

**TREATMENT ACTION CAMPAIGN  
(ASSOCIATION INCORPORATED UNDER SECTION 21)  
REGISTRATION NO.2001/029181/08**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
29 FEBRUARY 2004**

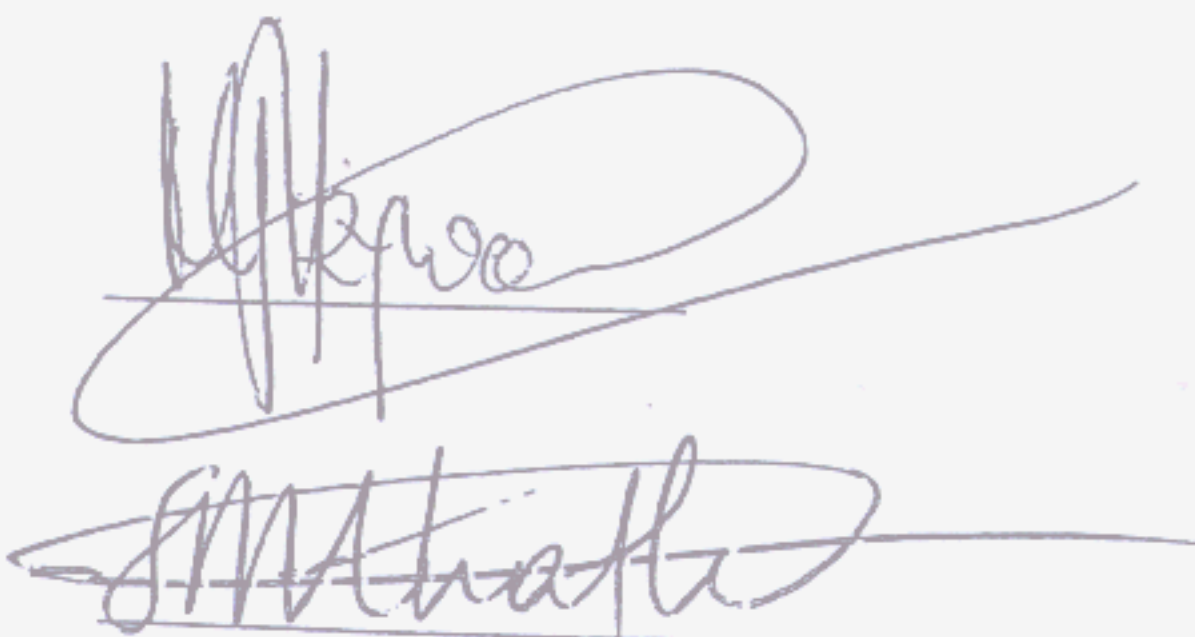
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FOR THE YEAR ENDED 29 FEBRUARY 2004**

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**APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS**

The annual financial statements set out on pages 2 to 11 have been approved by the board of directors and are signed on its behalf by :-





**REPORT OF THE INDEPENDENT AUDITORS****TO THE MEMBERS****TREATMENT ACTION CAMPAIGN  
(ASSOCIATION INCORPORATED UNDER SECTION 21)  
REGISTRATION NO.2001/029181/08**

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BRAAMFONTEIN  
2017  
SOUTH AFRICA

TEL (011) 403 3835  
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We have audited the financial statements of Treatment Action Campaign (Association incorporated under Section 21) set out on pages 2 to 9 for the year ended 29 February 2004. These financial statements are the responsibility of the directors, while our responsibility is to express an opinion on the financial statements based on our audit.

**Scope**

We conducted our audit in accordance with statements of South African Auditing Standards which require that we plan and perform 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 that our audit provides a reasonable basis for our opinion.

**Qualification**

As explained in note 1.4 to the financial statements, the management of the company allocates actual expenditure incurred for particular projects directly to these projects and shared or indirect costs on the basis of its estimates. We have relied on management's allocations of such costs for the purposes of our audit.

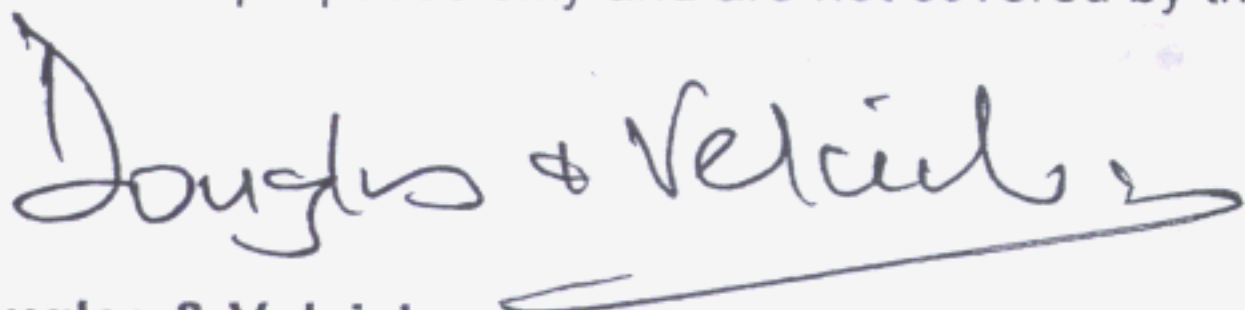
In common with similar organisations, it is not feasible for the organisation to institute accounting controls over collections of income other than interest prior to the initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond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

