

Ikamva Lisezandleni Zethu (Non-Profit Organisation)  
(Registration number 032-082-NPO)  
Annual Financial Statements  
for the year ended 30 November 2019

# **Ikamva Lisezandleni Zethu (Non-Profit Organisation)**

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2019

## **General Information**

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	To enable disadvantaged youth to pull themselves and each other out of poverty and into tertiary education and/or employment.
<b>Directors</b>	M H Chidawanyika P I Madisha R Simankane X Mkhize Y E Bucknor R Mudimu N J Ebrahim N Nkotoe
<b>Business address</b>	47 Westminister road Salt River Cape Town 7925
<b>Bankers</b>	First National Bank
<b>Auditors</b>	Nexia SAB&T Chartered Accountants (SA) Registered Auditors 119 Witch-Hazel Avenue Highveld Technopark Centurion 0157
<b>Organisation registration number</b>	032-082-NPO
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the organisation's accounting policies.
<b>Preparer</b>	The annual financial statements were independently compiled by: Maria Magdalena Fourie Chartered Accountant (SA)
<b>Issued</b>	13 July 2020

# **Ikamva Lisezandleni Zethu (Non-Profit Organisation)**

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2019

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# **Ikamva Lisezandleni Zethu (Non-Profit Organisation)**

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2019

## **Directors' Responsibilities and Approval**

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The directors are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the organisation as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the basis of accounting described in Note 1. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the basis of accounting described in Note 1 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the organisation's cash flow forecast for the year to 30 November 2020 and, in the light of this review and the current financial position, They are satisfied that the organisation has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the organisation's annual financial statements. The annual financial statements have been examined by the organisation's external auditors and their report is presented on pages 7 to 9.

The annual financial statements set out on pages 10 to 21, which have been prepared on the going concern basis, were approved by the board of directors on 13 July 2020 and were signed on its behalf by:

### **Approval of annual financial statements**



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**M H Chidawanyika**

**13 July 2020**



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**P I Madisha**

**13 July 2020**

# **Ikamva Lisezandleni Zethu (Non-Profit Organisation)**

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2019

## **Directors' Report**

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The directors have pleasure in submitting their report on the annual financial statements of Ikamva Lisezandleni Zethu (Non-Profit Organisation) for the year ended 30 November 2019.

### **1. Nature of business**

The organisation is engaged to enable disadvantaged youth to pull themselves and each other out of poverty and into tertiary education and/or employment. The organisation operates in South Africa, through various after school programmes and peer to peer learning.

There have been no material changes to the nature of the organisation's business from the prior year.

### **2. Review of financial results and activities**

The annual financial statements have been prepared in accordance with entity specific basis of accounting. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the organisation are set out in these annual financial statements.

### **3. Directors**

The directors in office at the date of this report are as follows:

<b>Directors</b>	<b>Office</b>	<b>Changes</b>
M H Chidawanyika	Chief Executive Officer	Appointed 01 September 2019
P I Madisha	Chairperson	Appointed 01 June 2019
L Meinert		Resigned 25 November 2019
S Kumalo		Resigned 31 May 2020
R Simankane		
L Zakwe		Resigned 31 May 2019
D Trollip		Resigned 29 March 2019
F Koli		Resigned 15 January 2019
E Sampson		Resigned 31 May 2019
X Mkhize		Appointed 01 June 2019
Y E Bucknor		Appointed 01 June 2019
R Mudimu		Appointed 01 June 2019
N J Ebrahim		Appointed 01 June 2019
N Nkotoe		Appointed 01 June 2019
A Smith		Appointed 01 June 2019, resigned 31 August 2019

### **4. Directors' interests in contracts**

To our knowledge, none of the directors had any interest in contracts entered into during the year under review.

