

**APPAREL LESOTHO ALLIANCE TO FIGHT AIDS**  
**Registered under Societies Act 1966, number 2006/171**

**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 December 2010**

*Moores Rowland (Lesotho)*

**APPAREL LESOTHO ALLIANCE TO FIGHT AIDS**

**FINANCIAL STATEMENTS**


For the year ended 31 December 2010.


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**MANAGEMENT COMMITTEE APPROVAL**

These Statements were approved by the Management Board on the

April 07 2011, and signed on its behalf by:

  
\_\_\_\_\_  
Signature  
Chairman of Management Board

  
\_\_\_\_\_  
Signature  
Member of Management Board

# Moores Rowland

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## Report of the Independent Auditors to the Management Board of:

### APPAREL LESOTHO ALLIANCE TO FIGHT AIDS

We have audited the annual financial statements set out on pages 2 to 9 for the year ended 31 December 2010.

#### Management's responsibility for the financial statements

The management of ALAFA are responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies set-out therein.

#### 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 mis-statement.

An audit involves performing procedures to obtain audit evidence concerning 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 mis-statement 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 management board, as well as evaluating the overall presentation of the financial statements.

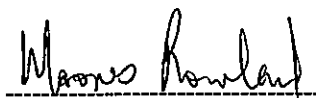
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the organization as at 31 December 2010, and the results of its operations for the year then ended, in accordance with the accounting policies set-out therein.

#### Going Concern

Without qualifying our audit report, we wish to draw your attention to the fact that the DFID funding, which is the main donor, will terminate in August 2011. ALAFA is in the process of seeking alternative funding. The ability of the society to continue operations is therefore dependent on obtaining such funds.



Moores Rowland (Lesotho)  
7th April 2011



Partners : A S McAlpine, M Moleko, M M Fako

Moores Rowland (Lesotho), a partnership established under the laws of Lesotho is an associate firm of Praxity, AISBL, a global alliance of independent firms.

**Praxity**  
ASSOCIATE  
GLOBAL ALLIANCE OF  
INDEPENDENT FIRMS

**APPAREL LESOTHO ALLIANCE TO FIGHT AIDS**

**BALANCE SHEET AS AT 31 DECEMBER , 2010**

	Notes	2010 <u>M</u>	2009 <u>M</u>
<b>ASSETS</b>			
<b>Current Assets</b>		<b>4,356,103</b>	<b>6,047,373</b>
Bank and Cash	6	<span style="border: 1px solid black; padding: 2px;">4,356,103</span>	<span style="border: 1px solid black; padding: 2px;">6,047,373</span>
<b>Total Assets</b>		<b><u>4,356,103</u></b>	<b><u>6,047,373</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Funds and Reserves</b>		<b>4,356,103</b>	<b>6,047,373</b>
Unrestricted Funds at beginning of the year	7	<span style="border: 1px solid black; padding: 2px;">5,255,066</span>	<span style="border: 1px solid black; padding: 2px;">2,778,844</span>
Restricted Funds at beginning of the year	8	<span style="border: 1px solid black; padding: 2px;">792,307</span>	<span style="border: 1px solid black; padding: 2px;">733,477</span>
(Deficit) / Surplus for the year		<span style="border: 1px solid black; padding: 2px;">(1,691,271)</span>	<span style="border: 1px solid black; padding: 2px;">2,535,052</span>
<b>Total Equity and Liabilities</b>		<b><u>4,356,103</u></b>	<b><u>6,047,373</u></b>

