



**21 October 2013**

**2013 Annual Report:**

**On the audit opinion**

An independent Auditor's Report to the Trustees of New Love Life Trust was as follows:

The auditors believed back then that the financial statements derived from the audited financial statements of New Lovelife Trust for the year ended 31 December 2012 was consistent in all material respects with those consolidated financial statements in accordance with the basis of preparation described in note 1 to the financial statements as applicable to summary financial statements.

The other matter paragraph in the auditor's view in the report dated 28 March 2013 states that as part of the consolidated financial statements for the year ended 31 December 2012, they have read the Trustee's Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The other matter paragraph states that, based on reading these reports, the auditors have not identified material inconsistencies between these reports and audited consolidated financial statements. The paragraph on page 47 further notes that the auditors have not audited these reports and accordingly do not express an opinion on these reports. The other matter paragraph does not have an effect on the summary consolidated financial statements or the auditor's opinion thereon.

Love life received a Qualified Opinion in 2009. This was the year they first came to account to the Portfolio Committee about their activities. In common with similar organizations, it is not feasible for new Love life Trust to institute accounting controls over cash and donor collection prior to the initial entry of the collections in the accounting records. Accordingly, it was impractical for Price Water House Coopers/auditors to extend their examination beyond the receipts actually recorded back then.



So what formed a Qualified opinion back then was that; in their opinion Price Water House Coopers, except for the effect of the matter referred to in the preceding paragraph, the financial statements fairly present, in all material respects, the position of New Love life Trust at 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with South African Statements of General Accepted Accounting Practice and in the manner required by the Trust Deed.

**On their investments:**

Changes in the fair values of financial assets at fair value through profit or loss are recorded as fair value adjustments in the statements of comprehensive income. With effect from 05 May 2010, Kurusani Youth Development Trust participated in the black economic empowerment transaction, through a special purpose entity, Blue Falcon 69 Trading (Propriety) Limited, acquiring a net interest of 13% in Adcock Ingram Holdings Limited, with a consortium of other investors subscribing for the remaining 87%. The identified strategic partners of AIH, established Blue Falcon 69 Trading (Propriety) Limited, with 26.7% of its shares capital owned by Kurisani, which intends to retain as a long term investment in order to participate in the capital growth of AIH. Kurisani Youth Development Trust's contribution to this venture is R 2,500,000.

Blue Falcon 69 Trading (Proprietary) Limited is a special purpose entity whose activities are restricted to owning A acquired ordinary shares in Adcock Ingram Holdings Limited (AIH). The transaction is structured as such that 85% of the dividends paid by AIH to Blue falcon is to be used to acquire additional A acquired shares. As at 31 December 2012 Kurisani Youth Development Trust owned 5, 583, 957 (February 2012: 5, 467, 402; February 2011: 5, 328, 946) shares in AIH at R 54 (February 2012: R 61, 90; February 2011: R 58.60) per share. The large portion of the transaction was financed through a notional loan from AIH carrying interest at 9.0766% (February 2012: 9.0766%; February 2011: 9.0766%).

**NB:** The Committee should take note of the above totals consecutively and ponder or seek further business case explanation.



The Committee maybe interested toward seeking some explanations here. Remember Love life receives major funding from South African Government, Henry J. Kaiser Family Foundation. Additional support is also provided by Avis, Barloworld, BMW, DED (German Development Service), Dewey & Le Boeuf, Independent Newspapers, Mondi Shanduka, Murray & Roberts, National Lottery Distribution Trust Fund (NLDTF) Rapport, Royal Bafokeng Holdings, the South African Broadcasting Corporation, Ster-Kinekor, Tone Digital and Vodacom Foundation. The question is how much is this money the Committee should be interested, where and how is it spent?

**The last time Lovelife came to see the Committee; they had huge pool of borrowing in the following region: Let's illustrate here below.**

<i>Non-current liabilities</i>	<i>Notes</i>	<i>2009</i>	<i>2008</i>
Long term borrowings	11	11 249 407	29 192 773
Deferred tax liability	12	3 282 957	5 504 751
<b>Total</b>		<b>14 532 364</b>	<b>34 697 524</b>

**NB: I would expect these millions to ignite courage from the Committee for both consecutive years in terms of questioning. What is the status of borrowing from Lovelife this year?**

**This is because Love Life engaged on borrowings while boosting a pool of funders, what was the borrowing for**

**There was also an overdraft back then, was it sorted, what is the status of that currently?**

<i>Current liabilities</i>	<i>Notes</i>	<i>2009</i>	<i>2008</i>
Trade and other payables	14	23 705 959	24 255 265
Short term borrowings	11	585 483	519 672
Bank overdraft	10	2 066	38 235



Income received in advance -

14 020 926

Loan payable 13

**Total 24 293 463 38 834 098**

**Total equity and liabilities 113 949 464 121 987 612**

**A statement of comprehensive income by Love life for the year ended in 31 December 2009 is depicted here below. The Committee should check if this was also sorted out by Lovelife?**

Group	Trust	2009		2008	
		Notes	2009	2008	2009
<b>2008</b>					
Grant income	3		196 704 751	88 125 700	203 109 029
			88 125 700		
Other income		18 552 426	1 087 780	533 293	1 087 780
Project expenses			(172 406 112)	(78 254 138)	(172 406 112)
			(78 254 138)		
Operating costs			(5 064 627)	(531 787)	-
			-		
<b>Surplus funds</b>	<b>2</b>		<b>37 786 438</b>	<b>10 427 555</b>	<b>31 236 210</b>
			<b>959 342</b>		<b>10</b>
Fair value gain (loss)			(15 869 955)	34 955 124	-
Interest received	4	1 712 977	87 757	587 357	85 558
Interest paid	5	(2 958 293)	(4 132 671)	(800 601)	(315 557)
Dividends received	6		7 000 742	3 173 280	-



<b>Surplus funds before tax</b>	<b>27 671 909</b>	<b>44 511 045</b>	<b>31 022 966</b>	<b>10 729 343</b>
Income tax expense	16 2 221 794	(4 893 717)	-	-
Net surplus for the year	29 893 703	39 617 328	-	-
Distribution to beneficiaries	(3 236 359)	(8 966)	-	-
<b>Net surplus funds at end of the year</b>				
	<b>26 657 344</b>	<b>39 608 362</b>	<b>31 022 966</b>	<b>10 729 343</b>

**NB: The Committee maybe interested on having questions around net surpluses and grant incomes of the time to see if they were sorted out.**

**Organizational structure:**

How are members of the board selected at Love life, criteria?

How much do they earn (Board of trustees)?

**Funders:**

Can the money collected from funders be quantified in totality, how much is it, apart from the one coming from government this year alone?

**Status of the epidemic:**

- Lets attribute the decline or incline, what is the status of the epidemic currently?
- How does sport contribute to this decline?
- What is the percentage of HIV prevalence in the total population of the country?
- How much are the ground breakers and Mpintshis earning, has their salaries improved?