### **5. Events after the reporting period**

In March 2020, the World Health Organisation declared the outbreak of a novel Coronavirus (Covid-19) a pandemic. The president of the Republic of South Africa subsequently announced the closure of all schools and a national lockdown. As a result we shut down all our branches and ceased giving in person tutoring sessions to our learners. Management took a decision to equip all staff to continue working from home. Our Programmatic model was also shifted to online platforms where our learners now receive tutoring support via whatsapp with our staff managing the virtual tutoring spaces. This shift has surprisingly been very successful though its besotted with socio-economic challenges for the learners like access to data and devices since we deal with under resourced communities. The organisation is primed to see through the 2020 financial year with adequate financial resources through adaptations made but anticipates that the funding environment will be negatively affected as foundations and funding agencies around the world recover from the impact of the pandemic. The financial impact of the elevated funding environment challenges cannot be reasonably estimated at this juncture but management is optimistic that its long term relationships with funders, our untouched reserves and our model that continues to deliver significant impact will ensure that the organisation continues to deliver on its mandate.

# **Ikamva Lisezandleni Zethu (Non-Profit Organisation)**

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2019

## **Directors' Report**

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### **6. Going concern**

The directors believe that the organisation has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have considered the impact of COVID-19 and have satisfied themselves that the organisation is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are aware of this new material changes that may adversely impact the organisation. The directors are not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the organisation.

### **7. Auditors**

Nexia SAB&T continued in office as auditors for the organisation for 2019.



## Practitioner's Compilation Report

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### To the management of Ikamva Lisezandleni Zethu (Non-Profit Organisation)

We have compiled the annual financial statements of Ikamva Lisezandleni Zethu (Non-Profit Organisation), as set out on pages 10 - 19, based on the information you have provided. These annual financial statements comprise the statement of financial position of Ikamva Lisezandleni Zethu (Non-Profit Organisation) as at 30 November 2019, the statement of income and retained earnings, Statement of Comprehensive Income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual financial statements in accordance with the basis of accounting described in Note 1 to the annual financial statements. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These annual financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these annual financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these annual financial statements are prepared in accordance with the basis of accounting described in Note 1.

Our compilation report is solely for your use in your capacity as directors of Ikamva Lisezandleni Zethu (Non-Profit Organisation) and should not be distributed to other parties.

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**Silk Oak Auditors Inc.**  
**Maria Magdalena Fourie**  
**Director**  
**Chartered Accountant (SA)**

**13 July 2020**  
**Pretoria**



Unit 8, 6 De Havilland Crescent, Perseus Park, Pretoria 0102  
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**SILK OAK AUDITORS INC.**  
**DIRECTORS:** HG Buidler (MD) MM Fourie MJ Engelbrecht  
Itiba Practice No.: 903549 | VAT No.: 4820251587 | Reg No.: 2008/009561/21

## INDEPENDENT AUDITOR'S REPORT

To the Directors of Ikamva Lisezandleni Zethu (Non-Profit Organisation)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Ikamva Lisezandleni Zethu (Non-Profit Organisation) set out on pages 10 to 19, which comprise the statement of financial position as at 30 November 2019, and the statement comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ikamva Lisezandleni Zethu (Non-Profit Organisation) as at 30 November 2019, and its financial performance and cash flows for the year then ended in accordance with the basis of accounting policies as set out in note 1 of the financial statements.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organisation in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter

We draw attention to the matters below. Our opinion is not modified in respect of these matters.

#### Basis of accounting

Note 1 to the financial statements describes the basis of accounting. The financial statements are prepared in accordance with Ikamva Lisezandleni Zethu (Non-Profit Organisation)'s own accounting policies to satisfy the financial information needs of the organisation's directors. As a result, the financial statements may not be suitable for another purpose.

## **Events after the reporting period**

Note 17 to the financial statements describes the events after the reporting period and specifically the possible effects of the COVID-19 pandemic on Ikamva Lisezandleni Zethu (Non-Profit Organisation)'s future funding, performance and cash flows. Given the uncertainty of the situation, the duration of any business disruption and the financial impact on the fund-raising environment cannot be reasonably estimated at this time. Management have also described how they plan to deal with these events and circumstances.