APPAREL LESOTHO ALLIANCE TO FIGHT AIDS

INCOME & EXPENDITURE STATEMENT

For the year ended 31 December 2010

	DFID	EU	Gap Inc.	Levis Strauss	CIM	EDUN	Norstrom	EGPAF	PACT	Wai Mart	Irish Aid	ALAFSA	Total 2010
INCOME	M	M	M	M	M	M	M	M	M	M	M	M	M
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Funds Received	12,563,313	1,041,645	362,338	513,550.00	3,340	-	-	596,637	84,388	-	-	45,943	45,943
Donations in-kind	-	-	-	-	-	-	-	-	-	-	-	-	15,165,211
<b>Total Income</b>	<b>12,563,313</b>	<b>1,041,645</b>	<b>362,338</b>	<b>513,550</b>	<b>3,340</b>	<b>-</b>	<b>-</b>	<b>596,637</b>	<b>84,388</b>	<b>-</b>	<b>-</b>	<b>45,943</b>	<b>15,211,154</b>
<b>EXPENDITURE</b>													
Policy/Management Training	114,431	-	-	45,748	-	-	-	-	-	1,825	1,310	-	163,314
Prevention - IEC M & A	538,016	-	-	-	-	-	-	-	-	121,238	-	-	659,254
Prevention - Condoms	11,327	-	-	-	-	-	-	-	-	-	-	-	11,327
Prevention - Peer Education	970,477	-	-	57,968	-	-	-	-	-	300,173	-	-	1,328,618
Prevention - VCT	587,876	-	-	-	-	-	-	-	-	-	1,400	-	589,276
Prevention - Program Coordination	446,435	-	-	-	-	-	-	-	-	122,487	-	-	568,921
Care & Treatment	5,778,574	-	269,445	-	-	-	-	63,690	-	-	33,249	-	6,144,958
Care & Treatment-Prog Coordination	269,591	-	-	-	-	-	-	-	-	-	-	-	269,591
Medical Monitoring Costs	194,524	1,107,296	-	-	-	-	-	28,365	-	-	-	-	1,330,185
Prevention - PMTCT	379,726	-	98,508	-	-	-	-	585,303	-	-	-	-	1,063,537
Counselling	78,429	70,730	-	-	-	-	-	6,215	-	-	-	-	155,374
Core Management Programme	-	-	-	-	-	-	-	-	-	-	-	-	-
Core Management Administration	2,442,767	-	-	-	-	-	-	-	5,445	-	-	-	2,448,212
Operating Costs general	816,537	142,140	-	-	-	-	-	-	-	-	100	-	958,777
Monitoring and Evaluation	265,561	27,750	-	-	-	-	-	-	-	-	1,865	-	295,176
STI Treatment	706,632	-	-	-	-	-	-	-	-	-	47,638	-	754,270
Marketing & Fund	209,726	-	-	-	-	-	-	-	-	-	-	-	209,726
Disposal Account	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operational Expenditure</b>	<b>13,810,627</b>	<b>1,347,917</b>	<b>367,953</b>	<b>103,716</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>683,573</b>	<b>5,445</b>	<b>545,723</b>	<b>85,562</b>	<b>-</b>	<b>16,950,516</b>
Purchase/(Sale) of Fixed Assets	29,559	7,350	-	-	-	-	-	-	-	-	(85,000)	-	(48,091)
<b>Total Expenditure</b>	<b>13,840,186</b>	<b>1,355,267</b>	<b>367,953</b>	<b>103,716</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>683,573</b>	<b>5,445</b>	<b>545,723</b>	<b>562</b>	<b>-</b>	<b>16,902,425</b>
<b>Surplus/(Deficit) for the year</b>	<b>(1,276,873)</b>	<b>(313,622)</b>	<b>(5,615)</b>	<b>409,834</b>	<b>3,340</b>	<b>-</b>	<b>-</b>	<b>(86,936)</b>	<b>78,943</b>	<b>(545,723)</b>	<b>(562)</b>	<b>45,943</b>	<b>(1,691,271)</b>
Funds available at 31-12-2009	3,552,075	45,451	58,830	159,090	(3,340)	609,250	370,808	-	-	574,390	(1,698)	682,517	6,047,373
<b>Funds available at 31-12-2010</b>	<b>2,275,202</b>	<b>(268,171)</b>	<b>53,216</b>	<b>568,924</b>	<b>-</b>	<b>609,250</b>	<b>370,808</b>	<b>(86,936)</b>	<b>78,943</b>	<b>28,667</b>	<b>(2,260)</b>	<b>728,460</b>	<b>4,356,103</b>

**APPAREL LESOTHO ALLIANCE TO FIGHT AIDS**

**CASH FLOW STATEMENT**

For the year ended 31 December 2010

	<b>2010</b>	<b>2009</b>
	<b><u>M</u></b>	<b><u>M</u></b>
<b>Cash flow from operating activities:</b>		
Net (Deficit) / Surplus	(1,691,271)	3,428,325
Decrease/(Increase) in Accounts Receivable	-	7,500
(Decrease)/Increase in Accounts Payable	<u>-</u>	<u>(516,065)</u>
<b>Net cash flow from Operating Activities</b>	(1,691,271)	2,919,760
<b>Cash Flow From Investing Activities:</b>		
Purchase of Fixed Assets	-	(893,273)
<b>Cash Flow From Financing Activities:</b>		
(Decrease)/Increase in Restricted Funds	<u>-</u>	<u>262,383</u>
<b>Net cash flow from Financing Activities</b>	(1,691,271)	2,288,870
Cash and Cash Equivalent at end of the beginning	6,047,373	3,758,503
<b>Cash and Cash Equivalent at end of the year</b>	<u><u>4,356,103</u></u>	<u><u>6,047,373</u></u>

## **APPAREL LESOTHO ALLIANCE TO FIGHT AIDS**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December, 2010

#### **1. The Objective of the Organisation**

The organisation's overarching goal is to contribute to:

Poor women and men remaining healthy, productive and sustaining their jobs and the Lesotho's apparel industry remaining competitive.

