

**Ikamva Lisezandleni Zethu (Non-Profit Organisation)**  
(Registration number 032-082-NPO)

**Annual Financial Statements**  
**for the year ended 30 November 2020**

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

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2020

## **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 Nkotoe S Godwana
<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>	24 May 2021

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

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2020

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

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2020

## **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.

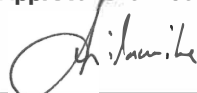
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial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

The directors have reviewed the organisation's cash flow forecast and, in the light of this 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 24 May 2021 and were signed on its behalf by:

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



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**M H Chidawanyika**

**Monday, 24 May 2021**



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**P I Madisha**

**Monday, 24 May 2021**



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

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2020

## **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 2020.

### **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	
P I Madisha	Chairperson	
S Kumalo		Resigned Sunday, 31 May 2020
R Simankane		
X Mkhize		
Y E Bucknor		
R Mudimu		
N J Ebrahim		Resigned Monday, 29 March 2021
N Nkotoe		
S Godwana		Appointed Saturday, 19 September 2020

### **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**

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report that has a material impact on the annual financial statements.

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

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2020

## **Directors' Report**

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### **6. Going concern**

The 2020FY was one of the most challenging years in recent memory. Once the World Health Organisation declared the novel coronavirus (Covid-19) a pandemic, the country responded by instituting a national lockdown as well as school closures in March 2020. We as IkamvaYouth had to respond quickly by adjusting our model and delivering to our beneficiaries via virtual means for the first time as well as all staff working remotely. The disrupted academic year posed a massive challenge for the organisation because even when schools reopened around June 2020, access to learners in person was not possible and we had to rely heavily on tutoring via virtual means. In order to make this new way of engagement successful, the organisation had to fundraise and purchase smart phones for our matric class as well as providing them with data, so as to ensure that they had access to content and tutors either after school or when no schooling was happening. The stark inequalities in our society were laid bare and learners from under resourced communities found themselves struggling to access assistance virtually because they either had no devices or data. On the financial side, the organisation relied heavily on our long-trusted donors and partnerships. This enabled us to have all our secured funding honored by all funders and we did not have any cuts by any funder during the 2020FY. However, we had to adjust our budget to align with the new way of working that we had adopted as well as being cautious about our fundraising ability in a very challenging environment. The main challenge was with new funding as foundations, Trusts and corporates all took a cautious approach on funding new partners whilst the pandemic evolved. This posed a threat to our pipeline which is normally built months and years in advance to ensure that subsequent years are adequately funded. Fortunately, from July 2020 onwards as the pandemic eased and the economy started to reopen, we managed to see traction on funding leads which enabled us to meet the threshold set by the Board for the 2021FY budget approval process. The organisation is thus primed to go through the 2021 financial year without any funding challenges and has a growing pipeline of funding for subsequent years.

We fully expect to continue with a blended offering for our learners in 2021 and beyond, and management is seized with revenue streams diversification to ensure long term sustainability of the organisation and despite the challenging fundraising environment, we have had some good success at this already. The fundraising landscape is expected to continue being constrained in the short term and one cannot ascertain with confidence what the future impact of this could be but there is certainly optimism that this will shift quickly. With the new variants of the coronavirus emerging around the world and the sluggish vaccine rollout, it appears that we will have to learn to live with the virus and its effects and ultimately our agility and resilience as an organisation should carry the day.

### **7. Auditors**

Nexia SAB&T continued in office as auditors for the organisation for 2020.



## 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 - 21, based on 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 2020, the statement of comprehensive income, statement of changes in equity 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 on 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 to the annual financial statements.

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

**24 May 2021**  
**Pretoria**



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**SILK OAK AUDITORS INC.**  
**DIRECTORS:** HG Budler (MD), MM Fourie, MJ Engelbrecht  
Irba 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)

### Opinion

We have audited the financial statements of Ikamva Lisezandleni Zethu (Non-Profit Organisation) set out on pages 10 to 21, which comprise the statement of financial position as at 30 November 2020, and the statement of 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 of Ikamva Lisezandleni Zethu (Non-Profit Organisation) for the year ended 30 November 2020 are prepared, in all material respects, in accordance with the basis of accounting described 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 Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter – Basis of Accounting

We draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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. Our opinion is not modified in respect of this matter.