## **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the document titled "Ikamva Lisezandleni Zethu (Non-Profit Organisation) Annual Financial Statements for the year ended 30 November 2019", which includes the Directors' Report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Directors for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting described in note 1, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Nexia SAB&T*

**Nexia SAB&T**

N.C. Soopal

Director

Registered Auditor

21 July 2020

119 Witch-Hazel Avenue

Centurion

0157

# **Ikamva Lisezandleni Zethu (Non-Profit Organisation)**

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2019

## **Statement of Financial Position as at 30 November 2019**

Figures in Rand	Note(s)	2019	2018
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	5 912 329	6 277 133
<b>Current Assets</b>			
Trade and other receivables	3	180 466	138 766
Cash and cash equivalents	4	8 354 257	9 216 326
		<b>8 534 723</b>	<b>9 355 092</b>
<b>Total Assets</b>		<b>14 447 052</b>	<b>15 632 225</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated surplus		7 937 695	9 250 443
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	5	24 148	70 671
Deferred income	6	6 070 514	5 942 829
Provisions	7	414 695	368 282
		<b>6 509 357</b>	<b>6 381 782</b>
<b>Total Equity and Liabilities</b>		<b>14 447 052</b>	<b>15 632 225</b>

## **Ikamva Lisezandleni Zethu (Non-Profit Organisation)**

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2019

### **Statement of Comprehensive Income**

Figures in Rand	Note(s)	2019	2018
Revenue	8	19 968 756	20 632 714
Other income	9	264 874	374 298
Operating expenses		(22 009 158)	(22 094 226)
<b>Operating deficit</b>	10	<b>(1 775 528)</b>	<b>(1 087 214)</b>
Investment revenue	13	462 780	373 344
<b>Deficit for the year</b>		<b>(1 312 748)</b>	<b>(713 870)</b>
Other comprehensive income		-	-
<b>Total comprehensive deficit for the year</b>		<b>(1 312 748)</b>	<b>(713 870)</b>

## **Ikamva Lisezandleni Zethu (Non-Profit Organisation)**

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2019

### **Statement of Changes in Equity**

Figures in Rand	Accumulated surplus	Total equity
<b>Balance at 01 December 2017</b>	<b>9 964 313</b>	<b>9 964 313</b>
Deficit for the year	(713 870)	(713 870)
Other comprehensive income	-	-
<b>Total comprehensive deficit for the year</b>	<b>(713 870)</b>	<b>(713 870)</b>
<b>Balance at 01 December 2018</b>	<b>9 250 443</b>	<b>9 250 443</b>
Deficit for the year	(1 312 748)	(1 312 748)
Other comprehensive income	-	-
<b>Total comprehensive deficit for the year</b>	<b>(1 312 748)</b>	<b>(1 312 748)</b>
<b>Balance at 30 November 2019</b>	<b>7 937 695</b>	<b>7 937 695</b>

Note(s)

# **Ikamva Lisezandleni Zethu (Non-Profit Organisation)**

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2019

## **Statement of Cash Flows**

Figures in Rand	Note(s)	2019	2018
<b>Cash flows from operating activities</b>			
Cash (used in) generated from operations	15	(1 282 284)	82 043
Interest income		462 780	373 344
<b>Net cash (used in)/from operating activities</b>		<b>(819 504)</b>	<b>455 387</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(42 565)	(244 599)
<b>Total cash movement for the year</b>		<b>(862 069)</b>	<b>210 788</b>
Cash at the beginning of the year		9 216 326	9 005 538
<b>Total cash at end of the year</b>	4	<b>8 354 257</b>	<b>9 216 326</b>

# **Ikamva Lisezandleni Zethu (Non-Profit Organisation)**

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2019

## **Accounting Policies**

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### **1. Basis of preparation and summary of significant accounting policies**

The annual financial statements have been prepared on a going concern basis in accordance with the accounting policies as set out below. The annual financial statements have been prepared on the historical cost basis, except for certain financial instruments at fair value. They are presented in South African Rands.

These accounting policies are consistent with the previous period. Ikamva Lisezandleni Zethu is a voluntary association operating as a non-profit organisation.

#### **1.1 Property, plant and equipment**

Property, plant and equipment are tangible assets which the organisation holds for administrative purposes and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the organisation, and the cost of the item can be measured reliably.

##### **Land and Property**

The organisation acquired a property in Salt River Cape Town. During the 2016 financial year the property was registered at the deeds office, as such the property was capitalised during the 2016 financial year.

Buildings are not depreciated and shall be revalued after every (5) five years and the adjustment to the account for loss or gains updated according to the Asset value. Free services provided by the municipality shall be utilised for this service but a professional consultant will be consulted after every 10 years to verify the municipality valuation.