The programme's interventions will attain the following purpose:

To reduce absenteeism, morbidity and mortality among the workforce of Lesotho's apparel industry' by ensuring a comprehensive prevention, treatment, care and support programme within the workplace, especially for HIV positive employees and their dependents.

This is achieved by implementing or facilitating the following programmes:

A comprehensive prevention programme across the Lesotho apparel industry.

A comprehensive treatment, care and support programme within the workplace for HIV positive employees and their dependents that is aligned to national policy frameworks and guidelines.

In pursuing the above goal, the programme is committed to the following core values:

- Provision of quality medical services.
- Reducing new infections and enhancing preventative measures.
- Improving productivity in the apparel sector.
- Dealing with the stigma of HIV&AIDS.
- Contributing to fair labour practices.
- Add value to donor funding & other stakeholders.

#### **2. Corporate Identity**

ALAFa is a voluntary organisation established in the Kingdom of Lesotho.  
Registered office is Puma House, 12 United Nations Road, Maseru.

#### **3. Accounting Policies**

The Financial Statements are prepared on the historical cost basis and incorporate the following principal accounting policies:

##### **3.1 Cash basis**

The financial statements have been prepared under the cash basis of accounting.

##### **3.2 Fixed Assets**

As indicated under 3.1 above, the organisation uses the cash basis of accounting and therefore assets are written-off to the Income & Expenditure Statement.

**APPAREL LESOTHO ALLIANCE TO FIGHT AIDS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December, 2010

**4. Fund Accounting**

The records of the organization adhere to Fund Accounting whereby resources for various purposes are classified into fund groups as follows:

Restricted Funds

Funds that are subject to specific conditions imposed by the donors and binding on the Trustee.

Unrestricted Funds

Funds with no condition attached.

**5. Comparatives**

Where necessary, comparative figures have been adjusted to take effect of prior-year adjustments and changes in presentation in the current year.

	2010	2009
	<u>M</u>	<u>M</u>
<b>6. Bank and Cash</b>		
Nedbank Call Account	3,119,676	4,976,211
ABSA Investment Account	312,927	293,025
Nedbank Current Account	11,648	(131,754)
Fixed Deposit Account	907,713	905,678
Petty Cash Petrol	1,600	1,399
Petty Cash General	2,539	2,814
	<u>4,356,103</u>	<u>6,047,373</u>

**7. Unrestricted Funds - beginning of year**

	<u>M</u>
As at 31 December 2008	2,778,844
Surplus for the year ended 31 December 2009	<u>2,535,052</u>
	5,313,896
Less: Gap Inc. previously included	(58,830)
As at 31 December 2009	<u>5,255,066</u>

**8. Restricted Funds**

	Gap Inc.	Levi Strauss	Wal-Mart Foundation	Total
	<u>M</u>	<u>M</u>	<u>M</u>	<u>M</u>
Receipts during 2010	362,338	513,550	-	875,889
Payments during 2010				
- Policy/Management Training		(45,748)	(1,825)	(47,572)
- Prevention - IEC M & A			(121,238)	(121,238)
- Prevention - Peer Education		(57,968)	(300,173)	(358,141)
- Prevention - Program Coordination			(122,487)	(122,487)
- Care & Treatment	(269,445)			(269,445)
- Prevention - PMTCT	(98,508)			(98,508)
Surplus / (Deficit) for the year	<u>(5,614)</u>	<u>409,835</u>	<u>(545,721)</u>	<u>(141,501)</u>
Balance at 31 December 2009	<u>58,830</u>	<u>159,089</u>	<u>574,388</u>	<u>792,307</u>
Balance at 31 December 2010	<u>53,216</u>	<u>568,924</u>	<u>28,667</u>	<u>650,806</u>

**APPAREL LESOTHO ALLIANCE TO FIGHT AIDS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December, 2010

**9. Property, Plant and Equipment**

<b>Owned Assets</b>	<b>Depreciation Reducing balance</b>	<b><u>2010</u> Carrying Valuation <u>M</u></b>
Computer Equipment	25%	280,332
Office Furniture Fittings	20%	149,439
Office Equipment	20%	224,548
Motor Vehicles	25%	213,832
Software	50%	<u>221,669</u>
		<u><b>1,089,819</b></u>

NB: ALAFA uses the cash basis of accounting, therefore fixed assets are written-off in the Income & Expenditure account in the year in which they are incurred.

	<b><u>2010</u> <u>M</u></b>
<b>10. Commitments</b>	
Severance pay	124,578
Expense accruals	<u>353,562</u>
	<u><b>478,140</b></u>