### 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 2020", which includes the Directors' Report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on 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, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of the 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.

- 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.

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

26 May 2021

# Ikamva Lisezandleni Zethu (Non-Profit Organisation)

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2020

## Statement of Financial Position as at 30 November 2020

Figures in Rand	Note(s)	2020	2019 Restated
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	5 622 334	5 912 329
<b>Current Assets</b>			
Trade and other receivables	3	120 727	171 467
Cash and cash equivalents	4	10 336 249	8 308 470
		<b>10 456 976</b>	<b>8 479 937</b>
<b>Total Assets</b>		<b>16 079 310</b>	<b>14 392 266</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated surplus		11 474 457	7 867 909
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	5	89 762	39 148
Deferred income	6	3 931 751	6 070 514
Provisions	7	583 340	414 695
		<b>4 604 853</b>	<b>6 524 357</b>
<b>Total Equity and Liabilities</b>		<b>16 079 310</b>	<b>14 392 266</b>

# Ikamva Lisezandleni Zethu (Non-Profit Organisation)

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2020

## Statement of Comprehensive Income

Figures in Rand	Note(s)	2020	2019 Restated
Revenue	8	20 827 918	19 968 756
Other income	9	1 747 219	264 743
Operating expenses		(19 291 603)	(22 018 158)
<b>Operating surplus/( deficit)</b>	10	<b>3 283 534</b>	<b>(1 784 659)</b>
Investment revenue	13	323 014	462 780
<b>Surplus/(Deficit) for the year</b>		<b>3 606 548</b>	<b>(1 321 879)</b>
Other comprehensive income		-	-
<b>Total comprehensive surplus/(deficit) for the year</b>		<b>3 606 548</b>	<b>(1 321 879)</b>



# Ikamva Lisezandleni Zethu (Non-Profit Organisation)

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2020

## Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Opening balance as previously reported	9 250 443	9 250 443
Adjustments		
Prior year adjustments (note 16)	(60 657)	(60 657)
<b>Balance at 01 December 2018 as restated</b>	<b>9 189 788</b>	<b>9 189 788</b>
Deficit for the year	(1 321 879)	(1 321 879)
Other comprehensive surplus/(deficit)	-	-
<b>Total comprehensive deficit for the year</b>	<b>(1 321 879)</b>	<b>(1 321 879)</b>
<b>Balance at 01 December 2019</b>	<b>7 867 909</b>	<b>7 867 909</b>
Surplus for the year	3 606 548	3 606 548
Other comprehensive surplus/(deficit)	-	-
<b>Total comprehensive income for the year</b>	<b>3 606 548</b>	<b>3 606 548</b>
<b>Balance at 30 November 2020</b>	<b>11 474 457</b>	<b>11 474 457</b>

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

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2020

## **Statement of Cash Flows**

Figures in Rand	Note(s)	2020	2019 Restated
<b>Cash flows from operating activities</b>			
Cash generated from (used in) operations	15	1 704 765	(1 328 071)
Interest income		323 014	462 780
<b>Net cash from/(used in) operating activities</b>		<b>2 027 779</b>	<b>(865 291)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	-	(42 565)
<b>Total cash movement for the year</b>		<b>2 027 779</b>	<b>(907 856)</b>
Cash at the beginning of the year		8 308 470	9 216 326
<b>Total cash at end of the year</b>	4	<b>10 336 249</b>	<b>8 308 470</b>

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

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2020

## **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>
Land and buildings	Not depreciated	
Computer labs	Straight line	10 years
Lab/Office container	Straight line	10 years
Furniture and fixtures	Straight line	6 years
Office 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 2020

## **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 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.

#### **Operating leases - lessor**

Operating lease income is recognised as an income on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

#### **Operating leases – lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

### **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.

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

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2020

## **Accounting Policies**

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### **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**

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.