Item	Average Useful life
Land	Indefinite

##### **Equipment**

Equipment consists of items of equipment in the computer lab/office container, furniture and fittings, office equipment and computer (IT) equipment. All items acquired that are not part of the computer lab, which are below R10 000 are expensed to surplus or deficit in the year of acquisition. All computer lab equipment are exempt, hence, will remain capitalised until they are fully depreciated.

It is the organisation's policy to capitalise assets at the end of the financial year in which they are acquired, hence they will start depreciating in the following year.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or improve it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

This includes costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at fair value less accumulated impairment losses.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment.

The useful lives of items of property, plant and equipment have been assessed as follows:

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<b>Item</b>	<b>Depreciation method</b>	<b>Average useful life</b>
Computer lab/office container	Straight line	10 years
Furniture and fixtures	Straight line	6 years
Office equipment	Straight line	3 years
IT equipment	Straight line	3 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

# **Ikamva Lisezandleni Zethu (Non-Profit Organisation)**

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2019

## **Accounting Policies**

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### **1.2 Financial instruments**

#### **Initial measurement**

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through surplus or deficit) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

#### **Financial instruments at amortised cost**

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest rate method. These include loans, trade receivables and trade payables.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

### **1.3 Tax**

#### **Tax exemption**

The organisation as approved as a public benefit organisation in terms of section 30 of the Income Tax Act (the Act), and the receipts and accruals are exempt for income taxes in terms of section 10(1)cN) of the Act.

The public benefit organisation was approved for purposes of section 18A(1)(a) of the Act and donations to the organisation will be tax deductible in the hands of the donors in terms of and subject to the limitations prescribed in section 18A of the Act.

### **1.4 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

### **1.5 Impairment of assets**

The organisation assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in surplus or deficit.

### **1.6 Employee benefits**

#### **Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

### **1.7 Provisions and contingencies**

Provisions are recognised when the organisation has an obligation at the reporting date as a result of a past event; it is probable that the organisation will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

# **Ikamva Lisezandleni Zethu (Non-Profit Organisation)**

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2019

## **Accounting Policies**

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### **1.7 Provisions and contingencies (continued)**

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

### **1.8 Deferred income**

Deferred income represents funding received according to funder agreements which has not yet been recognised as income.

Funding grants are recognised when there is reasonable assurance that:

- the organisation will comply with the conditions attached to them; and
- the grants will be received.

Funding grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A funding grant that becomes receivable as compensation for expenses of deficits already incurred for the purposes of giving immediate financial support to the entity with no future related costs is recognised as income in the period in which it becomes receivable.

### **1.9 Revenue**

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable in the ordinary course of the organisation's activities.

The organisation recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity; and
- specific criteria have been met for the organisation's activities, as described below.

### **Grants and donations**

Grants are recognised in accordance with the provisions of the underlying agreements, and where more appropriate, in the year expenditure in respect of which the grant was received was incurred.

Donations are recognised as income when received.

### **Interest income**

Interest is recognised, in surplus or deficit, using the effective interest rate method.

### **1.10 Grant and other receivables**

Grant and other receivables are recognised initially at the transaction value. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of other receivables are established when there are objective evidence that the organisation will not be able to collect all amounts due according to the original terms of the receivable.

### **1.11 Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within the borrowings in the current liabilities section of the statement of financial position.

### **1.12 Grant and other payables**

Grant and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

# **Ikamva Lisezandleni Zethu (Non-Profit Organisation)**

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2019

## **Notes to the Annual Financial Statements**

Figures in Rand

2019

2018

### **2. Property, plant and equipment**

#### **Reconciliation of property, plant and equipment - 2019**

	<b>Opening balance</b>	<b>Additions</b>	<b>Depreciation</b>	<b>Closing balance</b>
Land & Buildings	5 000 000	-	-	5 000 000
Office equipment	18 221	25 929	(6 074)	38 076
Computer Labs	1 122 911	16 636	(386 335)	753 212
Lab/Office Container	136 001	-	(14 960)	121 041
	<b>6 277 133</b>	<b>42 565</b>	<b>(407 369)</b>	<b>5 912 329</b>

