007	300 000	321 866	(21 866)	
Production and distribution of Regional Guidelines for Respecting, Protecting and Fulfilling Human Rights in the context of HIV/AIDS	215 000	-	215 000	
Production and distribution of booklet on HIV in prisons	60 000	-	60 000	
Development and updating of material	<u>100 000</u>	<u>100 000</u>	-	
<b>Sub Total</b>	<u>675 000</u>	<u>421 866</u>	<u>253 134</u>	

305 757





**THE AIDS AND RIGHTS ALLIANCE FOR SOUTHERN AFRICA (ARASA) TRUST**  
**INCOME STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	<u>2008</u> <u>Budget</u>	<u>2008</u> <u>Actual</u>	<u>Variance</u>	<u>2007</u> <u>Actual</u>
	N\$	N\$	N\$	N\$
<b>OUTCOME # 2 (continued)</b>				
<b>Training and Capacity Building Programme (continued)</b>				
Director 1/3	203 380	184 783	18 597	
Programme Manager 1/3	166 865	40 494	126 371	
Office Co-ordinator 1/3	98 134	107 751	(9 617)	
Financial Manager 1/3	128 896	80 971	47 925	
M & E Manager 1/3	104 462	-	104 462	
Training Officer	315 250	166 984	148 266	
Training Co-ordinator	372 011	146 467	225 544	
Office Administrator JHB 1/3	57 000	-	57 000	
Assistant to Director 1/3	73 200	38 488	34 712	
Office Assistant 1/3	26 005	24 689	1 316	
Staff Development costs	30 000	550	29 450	
Administrative costs	200 550	236 825	(36 275)	
To cover the cost of travel for the director and staff to support activities in the region and to attend internationally	<u>100 000</u>	<u>294 828</u>	<u>(194 828)</u>	
<b>Sub Total</b>	<u>1 875 753</u>	<u>1 322 830</u>	<u>552 923</u>	<b>904 710</b>
<b>OUTCOME # 3</b>				
<b>Regional Capacity Building for Access to HIV Treatment and Prevention Programme</b>				
Botswana Treatment Literacy Co-ordinator	219 780	154 242	65 538	
Lesotho Treatment Literacy Co-ordinator	199 800	149 850	49 950	
Treatment Literacy Trainers 20 pax	360 000	-	360 000	
Botswana: Contribution to utilities, communications, fuel, stationery, office supplies, equipment maintenance	238 909	176 889	62 020	
Lesotho: Contribution to utilities, communications, fuel, stationery, office supplies, equipment maintenance	238 909	179 181	59 728	
Office furniture and equipment: Botswana: furniture and projector	15 000	-	15 000	
Office furniture and equipment: Lesotho: furniture and projector	<u>15 000</u>	<u>15 000</u>	<u>-</u>	
<b>Sub Total</b>	<u>1 287 398</u>	<u>675 162</u>	<u>612 236</u>	<b>277 255</b>



**THE AIDS AND RIGHTS ALLIANCE FOR SOUTHERN AFRICA (ARASA) TRUST**  
**INCOME STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	<u>2008 Budget</u>	<u>2008 Actual</u>	<u>Variance</u>	<u>2007 Actual</u>
	N\$	N\$	N\$	N\$
<b>OUTCOME # 3 (continued)</b>				
<b>Botswana</b>				
4 x Needs Assessment meetings @ N\$ 16 000 per meeting incl. accommodation, meals and transport	70 400	39 102	31 299	
2 x 5-day Advanced Training of trainers workshop for 20 pax	103 800	91 201	12 599	
5 x 3-day Treatment Literacy Awareness workshop	180 000	145 642	34 358	
3 x 1-day Botswana Treatment Coalition meetings for 30 pax	61 628	61 540	88	
1 x 1-day Policy Makers meeting	22 275	11 613	10 662	
World AIDS Day activities incl. facilitators road transport and accommodation	9 460	9 848	(388)	
5 x 1-day M & E meetings	<u>66 000</u>	<u>33 000</u>	<u>33 000</u>	
<b>Sub Total</b>	<u>513 563</u>	<u>391 946</u>	<u>121 617</u>	<b>363 320</b>
<b>Lesotho</b>				
4 x Needs Assessment meetings @ N\$ 16 000 per meeting incl. accommodation, meals and transport	70 400	70 400	-	
2 x 5-day Advanced Training of trainers workshop for 20 pax	103 800	103 800	-	
3 x 3-day Treatment Literacy Awareness workshop	198 000	162 709	35 291	
2 x 1-day Lesotho Treatment Coalition meetings for 30 pax	41 085	10 000	31 085	
World AIDS Day activities incl. facilitators road transport and accommodation	9 460	9 460	-	
5 x 1-day M & E meetings	<u>66 000</u>	<u>-</u>	<u>66 000</u>	
<b>Sub Total</b>	<u>488 745</u>	<u>356 369</u>	<u>132 376</u>	<b>140 062</b>
<b>Zambia</b>				
1 x 5-day Training of Trainers workshop for 20 pax	<u>38 060</u>	<u>-</u>	<u>38 060</u>	
<b>Sub Total</b>	<u>38 060</u>	<u>-</u>	<u>38 060</u>	<b>65 597</b>