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.

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

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2020

## **Accounting Policies**

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### **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.

#### **Other income**

Other income consists mainly of project income and rental income.

Project Income is income derived from the implementation of specific projects in line with the mandate of the organisation which differs from the traditional grant revenue received.

The project income is recognised in accordance with the provisions of the underlying agreement and where more appropriate, in the year in which expenditure was incurred.

#### **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 2020

## Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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### 2. Property, plant and equipment

#### Reconciliation of property, plant and equipment - 2020

	Opening balance	Depreciation	Closing balance
Land & Buildings	5 000 000	-	5 000 000
Office equipment	38 076	(14 717)	23 359
Computer Labs	753 212	(253 789)	499 423
Lab/Office Container	121 041	(21 489)	99 552
	<b>5 912 329</b>	<b>(289 995)</b>	<b>5 622 334</b>

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

	Opening balance	Additions	Depreciation	Closing balance
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>

### 3. Trade and other receivables

Trade receivables	-	20 442
VAT	-	87 140
Other receivables	120 727	63 885
	<b>120 727</b>	<b>171 467</b>

### 4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4 613	20 564
Bank balances	10 105 517	8 001 945
Credit cards and E-bucks	226 119	285 961
	<b>10 336 249</b>	<b>8 308 470</b>

### 5. Trade and other payables

VAT	46 416	-
Payroll payables	-	1 148
Other payables	43 346	38 000
	<b>89 762</b>	<b>39 148</b>

### 6. Deferred income

Deferred income	3 383 981	6 070 514
Deferred Project Income Shell	547 770	-
	<b>3 931 751</b>	<b>6 070 514</b>

# Ikamva Lisezandleni Zethu (Non-Profit Organisation)

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## Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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### 7. Provisions

#### Reconciliation of provisions - 2020

	Opening balance	Additions	Total
Provisions for leave pay	414 695	168 645	583 340

#### Reconciliation of provisions - 2019

	Opening balance	Additions	Total
Provision for leave pay	368 282	46 413	414 695

### 8. Revenue

Grant Revenue	19 989 443	18 537 591
Ad hoc and Government Donations	838 475	1 431 165
	<b>20 827 918</b>	<b>19 968 756</b>

### 9. Other income

Rental income	136 518	81 677
Insurance claims	121 785	116 023
E-bucks income	7 917	49 713
CCP fees	-	1 130
Other income	1 480 999	16 200
	<b>1 747 219</b>	<b>264 743</b>

### 10. Operating surplus/( deficit)

Operating surplus/( deficit) for the year is stated after accounting for the following:

#### Operating lease charges

Premises		
• Contractual amounts	464 702	700 471
Depreciation on property, plant and equipment	289 995	407 369
Employee costs	14 259 534	13 974 184

### 11. Employee cost

#### Employee costs

Basic	13 738 703	13 315 544
Medical aid - company contributions	190 190	318 876
UIF	106 838	91 470
COIDA	55 158	46 412
Other short term costs	168 645	201 882
	<b>14 259 534</b>	<b>13 974 184</b>



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## Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>12. Depreciation, amortisation and impairments</b>		
The following items are included within depreciation, amortisation and impairments:		
<b>Depreciation</b>		
Property, plant and equipment	289 995	407 369
<b>13. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	323 014	462 780
<b>14. Auditor's remuneration</b>		
Fees	109 527	132 681
<b>15. Cash generated from (used in) operations</b>		
Profit (loss) before taxation	3 606 548	(1 321 879)
<b>Adjustments for:</b>		
Depreciation and amortisation	289 995	407 369
Interest received	(323 014)	(462 780)
Movements in provisions	168 645	46 413
Prior year adjustments (refer note 16)	-	(60 656)
<b>Changes in working capital:</b>		
Trade and other receivables	50 740	(32 700)
Trade and other payables	50 614	(31 523)
Deferred income	(2 138 763)	127 685
	<b>1 704 765</b>	<b>(1 328 071)</b>

## 16. Prior period errors

During the period under review the following corrections were made that relate to 2018 and 2019:

- Adjustments with regards to the E-Bucks rewards (2018);
- Reversal of a open day grant recalled and minor changes to the E-Bucks balance (2019).
- Correction of rental expense owing.