**Qualified audit opinion**

In our opinion, except for the effects on the financial statements of matters discussed in the preceding paragraphs, these financial statements fairly present, in all material respects, the financial position of the company at 29 February 2004 and the results of its operations for the year then ended in accordance with generally accepted accounting practice and the manner required by the Companies Act in South Africa.

**Supplementary information**

The detailed expenditure schedule and donor schedule set out on pages 10 and 11 have been attached for information purposes only and are not covered by the audit opinion.



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

**Johannesburg**  
**15 September 2004**  
A R VELCICH CA (SA)



**REPORT OF THE DIRECTORS FOR THE  
YEAR ENDED 29 FEBRUARY 2004**

Your board of directors presents its report, together with the audited financial statements of the company for the financial year ended 29 February 2004.

**NATURE OF ACTIVITIES**

Campaigning for affordable treatment and/or access to healthcare for all people living with HIV/AIDS. Challenging all forms of discrimination relating to the treatment of HIV/AIDS in the private and public sectors. Educating communities of developments in HIV/AIDS treatment and care.

**STATEMENTS OF RESPONSIBILITY**

The directors 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 and in the manner required by the Companies Act, 1973.

The directors are also responsible for the company'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 directors 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 directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

**RESULTS**

The results for the year are fully disclosed in the attached financial statements.

**POST BALANCE SHEET EVENTS**

No material fact or circumstance has occurred between the balance sheet date and the date of this report.

**EQUIPMENT**

During the year under review, the company acquired equipment costing R197,206 (2003 : R118,550).

**DIRECTORS**

The following directors held office at the date of this report :-

Z Achmat	Chairperson
S Mthathi	Deputy Chairperson
M Heywood	Treasurer/Secretary

The company secretary resigned in March 2004 and to date has not been replaced.

**AUDITORS**

During the year under review, Douglas & Velcich were appointed as auditors.



**TREATMENT ACTION CAMPAIGN**  
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**BALANCE SHEET AT 29 FEBRUARY 2004**

	Notes	2004 R	2003 R
<b>ASSETS</b>		<b>3,182,868</b>	<b>1,915,382</b>
<b>Non-current assets</b>			
Equipment	3	58	22
<b>Current assets</b>			
Accounts receivable	4	112,077	23,042
TAC project		58,201	-
Cash at bank		3,012,532	1,892,318
<b>Total assets</b>		<b>3,182,868</b>	<b>1,915,382</b>
<b>RESERVES AND LIABILITIES</b>			
<b>Operating fund</b>		<b>2,623,059</b>	<b>1,761,432</b>
<b>Current liabilities</b>			
Accounts payable		425,575	153,950
Bank overdraft		134,234	-
<b>Total reserves and liabilities</b>		<b>3,182,868</b>	<b>1,915,382</b>

**INCOME STATEMENT FOR THE  
YEAR ENDED 29 FEBRUARY 2004**

	<b>Note</b>	<b>2004 R</b>	<b>2003 R</b>
<b>INCOME</b>		<b>14,429,363</b>	<b>11,833,491</b>
Grants	<b>5</b>	13,698,429	11,473,180
Interest received		222,498	220,559
Donations		478,195	105,852
Sundry income		30,241	33,900
<b>EXPENDITURE</b>		<b>13,567,776</b>	<b>10,814,913</b>
Core operating expenses		6,636,257	3,996,537
Advocacy		3,251,221	3,927,917
Treatment literacy		2,374,829	1,030,411
Branch organising		247,348	-
Equal treatment newsletter		86,130	58,908
Congresses		971,991	1,801,140
<b>SURPLUS FOR THE YEAR</b>		<b>861,587</b>	<b>1,018,578</b>



**TREATMENT ACTION CAMPAIGN  
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 29 FEBRUARY 2004**

	<b>Retained earnings R</b>	<b>Total R</b>
Balance at 1 March 2002	742,854	742,854
Surplus for the year	<u>1,018,578</u>	<u>1,018,578</u>
Balance at 28 February 2003	1,761,472	1,761,472
Surplus for the year	<u>861,587</u>	<u>861,587</u>
<b>Balance at 29 February 2004</b>	<b><u>2,623,059</u></b>	<b><u>2,623,059</u></b>

