

THE REHOBOTH TRUST

Master's Reference Number: IT2120/1997/PMB

ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2011

GIRD ELLIOTT & COMPANY

CHARTERED ACCOUNTANTS (SA)

Chantel Elliott, B Com(Hons) CA (SA)
Michael Gird, B Com, M Compt CA (SA) R.A.



ANNUAL FINANCIAL STATEMENTS
28 FEBRUARY 2011

The following reports and statements are presented:

	Pages
Independent auditor's report	2 - 3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in trust funds	6
Cash flow statement	7
Notes to the annual financial statements	8 - 12
<p>The supporting schedules do not form part of the statutory components of the annual financial statements and are presented solely for the information of management. Accordingly, the auditors do not express an opinion on these schedules.</p>	
Detailed income statement	13 - 14

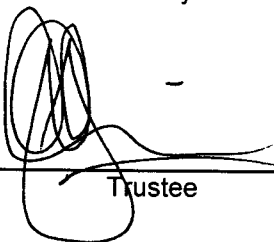
Approval and statement of responsibility

The trustees are responsible for the maintenance of adequate accounting records, and the preparation and integrity of the annual 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 the International Financial Reporting Standard for Small and Medium-sized Entities.

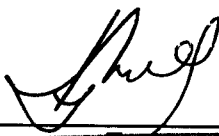
The trustees are also responsible for the trust's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material 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.

The annual financial statements set out on pages 1 to 14 are the responsibility of the trustees and have been approved for issue by them on 25/08/2011 and are signed on their behalf by:



Trustee



Trustee



GIRD ELLIOTT & CO

CHARTERED ACCOUNTANTS (SA)

Michael Gird, B Com, M Compt CA (SA) R.A
Chantel Elliott, B Com(Hons) CA (SA) R.A



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE REHOBOTH TRUST

Report on the financial statements

We have audited the annual financial statements of The Rehoboth Trust, which comprise the statement of financial position as at 28 February 2011, the income statement, the statement of changes in trust funds and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 12.

Trustees' responsibility for the financial statements

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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. Those 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 risks 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 the trustees, 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.

Qualification

In common with similar organisations, it is not feasible for the trust to institute accounting controls over cash collection from donations prior to 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 effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements fairly present, in all material aspects, the financial position of the trust as at 28 February 2011, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

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Registered Auditors in Public Practice | Practice No. 900740
Tax Practitioners | Registration Numbers | PR 0765C55 | PR F434FC1

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE REHOBOTH TRUST**

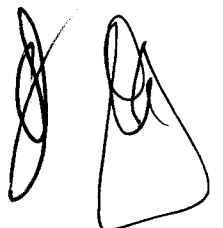
Supplementary information

Without qualifying our opinion, we draw attention to the fact that the supplementary schedules set out on pages 13 - 14 do not form part of the annual financial statements and are presented as additional information. We have not audited these schedules and accordingly do not express an opinion on them.

Gird Elliott & Company

GIRD ELLIOTT & COMPANY

Date: 26/08/2011

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THE REHOBOTH TRUST

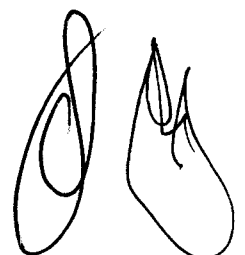
STATEMENT OF FINANCIAL POSITION AT 28 FEBRUARY 2011

	Notes	2011 R	2010 R
ASSETS			
Non-current assets			
		11,298,636	9,644,757
Property, plant and equipment	3	11,026,924	9,433,453
Investment property	4	157,318	157,318
Loan receivable	7	114,394	53,986
Current assets			
Bank and cash equivalents	8	1,187,832	750,431
Total assets		<u>12,486,468</u>	<u>10,395,188</u>
TRUST FUNDS AND LIABILITIES			
Trust funds			
		12,360,689	10,288,717
Trust capital	5	100	100
Revaluation reserve	6	2,402,585	2,841,189
Capital reserve		5,294,634	5,294,634
Accumulated funds		4,663,370	2,152,794
Current liabilities			
Trade and other payables		125,779	106,471
Total equity and liabilities		<u>12,486,468</u>	<u>10,395,188</u>