**THE AIDS AND RIGHTS ALLIANCE FOR SOUTHERN AFRICA (ARASA) TRUST**  
**INCOME STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	<u>2008</u> <u>Budget</u>	<u>2008</u> <u>Actual</u>	<u>Variance</u>	<u>2007</u> <u>Actual</u>
	N\$	N\$	N\$	N\$
<b>OUTCOME # 3 (continued)</b>				
<b>Botswana</b>				
1 x 2-day materials development meeting	39 600	-	39 600	
Design, production and dissemination of visual, written and audio visual materials	220 000	50 000	170 000	
<b>Lesotho</b>				
1 x 2-day materials development meeting	39 600	-	39 600	
Design, production and dissemination of visual, written and audio visual materials	110 000	-	110 000	
Design, production and dissemination of fact sheet on HIV and TB, MDR XDR TB	11 000	11 251	(251)	
Regional policy dialogues on HIV/TB	<u>400 000</u>	<u>352 218</u>	<u>47 782</u>	
<b>Sub Total</b>	<u>820 200</u>	<u>413 469</u>	<u>406 731</u>	<b>687 463</b>
Director 1/3	203 380	184 783	18 597	
Programme manager 1/3	166 865	40 494	126 371	
Office Co-ordinator 1/3	98 134	107 787	(9 653)	
Financial Manager 1/3	123 896	73 828	50 068	
Regional Treatment Co-ordinator	409 212	376 952	32 260	
HIV/TB Trainer	315 250	256 169	59 081	
M & E Officer 1/3	104 462	-	104 462	
Office Administrator JHB 1/3	56 734	-	56 734	
Assistant to Director 1/3	73 200	38 489	34 712	
Office Assistant 1/3	25 885	23 363	2 522	
Staff development costs	30 000	6 285	23 715	
Administrative costs	200 550	319 799	(119 249)	
To cover the cost of travel for the director and staff to support activities in the region and to attend internationally	<u>100 000</u>	<u>237 573</u>	<u>(137 573)</u>	
<b>Sub Total</b>	<u>1 907 568</u>	<u>1 665 521</u>	<u>242 047</u>	<b>904 710</b>



**THE AIDS AND RIGHTS ALLIANCE FOR SOUTHERN AFRICA (ARASA) TRUST**  
**INCOME STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	<u>2008 Budget</u>	<u>2008 Actual</u>	<u>Variance</u>	<u>2007 Actual</u>
	N\$	N\$	N\$	N\$
<b>OUTCOME # 3 (continued)</b>				
<b>Board Meetings</b>				
To cover the costs of attendance by Trustees at Trustees' meetings	<u>110 000</u>	<u>          -</u>	<u>110 000</u>	
<b>Sub Total</b>	<u>110 000</u>	<u>          -</u>	<u>110 000</u>	99 608
<b>Steering Committee Meetings</b>				
To cover the costs of attendance by Steering Committee members at committee meetings	<u>138 000</u>	<u>137 991</u>	<u>          10</u>	
<b>Sub Total</b>	<u>138 000</u>	<u>137 991</u>	<u>          10</u>	250 063
<b>Annual Planning Meeting with Regional Organisers</b>				
To cover the costs of travel, meeting venue and accommodation for 10 pax	<u>10 000</u>	<u>22 023</u>	<u>(12 023)</u>	
<b>Sub Total</b>	<u>10 000</u>	<u>22 023</u>	<u>(12 023)</u>	-
<b>Development and implementation of M &amp; E Plan</b>				
Cost of consultants	<u>50 000</u>	<u>2 750</u>	<u>47 250</u>	
<b>Sub Total</b>	<u>50 000</u>	<u>2 750</u>	<u>47 250</u>	<u>          -</u>
<b>Total ARASA project cost</b>	<u>16 440 974</u>	<u>12 647 729</u>	<u>3 793 245</u>	<u>6 963 287</u>