**TREATMENT ACTION CAMPAIGN  
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**CASH FLOW STATEMENT FOR THE  
YEAR ENDED 29 FEBRUARY 2004**

	<b>2004 R</b>	<b>2003 R</b>
<b>Cash flows from operating activities</b>		
Net surplus for the year	861,587	1,018,578
Adjusted for :		
Interest received	(222,498)	(220,559)
Depreciation	197,170	118,548
Decrease in deferred grant income	-	(2,435,646)
<b>Operating surplus/(deficit) before working capital changes</b>	<b>836,259</b>	<b>(1,519,079)</b>
Working capital changes	124,429	(124,378)
Increase in accounts receivable	(147,196)	(16,144)
Increase/(decrease) in accounts payable	271,625	(108,234)
<b>Cash generated/(utilised) by operations</b>	<b>960,688</b>	<b>(1,643,457)</b>
Interest received	222,498	220,559
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,183,186</b>	<b>(1,422,898)</b>
<b>Cash flows utilised by investing activities</b>	<b>(197,206)</b>	<b>(118,550)</b>
Acquisition of equipment	(197,206)	(118,550)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>985,980</b>	<b>(1,541,448)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,892,318</b>	<b>3,433,766</b>
<b>Cash and cash equivalents at end of year</b>	<b>2,878,298</b>	<b>1,892,318</b>



**TREATMENT ACTION CAMPAIGN  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2004**

The financial statements have been prepared on the historical cost basis and incorporate the following principal accounting policies which are consistent, in all material respects, with those of the previous year.

**1.1 Accounting convention**

The Association is registered under the Companies Act, 1973, as an association not for gain and as such no part of its income or property shall be transferred to members, directly or indirectly. All reserves of the Association are consequently non-distributable.

**1.2 Equipment**

Equipment is stated at cost less depreciation. Depreciation is recorded by a charge to income, so as to write equipment down to R1 in the year of purchase.

**1.3 Income recognition**

Income from grants and interest are generally brought to account in the period to which they relate. All other income is brought to account as and when received.

Deferred grant income comprises grants received in advance of the period to which they relate, is excluded from income, and is accounted for as a current liability.

Accrued grant income comprises grants receivable designated for the current year, and which are outstanding at year end.

**1.4 Project accounting and expense allocation**

In terms of its contractual obligations to donors, the company allocates project expenses that are clearly identifiable as such, directly against project funds. Indirect and shared costs are either apportioned on the basis of management estimates, or accounted for in the operating fund and recovered through the levy of an administration fee.

**2. MEMBERS' GUARANTEE**

In terms of the Memorandum of Association, members guarantee to each contribute R1,00 in the event of the company being wound up. At the balance sheet date, the guarantee value amounted to R3,00.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 29 FEBRUARY 2004 (Continued)**

**3. EQUIPMENT**

	<b>Furniture and fittings R</b>	<b>Computer equipment R</b>	<b>Office equipment R</b>	<b>Total R</b>
<b>29/2/2004</b>				
<b>Net book value - 1 March 2003</b>	<b>12</b>	<b>10</b>	<b>-</b>	<b>22</b>
At cost	63,516	199,685	-	263,201
Accumulated depreciation	(63,504)	(199,675)	-	(263,179)
Additions during the year	42,912	139,984	14,310	197,206
Depreciation for the year	(42,898)	(139,968)	(14,304)	(197,170)
<b>Net book value - 29 February 2004</b>	<b>26</b>	<b>26</b>	<b>6</b>	<b>58</b>
At cost	106,428	339,669	14,310	460,407
Accumulated depreciation	(106,402)	(339,643)	(14,304)	(460,349)
<b>28/2/2003</b>				
<b>Net book value - 1 March 2002</b>	<b>9</b>	<b>11</b>	<b>-</b>	<b>20</b>
At cost	36,287	108,364	-	144,651
Accumulated depreciation	(36,278)	(108,353)	-	(144,631)
Additions during the year	27,229	91,321	-	118,550
Depreciation for the year	(27,226)	(91,322)	-	(118,548)
<b>Net book value - 28 February 2003</b>	<b>12</b>	<b>10</b>	<b>-</b>	<b>22</b>
At cost	63,516	199,685	-	263,201
Accumulated depreciation	(63,504)	(199,675)	-	(263,179)

	<b>2004 R</b>	<b>2003 R</b>
<b>4. ACCOUNTS RECEIVABLE</b>		
Deposit	10,823	10,823
Sundry debtors	55,186	-
Staff loans	46,068	12,219
	<b>112,077</b>	<b>23,042</b>