THE REHOBOTH TRUST

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2011

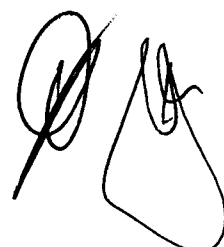
	2011	2010
	R	R
Revenue		
Donations	5,906,253	4,095,062
Other income	207,635	268,224
Total income	<u>6,113,888</u>	<u>4,363,286</u>
Operating expenses	3,267,085	3,149,451
Administration expenses	33,566	20,441
Surplus for the year before revaluation decrease on land and buildings	<u>2,813,237</u>	<u>1,193,394</u>
Revaluation decrease on land and buildings	(302,661)	-
Surplus for the year	<u><u>2,510,576</u></u>	<u><u>1,193,394</u></u>



THE REHOBOTH TRUST


STATEMENT OF CHANGES IN TRUST FUNDS FOR THE YEAR ENDED 28 FEBRUARY 2011

	Trust capital R	Revaluation reserve R	Capital reserve R	Undistributed profits R	Total R
Balance at 28 February 2009	100	2,841,189	5,294,634	959,400	9,095,323
Surplus for the year	-	-	-	1,193,394	1,193,394
Balance at 29 February 2010	100	2,841,189	5,294,634	2,152,794	10,288,717
Surplus for the year	-	-	-	2,813,237	2,813,237
Revaluation decrease on land and buildings	-	(438,604)	-	-	(438,604)
Balance at 28 February 2011	100	2,402,585	5,294,634	4,663,370	12,360,689

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THE REHOBOTH TRUST**CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2011**

	2011	2010
	R	R
Cash flow from operating activities		
Surplus before taxation	2,510,576	1,193,394
Adjustments for:		
Depreciation	553,968	618,388
Interest income	(68,259)	(34,134)
	<hr/>	<hr/>
Operating surplus before working capital changes	2,996,285	1,777,648
Working capital changes:		
Increase in trade and other receivables	94	356
Increase in trade and other payables	19,214	2,203
	<hr/>	<hr/>
Cash generated from operations	3,015,593	1,780,207
Interest income	68,259	34,134
	<hr/>	<hr/>
Net cash inflow from operating activities	3,083,852	1,814,341
	<hr/>	<hr/>
Cash flow from investing activities		
Additions to property, plant and equipment	(2,586,043)	(2,091,489)
Loan advances	(60,408)	(35,251)
	<hr/>	<hr/>
Net cash outflow from investing activities	(2,646,451)	(2,126,740)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	437,401	(312,399)
Cash and cash equivalents at beginning of year	750,431	1,062,830
	<hr/>	<hr/>
Cash and cash equivalents at end of year	1,187,832	750,431
	<hr/>	<hr/>



THE REHOBOTH TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

1. General information

The Rehoboth Trust is a trust, incorporated in South Africa.

The trust was created by the Donor, Hugo Amos Lourens, with a donation of R100 as trust capital. The trust was registered on 3 September 1997 by the Master of the High Court, Pietermaritzburg. The trust registration number is IT2120/1997/PMB.

The objective of the trust is to provide comprehensive care and support villages for children living with HIV, who cannot be accommodated for in the community. These villages provide a home-like solution with intensive care and treatment (emotional, physical, medical, intellectual and spiritual) for this special group of children.

The trust shall terminate in whole or in part if 75% of the trustees agree thereto in writing in which event the trustees shall make over the assets of the trust to the Open Doors mission or another organisation with a similar object.

Trustees

The Trustees for the time being of the trust are:

J. Allison
K. Shipley
L. Zikalala
W.S.J. Hardy
B.R. Ngwabe

Disclaimer

The devolution notes are a brief summary of the devolution provisions of the trust deed. Reference should be made to the trust deed to get a full understanding of other provisions of this trust.

2. Basis of preparation and accounting policies

The basis of preparation and principal accounting policies of the trust, are consistent in all material respects with those applied in the previous year, except as otherwise indicated.

Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Property, plant and equipment


Property, plant and equipment are tangible assets that:

- (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
- (b) are expected to be used during more than one period.

Items of property plant and equipment are initially recognised at cost, being the cash price equivalent at the recognition date.

Expenditure on additions and improvements to property, plant and equipment including the cost of related interest is capitalised as the expenditure is incurred.

Subsequent to initial recognition, items of property plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.



THE REHOBOTH TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

Subsequent to initial recognition, items of property plant and equipment are measured at revalued amounts, being their fair value at revaluation date, less any subsequent accumulated depreciation or impairment losses.

Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

When an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs is also revalued. If an asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to the revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation is charged to surplus or deficit so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

	Useful life
Land and buildings	50
Plant and equipment	5
Computer equipment	3
Furniture and fittings	6
Motor vehicles	5
Sports equipment	5
Electrical equipment	6

The residual values, useful lives and economic consumption patterns for all items of property, plant and equipment are regularly reviewed and, if necessary, the consequent depreciable amounts, rates and methods are adjusted at each balance sheet date.

Any changes are accounted for as changes in accounting estimates and included in profit or loss for the current and future periods by adjusting the relevant future depreciation charges.

Gains or losses on disposal are calculated by deducting the carrying value from the proceeds on the date of disposal and are included in surplus or deficit.

Investment property

Investment property is property held to earn rentals and for capital appreciation. Due to the excessive cost and effort required to obtain a reliable valuation of the property, it is disclosed at cost.



THE REHOBOTH TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

Inventories

Inventories are initially measured at cost and subsequently written down to the lower of cost and estimated net realisable value. Any write-down is recognised in profit or loss. Cost is calculated using the first-in-first-out method and comprises direct materials, labour costs and overheads. Estimated net realisable value is the estimated selling price in the ordinary course of trade, less any costs of completion or disposal.

Revenue

Interest received 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 determined that such income will accrue to the trust.

Cash flows

For the purposes of the cash flow statement, cash includes cash on hand, deposits held on call with banks, investments in money market instruments, and bank overdrafts.

Comparative figures

Where necessary, comparative figures have been adjusted to conform with any changes in presentation in the current year.

3. Property, plant and equipment

	2011			2010		
	Cost / valuation	Accum. deprec / impair.	Carrying value	Cost / valuation	Accum. deprec / impair.	Carrying value
	R	R	R	R	R	R
Land and buildings	10,729,691	(661,692)	10,067,999	9,001,319	(499,677)	8,501,642
Plant and equipment	495,167	(383,455)	111,712	491,195	(315,331)	175,864
Computer equipment	112,204	(100,565)	11,639	98,103	(95,861)	2,242
Furniture and fittings	851,839	(611,111)	240,728	755,247	(532,470)	222,777
Motor vehicles	1,410,662	(900,755)	509,907	1,124,867	(688,112)	436,755
Sports equipment	38,952	(18,408)	20,544	28,693	(10,807)	17,886
Electrical equipment	192,350	(127,955)	64,395	181,383	(105,096)	76,287
	<u>13,830,865</u>	<u>(2,803,941)</u>	<u>11,026,924</u>	<u>11,680,807</u>	<u>(2,247,354)</u>	<u>9,433,453</u>

The carrying amounts for 2011 can be reconciled as follows:

	Carrying value at beginning of year	Additions	Reval. /other	Disposals	Deprec. / impairment	Carrying value at end of year
	R	R	R	R	R	R
	Land and buildings	8,501,642	1,728,372	-	-	(162,015)
Computer equipment	2,242	14,101	-	-	(4,704)	11,639
Motor vehicles	436,755	285,795	-	-	(212,643)	509,907
Sports equipment	17,886	10,259	-	-	(7,601)	20,544
Electrical equipment	76,287	10,967	-	-	(22,859)	64,395
	<u>9,433,453</u>	<u>2,150,058</u>	<u>-</u>	<u>-</u>	<u>(556,587)</u>	<u>11,026,924</u>

Land and buildings are described as:

Sub 17 D412 (of Silverstream Farm no. 14256, M23) situated in the administrative district of Murchison, KwaZulu-Natal, South Africa.

Erf 716 Port Shepstone (Ext 1), Registration Division ET, KZN.

THE REHOBOTH TRUST

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2011**

4. Investment property

Investment property consists of a bare dominium interest in a flat known as Shad Lane Flat situated in Umtentweni, KwaZulu-Natal.

Investment property is held for rental. The following related amounts are recognised in profit and loss:

	2011	2010
	R	R
Rental income	<u>16,480</u>	<u>15,850</u>
Direct operating expenses - Rental generating	<u>13,157</u>	<u>11,888</u>

5. Trust capital

Trust capital	<u>100</u>	<u>100</u>
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6. Revaluation reserve

The revaluation reserve represents all revaluation adjustments made to property, plant and equipment. The balance at year end is represented by revaluations of:

Land and buildings	<u>2,402,585</u>	<u>2,841,189</u>
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7. Loan receivable

The Jireh Trust

Balance at beginning of year	53,986	18,735
Advances	60,408	35,251
Balance at end of year	<u>114,394</u>	<u>53,986</u>

The above loan is unsecured, bears no interest and has no fixed terms of repayment. No repayments for the next 12 months are expected.