**THE AIDS AND RIGHTS ALLIANCE FOR SOUTHERN AFRICA (ARASA) TRUST**  
**INCOME STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	<u>2008</u> <u>Budget</u>	<u>2008</u> <u>Actual</u>	<u>Variance</u>	<u>2007</u> <u>Actual</u>
	N\$	N\$	N\$	N\$
<b>FUNDED BY:</b>				
<i>Donations</i>				
- Centre for study of AIDS				75 800
- World Health organisation				733 430
- HIVOS				737 250
- UNAIDS				379 000
- Tides Foundation				331 022
- Ford Foundation				717 821
- Public Welfare Foundation		569 586		
- Foundation Open Society Institute		836 753		1 419 286
- Irish Aid		4 813 436		
- Open Society Initiative for Southern Africa (OSISA) Mexico		61 158		
- Swedish International Development Cooperation Agency		<u>3 723 075</u>		<u>2 457 504</u>
<b>TOTAL DONATIONS</b>		10 004 008		6 851 113
<b>OTHER INCOME</b>				
Sale of old "equipment"		2 500		
Interest received		<u>245 271</u>		<u>108 036</u>
		<u>10 251 779</u>		<u>6 959 149</u>
<b>DEFICIT FOR THE YEAR</b>		(2 395 950)		(4 138)
<b>ACCUMULATED FUNDS AT THE BEGINNING OF THE YEAR</b>		<u>3 111 093</u>		<u>3 115 231</u>
<b>ACCUMULATED FUNDS AT THE END OF THE YEAR</b>		<u>715 143</u>		<u>3 111 093</u>



**THE AIDS AND RIGHTS ALLIANCE FOR SOUTHERN AFRICA (ARASA) TRUST**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	<u>2008</u>	<u>2007</u>
	N\$	N\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from donors	11 242 500	5 534 322
Cash paid to suppliers and employees	<u>(12 616 381)</u>	<u>(6 663 779)</u>
Cash utilised by operations	(1 373 881)	(1 129 457)
Proceeds from sale of equipment	2 500	-
Interest received	<u>245 271</u>	<u>108 036</u>
Net cash outflow from operating activities	<u>(1 126 110)</u>	<u>(1 021 421)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1 126 110)	(1 021 421)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>2 060 448</u>	<u>3 081 869</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>934 338</u>	<u>2 060 448</u>

**NOTE TO THE CASH FLOW STATEMENT**

<b>Reconciliation of deficit to cash utilised by operations</b>		
Deficit for the year	(2 395 950)	(4 138)
Adjustments for:		
- profit on sale of equipment	(2 500)	-
- interest income	<u>(245 271)</u>	<u>(108 036)</u>
Operating deficit before working capital changes	(2 643 721)	(112 174)
Working capital changes		
- decrease/(increase) in accounts receivable	1 270 011	(1 316 791)
- (decrease)/increase in accounts payable	<u>(171)</u>	<u>299 508</u>
Cash utilised by operations	<u>(1 373 881)</u>	<u>(1 129 457)</u>



**THE AIDS AND RIGHTS ALLIANCE FOR SOUTHERN AFRICA (ARASA) TRUST**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**1. ACCOUNTING POLICY**

The annual financial statements have been prepared in accordance with Namibian general accepted accounting practice (GAAP), using the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through the profit and loss and conform to GAAP.

The preparation of the financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period based on management's best knowledge of current events and actions. Actual results may ultimately differ from these estimates.

The following are the principal accounting policies of the project which are consistent with those applied in prior years:

Income recognition

Income comprises donations received and accrued as per donors' agreements.

Donation income is recognised to the extent that it is probable that the economic benefits will flow and the amount of revenue can be reliably measured.

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity.

The project recognises other income when the project's right to receive payment is established.

Taxation

The Aids and Rights Alliance for Southern Africa (ARASA) Trust is registered as a trust not for gain and as such is not liable for income tax. Therefore the Trust and its projects are not registered for income tax.