#### **Reconciliation of property, plant and equipment - 2018**

	<b>Opening balance</b>	<b>Additions</b>	<b>Depreciation</b>	<b>Closing balance</b>
Land & Buildings	5 000 000	-	-	5 000 000
Office equipment	-	18 221	-	18 221
Computer Labs	1 479 335	145 332	(501 756)	1 122 911
Lab/Office Container	67 447	81 046	(12 492)	136 001
	<b>6 546 782</b>	<b>244 599</b>	<b>(514 248)</b>	<b>6 277 133</b>

### **3. Trade and other receivables**

Trade receivables	20 442	8 740
VAT	87 139	61 816
Other receivables	72 885	68 210
	<b>180 466</b>	<b>138 766</b>

### **4. Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand	20 564	67 583
Bank balances	8 001 945	8 864 891
Credit cards and E-bucks	331 748	283 852
	<b>8 354 257</b>	<b>9 216 326</b>

### **5. Trade and other payables**

Payroll payables	1 148	-
Other payables	23 000	70 671
	<b>24 148</b>	<b>70 671</b>

### **6. Deferred income**

Deferred income	6 070 514	5 942 829
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# Ikamva Lisezandleni Zethu (Non-Profit Organisation)

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2019

## Notes to the Annual Financial Statements

Figures in Rand 2019 2018

### 7. Provisions

#### Reconciliation of provisions - 2019

	Opening balance	Additions	Total
Provisions for employee benefits	368 282	46 413	414 695

#### Reconciliation of provisions - 2018

	Opening balance	Utilised during the year	Total
Provision for leave pay	412 227	(43 945)	368 282

### 8. Revenue

Grant Revenue	18 537 591	19 376 248
Ad hoc and Government Donations	1 431 165	1 256 466
	<b>19 968 756</b>	<b>20 632 714</b>

### 9. Other income

Rental income	81 677	179 813
Insurance claims	116 023	10 422
Employment Tax Incentives received	-	3 011
E-bucks income	49 844	97 097
CCP fees	1 130	54 925
Other income	16 200	29 030
	<b>264 874</b>	<b>374 298</b>

### 10. Operating deficit

Operating deficit for the year is stated after accounting for the following:

#### Operating lease charges

Premises		
• Contractual amounts	700 471	518 957

Depreciation on property, plant and equipment	407 369	514 248
Employee costs	13 974 184	13 402 212

### 11. Employee cost

#### Employee costs

Basic	13 315 544	12 862 066
Medical aid - company contributions	318 876	267 297
UIF	91 470	88 393
SDL	201 882	228 401
Leave pay provision charge	-	(43 945)
Other short term costs	46 412	-
	<b>13 974 184</b>	<b>13 402 212</b>

# **Ikamva Lisezandleni Zethu (Non-Profit Organisation)**

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2019

## **Notes to the Annual Financial Statements**

Figures in Rand	2019	2018
<b>12. Depreciation, amortisation and impairments</b>		
The following items are included within depreciation, amortisation and impairments:		
<b>Depreciation</b>		
Property, plant and equipment	407 369	514 248
<b>13. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	462 780	373 344
<b>14. Auditor's remuneration</b>		
Fees	132 681	99 644
<b>15. Cash (used in) generated from operations</b>		
Deficit before taxation	(1 312 748)	(713 870)
<b>Adjustments for:</b>		
Depreciation and amortisation	407 369	514 248
Interest received	(462 780)	(373 344)
Movements in provisions	46 413	(43 945)
Reclassification of loan to deferred income	-	(2 000 000)
<b>Changes in working capital:</b>		
Trade and other receivables	(41 700)	(33 137)
Trade and other payables	(46 523)	(60 738)
Deferred income	127 685	2 792 829
	<b>(1 282 284)</b>	<b>82 043</b>

## **16. Going concern**

We draw attention to the fact that at 30 November 2019, the organisation had accumulated surplus of R 7 937 695 and that the organisation's total assets exceed its liabilities by R 7 937 695.

The directors believe that the organisation has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have considered the impact of COVID-19 and have satisfied themselves that the organisation is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are aware of this new material changes that may adversely impact the organisation. The directors are not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the organisation.