The correction of the error(s) results in adjustments as follows:

### Statement of Financial Position

Sundry receivables	-	(9 000)
E-Bucks	-	(45 526)
Sundry payables	-	(15 000)
Opening retained earnings	-	60 657

### Surplus or Deficit

Open day costs	-	9 000
E Bucks income	-	131

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

(Registration number: 032-082-NPO)

Annual Financial Statements for the year ended 30 November 2020

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

Figures in Rand	2020	2019
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### **17. Going concern**

We draw attention to the fact that at 30 November 2020, the organisation had accumulated surplus of R11 474 457 and that the organisation's total assets exceed its liabilities by R 11 474 457. 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 change 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.

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

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report that has a material impact on the annual financial statements.

# Ikamva Lisezandleni Zethu (Non-Profit Organisation)

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Annual Financial Statements for the year ended 30 November 2020

## Detailed Income Statement

Figures in Rand	Note(s)	2020	2019
<b>Revenue</b>			
Grant revenue		19 989 443	18 537 591
Ad hoc and Government Donations		838 475	1 431 165
	8	<b>20 827 918</b>	<b>19 968 756</b>
<b>Other income</b>			
Rental income		136 518	81 677
Other income		1 480 999	16 200
Insurance claims		121 785	116 023
E-bucks income		7 917	49 713
CCP fees		-	1 130
		<b>1 747 219</b>	<b>264 743</b>
<b>Expenses (Refer to page 23)</b>		<b>(19 291 603)</b>	<b>(22 018 158)</b>
<b>Operating surplus/(deficit)</b>	10	<b>3 283 534</b>	<b>(1 784 659)</b>
Investment income	13	323 014	462 780
<b>Surplus/(deficit) for the year</b>		<b>3 606 548</b>	<b>(1 321 879)</b>

# Ikamva Lisezandleni Zethu (Non-Profit Organisation)

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Annual Financial Statements for the year ended 30 November 2020

## Detailed Income Statement

Figures in Rand	Note(s)	2020	2019
<b>Operating expenses</b>			
Application and registration fees		(28 872)	(83 163)
Auditors remuneration	14	(109 527)	(132 681)
Bad debts		(64 054)	(98 919)
Bank charges		(63 543)	(95 254)
Catering		(65 575)	(110 587)
Cleaning		(23 172)	(32 458)
Communication expenses		(520 567)	(613 838)
Computer equipment and programme expenses		(72 361)	(102 365)
Consulting and professional fees		(299 524)	(510 555)
Communication collaboration programme		(55 990)	(99 912)
Depreciation, amortisation and impairments		(289 995)	(407 369)
Employee costs		(14 259 534)	(13 974 184)
Fundraising, marketing and annual report		(211 186)	(264 086)
Furniture and fittings		(21 655)	(136 402)
General expenses		-	(104)
Insurance		(299 023)	(278 953)
Learner materials and assessments		(34 103)	(32 475)
Lease rentals on operating lease		(464 702)	(700 471)
Legal expenses		-	(1 000)
Learner career guidance and workshops		(140 666)	(270 263)
Prize giving		(63 215)	(62 672)
Virtual tutoring expenses		(606 178)	-
Postage		(9 725)	(7 754)
Printing and stationery		(419 423)	(310 816)
Repairs and maintenance		(86 615)	(92 106)
Security		(46 707)	(45 582)
Special projects in kind		-	(5 446)
Software and licensing		(81 171)	(69 394)
Staff transport, accommodation and subsistence		(275 699)	(649 440)
Strategic planning and AGM		(23 267)	(280 329)
Training		(103 471)	(267 073)
Volunteer appreciation		(9 978)	(5 804)
Volunteer transport		(537 724)	(1 486 483)
Winter school		(4 381)	(790 220)
		<b>(19 291 603)</b>	<b>(22 018 158)</b>