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2004 (Continued)**

	2004 R	2003 R
<b>5. GRANTS</b>		
Brot fur die Welt	4,000,000	5,435,646
Received	4,000,000	3,000,000
Deferred from 2002	-	2,435,646
AIDS Foundation of South Africa	195,778	177,000
Atlantic Philanthropies	4,220,819	2,990,376
Public Welfare Foundation	356,825	-
Medicins Sans Frontieres - Project Ulwazi	450,000	-
Canada Fund	150,000	-
American Jewish World	102,800	-
Medicins Sans Frontieres - Lusikisiki	359,700	-
Artists for a new South Africa	631,680	-
South African Development Fund	621,627	398,142
OXFAM	90,720	106,800
Open Society Foundation for South Africa	1,400,000	-
HIVOS	846,785	-
Community Foundation	193,591	-
Kaiser Foundation	78,104	257,183
Rockefeller Foundation	-	482,684
Medicins Sans Frontieres - General fund	-	1,136,125
UNAIDS	-	249,690
Anonymous - International pop star	-	239,534
	<b>13,698,429</b>	<b>11,473,180</b>

**6. SURPLUS FOR THE YEAR**

Surplus for the year has been determined after taking into account the following:-

**6.1 Auditors' remuneration**

Audit fees - current period	30,000	30,000
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**6.2 Depreciation**

	197,170	118,548
Computer equipment	139,968	91,322
Furniture and fittings	42,898	27,226
Office equipment	14,304	-

**6.3 Directors' emoluments**

Services as employee	175,965	132,011
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**7. TAXATION**

No provision has been made for taxation as it is considered that the company will qualify for exemption from income tax as a public benefit organisation under section 10(1) (cN) as read with section 30 of the Income Tax Act.

**8. COMPARATIVES**

Comparative figures have been restated to facilitate improved disclosure.



**TREATMENT ACTION CAMPAIGN**  
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**DETAILED EXPENDITURE SCHEDULE**  
**FOR THE YEAR ENDED 29 FEBRUARY 2004**

	2004 R	2003 R
<b>Core Operating Expenses</b>	<b>6,636,257</b>	<b>3,996,537</b>
Staff Costs	3,373,208	1,881,693
Accounting Fees	77,886	24,179
Audit Fees	30,000	30,000
Bad debts written off	65,310	-
Bank Charges	51,127	31,167
Depreciation	197,170	118,548
Directors' emoluments	175,965	132,011
Equipment Maintenance	85,002	94,599
Donations	119,725	13,436
Internet Fees	64,631	22,544
Insurance	14,385	6,020
Postage/Courier	276,847	124,821
Stationery and printing	359,516	337,636
Rent and services	214,926	130,335
Office Refreshments	43,131	25,793
Security	13,542	38,773
Subscriptions	4,208	20,266
Sundry Office Expenses	22,218	47,398
Telephone/Fax/Email	707,268	321,818
Travel - Local	334,258	231,771
Volunteers	115,109	78,526
NEC/PEC meetings	290,825	285,203
<b>Advocacy</b>	<b>3,251,221</b>	<b>3,927,917</b>
Medicine Purchases	474,895	65,943
Campaigns	2,762,362	3,815,843
- T Shirts	176,822	495,439
- Public Events	1,273,259	1,628,689
- Posters/Pamphlets	432,807	765,148
- Materials	31,781	60,764
- Local Meetings	238,140	209,773
- International Meetings	109,801	77,772
- IT Advocacy	44,095	29,338
- Media Advertising	411,526	384,033
- Media Production	29,535	131,207
- Litigation	11,936	-
- Research/Consulting	2,660	33,680
Sundry expenses	13,964	46,131
<b>Treatment Literacy</b>	<b>2,374,829</b>	<b>1,030,411</b>
Workshops/Training	606,799	265,149
Documents/Materials	975,232	397,154
Volunteer Trainer Expenses	753,714	359,034
Sundry Expenses	23,147	9,074
Sundry Phone Cards	15,937	-
<b>Branch Organising</b>	<b>247,348</b>	<b>-</b>
Equal Treatment Newsletter	86,130	58,908
Congresses	971,991	1,801,140
	<b>13,567,776</b>	<b>10,814,913</b>



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**SCHEDULE OF DONORS  
FOR THE YEAR ENDED 29 FEBRUARY 2004**

G Stern  
Z Achmat  
R Neil  
Cash Focus - Cape Town  
N Gordimer  
J Grove  
J Suberg  
Gombi Hai - Europe  
N Roderick  
Dept of Agriculture - Potchefstroom  
B E Rembert  
B Designs  
S Jacobs  
University of the Western Cape  
Trauma centre - Rondebosch  
A M Fine  
C Poole  
Rehabilitation centre - Vincent Park

The Treatment Action Campaign has received many donations from individuals and organisations. The schedule of donors is taken directly from the bank statements and it is sometime difficult to identify the individual donors. The Treatment Action Campaign would like to thank all individuals and organisations for their contribution to the Treatment Action Campaign.