## **17. Events after the reporting period**

The annual financial statements were authorised for issue on 13 July 2020 by the board of directors of the organisation.

In March 2020, the World Health Organisation declared the outbreak of a novel Coronavirus (Covid-19) a pandemic. The president of the Republic of South Africa subsequently announced the closure of all schools and a national lockdown. As a result we shut down all our branches and seized giving in person tutoring sessions to our learners. Management took a decision to equip all staff to continue working from home. Our Programmatic model was also shifted to online platforms where our learners now receive tutoring support via whatsapp with our staff managing the virtual tutoring spaces. This shift has surprisingly been very successful though its besotted with socio-economic challenges for the learners like access to data and devices since we deal with under resourced communities. The organisation is primed to see through the 2020 financial year with adequate financial resources through adaptations made but anticipates that the funding environment will be negatively affected as foundations and funding agencies around the world recover from the impact of the pandemic. The financial impact of the elevated funding environment challenges cannot be reasonably estimated at this juncture but management is optimistic that its long term relationships with funders, our untouched reserves and our model that continues to deliver significant impact will ensure that the organisation continues to deliver on its mandate.

# **Ikamva Lisezandleni Zethu (Non-Profit Organisation)**

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2019

## **Detailed Income Statement**

Figures in Rand	Note(s)	2019	2018
<b>Revenue</b>			
Grant revenue		18 537 591	19 376 248
Ad hoc and Government Donations		1 431 165	1 256 466
	8	<b>19 968 756</b>	<b>20 632 714</b>
<b>Other income</b>			
Rental income		81 677	179 813
Insurance claims		116 023	10 422
Employment Tax Incentives received		-	3 011
E-bucks income		49 844	97 097
CCP fees		1 130	54 925
Other income		16 200	29 030
		<b>264 874</b>	<b>374 298</b>
<b>Expenses (Refer to page 21)</b>		<b>(22 009 158)</b>	<b>(22 094 226)</b>
<b>Operating deficit</b>	10	<b>(1 775 528)</b>	<b>(1 087 214)</b>
Investment income	13	462 780	373 344
<b>Deficit for the year</b>		<b>(1 312 748)</b>	<b>(713 870)</b>

# **Ikamva Lisezandleni Zethu (Non-Profit Organisation)**

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2019

## **Detailed Income Statement**

Figures in Rand	Note(s)	2019	2018
<b>Operating expenses</b>			
Application and registration fees		(83 163)	(113 326)
Auditors remuneration	14	(132 681)	(99 644)
Bad debts		(98 919)	-
Bank charges		(95 254)	(85 820)
Catering		(110 587)	(132 076)
Cleaning		(32 458)	(136 112)
Communication expenses		(613 838)	(899 622)
Computer equipment and programme expenses		(102 365)	(184 110)
Consulting and professional fees		(510 555)	(235 360)
Communication collaboration programme		(99 912)	(51 922)
Depreciation, amortisation and impairments		(407 369)	(514 248)
Employee costs		(13 974 184)	(13 402 212)
Fundraising, marketing and annual report		(255 086)	(310 688)
Furniture and fittings		(136 402)	(168 272)
General expenses		(104)	(67 914)
Insurance		(278 953)	(291 795)
Learner materials and assessments		(32 475)	(90 313)
Lease rentals on operating lease		(700 471)	(518 957)
Legal expenses		(1 000)	-
Learner career guidance and workshops		(270 263)	(323 192)
Prize giving		(62 672)	(127 527)
Postage		(7 754)	(14 941)
Printing and stationery		(310 816)	(355 876)
Repairs and maintenance		(92 106)	(73 759)
Security		(45 582)	(75 023)
Special projects in kind		(5 446)	-
Software and licensing		(69 394)	(73 946)
Staff transport, accomodation and subsistence		(649 440)	(953 093)
Strategic planning and AGM		(280 329)	(199 986)
Training		(267 073)	(146 228)
Volunteer appreciation		(5 804)	(148 759)
Volunteer transport		(1 486 483)	(1 304 465)
Winter school		(790 220)	(995 040)
		<b>(22 009 158)</b>	<b>(22 094 226)</b>