8. Bank and cash equivalents

Nedbank Limited:

Project account	12,316	28,367
General account	1,100	2,200
Money Market account - allocated	510,952	16,373
Money Market account - unallocated	266,657	270,447
Grants account	1,000	101,116
Nedgroup Investment account	348,058	302,023
Workers fund	18,554	-
Petty cash	11,501	13,326
Deposits - Eskom	17,693	16,579
	<u>1,187,832</u>	<u>750,431</u>

THE REHOBOTH TRUST

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2011**

	2011 R	2010 R
9. Taxation		
Taxation has not been provided as the trust is a non-profit organisation.		
10. Related party disclosures		
There were related party transactions with The Jireh Trust, which is an associate trust and transactions included the following:		
Donations	<u>119,806</u>	<u>214,835</u>
Key management salaries in aggregate are as follows:		
Short-term benefits	<u>234,012</u>	<u>218,137</u>
11. Financial liabilities		
Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken to pay is 18 days. The trustees consider that the carrying value of trade payables approximates to their fair value.		
12. Prior period error		
Investment property was previously accounted for as property, plant and equipment. The effect of the correction of the error on at the beginning of 2010 is as follows:		
Investment property		157,318
Property, plant and equipment		<u>(157,318)</u>
		<u>-</u>



THE REHOBOTH TRUST

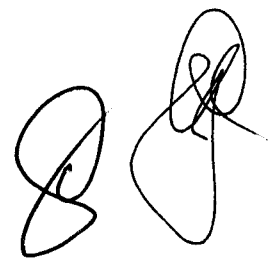
**DETAILED INCOME STATEMENT FOR THE YEAR ENDED
28 FEBRUARY 2011**

	2011 R	2010 R
Revenue	5,906,253	4,095,062
General donations	2,493,516	1,975,748
Specific donations	3,412,737	2,119,314
Other income	207,635	268,224
Hire of tipper truck	119,806	214,835
Interest received	68,259	34,134
Rental income	16,480	15,850
Sundry income	3,090	3,405
Total Income	6,113,888	4,363,286
Operating expenses	3,267,085	3,149,451
Agriculture	1,542	2,517
Animals	466	497
Bank charges	1,911	1,448
Charity projects	26,862	24,410
Clothing and accessories	14,036	27,354
Depreciation	553,968	618,388
Donations	62,361	31,093
Education & training	104,850	112,869
Electricity	136,758	90,809
Food parcels	730	555
Gas	4,554	1,288
Gifts	4,899	14,803
Groceries	409,091	417,858
Household maintenance	7,586	14,225
Insurance	71,472	54,123
Medical	68,900	5,255
Ministry	14,289	25,037
Motor vehicle expenses	192,541	194,978
Pest control	4,314	2,645
Public relations and fundraising	2,866	3,511
Repairs and maintenance	204,042	168,038
Security	17,370	18,464
Shad lane flat fees	13,157	11,888
Sports fees	-	8,338
Stationery and printing	34,885	20,081
Subscriptions	1,504	1,332
Sundry expenses	4,890	2,437
Telephone and postage	43,025	37,861
Therapy costs	4,200	3,750
Toys	745	1,196
TV licences	3,946	4,905
Ugu aids alliance	250	-
Wages	1,221,861	1,164,655
Water system	33,214	62,843

THE REHOBOTH TRUST

DETAILED INCOME STATEMENT FOR THE YEAR ENDED
28 FEBRUARY 2011

	2011 R	2010 R
Administration expenses	33,566	20,441
Accounting services	2,394	621
Audit fees	8,550	4,552
Bookkeeping fees	19,980	12,475
Consulting fees	601	-
Prior year underprovision	-	74
Secretarial services	2,041	2,719
Surplus for the year before revaluation decrease on land and buildings	<u>2,813,237</u>	<u>1,193,394</u>
Revaluation decrease on land and buildings	(302,661)	-
Surplus for the year	<u><u>2,510,576</u></u>	<u><u>1,193,394</u></u>

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