Furniture and computer equipment

The Trust fully depreciates all capital expenditure and all furniture and computer equipment on the date of acquisition in accordance with capital expenditure budgets and donor requirements.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Financial instruments

Financial instruments recognised on the balance sheet include cash and cash equivalents, investments, trade receivables, trade payables and borrowings.



THE AIDS AND RIGHTS ALLIANCE FOR SOUTHERN AFRICA (ARASA) TRUST  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICY (continued)

Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. Such provision for impairment of trade receivables is established if there is objective evidence that the project will not be able to collect all amounts due according to the original terms of receivables.

Trade payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier.

Related parties

All related party transactions are incurred in the ordinary course of business and at terms not more favourable than transactions with third parties.

Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

Cash and cash equivalents

For the purposes of the cash flow statement cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

Operating leases (lessee)

The project classifies leases of assets where the lessor effectively retains the risks and benefits of ownership as operating leases. It charges operating lease payments to the income statement on a straight line basis over the period of the lease.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income statement.





**THE AIDS AND RIGHTS ALLIANCE FOR SOUTHERN AFRICA (ARASA) TRUST**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

1. ACCOUNTING POLICY (continued)

Computer software

Computer software is expensed in the year it is incurred.

Employee benefits

The project recognises in full employees' right to annual leave entitlement in respect of past service.

Staff bonuses are accounted for in the period to which they relate.

Provisions

Provisions are recognised when:

- the project has a present legal or constructive obligation as a result of past events and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and
- a reliable estimate of the amount of the obligation can be made.

2. FURNITURE AND COMPUTER EQUIPMENT

<u>Acquired and expensed</u>	<u>Cost</u>	<u>Expensed</u>	<u>Carrying value</u>
	N\$	N\$	N\$
<b>2008</b>			
- Panasonic fax machine	3 900	3 900	-
- Panasonic fax machine	3 900	3 900	-
- 4 x laptops	77 898	77 898	-
- 2 x computers	44 473	44 473	-
- fridge	1 730	1 730	-
- other furniture JHB	3 600	3 600	-
- other furniture WHK	6 261	6 261	-
- other computer equipment	5 187	5 187	-
<b>2007</b>			
- 3 x HP laptops	41 001	41 001	-
- server	27 951	27 951	-
- other computer equipment	4 629	4 629	-
- office furniture (Johannesburg)	39 990	39 990	-
- office furniture	713	713	-
<b>2006</b>			
- office furniture	29 269	29 269	-
- Siemens Laptop and monitor	14 120	14 120	-
- other computer equipment	22 998	22 998	-
- software	4 583	4 583	-



THE AIDS AND RIGHTS ALLIANCE FOR SOUTHERN AFRICA (ARASA) TRUST  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
 FOR THE YEAR ENDED 31 DECEMBER 2008

2. FURNITURE AND COMPUTER EQUIPMENT (continued)

<u>Acquired and expensed</u>	<u>Cost</u>	<u>Expensed</u>	<u>Carrying value</u>
	N\$	N\$	N\$
2005			
- Siemens Laptop	20 072	20 072	-
2004			
- Panasonic digital copier	41 888	41 888	-
- Panasonic Inkjet fax machine	4 006	4 006	-
- Centrino notebooks with software	24 361	24 361	-
- HP 450 printer	<u>2 621</u>	<u>2 621</u>	-
	<u>278 202</u>	<u>278 202</u>	-
		<u>2008</u>	<u>2007</u>
		N\$	N\$

3. ACCUMULATED FUNDS

Opening balance		3 111 093	3 115 231
Deficit for the year		<u>(2 395 950)</u>	<u>(4 138)</u>
Closing balance		<u>715 143</u>	<u>3 111 093</u>

Accumulated surpluses may be subject to refund at the discretion of the donors and as per provisions of the individual funding agreements. Refunds are only accounted for once such demands are received by donors.

4. TRADE AND OTHER RECEIVABLES

Rent deposit - Johannesburg office		10 000	10 000
Sundry receivables		9 120	9 670
Donations receivable			
- OSISA Treatment Programme Grant		-	568 500
- UNAIDS		-	379 000
- OSISA General Grant		-	321 961
- Centre for Study of AIDS		<u>75 800</u>	<u>75 800</u>
		<u>94 920</u>	<u>1 364 931</u>

5. TRADE AND OTHER PAYABLES

Trade accruals		24 559	203 546
Employment tax payable (RSA - SITE)		<u>289 556</u>	<u>110 740</u>
		<u>314 115</u>	<u>314 286</u>

