

Umnotho for Empowerment

(Registration Number 070-858-NPO)

**Annual Financial Statements
for the year ended 31 March 2020**

Reviewed Financial Statements

in compliance with Non-profit organisations Act of South Africa

Umnotho for Empowerment

(Registration Number 070-858-NPO)

Annual Financial Statements for the year ended 31 March 2020

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Umnotho for Empowerment

(Registration Number 070-858-NPO)

Annual Financial Statements for the year ended 31 March 2020

General Information

Country of Incorporation and Domicile	South Africa
Registration Number	070-858-NPO
Nature of Business and Principal Activities	Community social development
Management	Sam Ngoma Lesego Mokoena Ofentse Khumalo Dimakatso Munthali
Registered Office	Plot 79 Rietvlei Muldersdrift Mogale 1747
Business Address	Plot 79 Rietvlei Muldersdrift Mogale 1747
Postal Address	Plot 79 Rietvlei Muldersdrift Mogale 1747
Bankers	Standard Bank
Professional Accountant (SA)	Moloi & Co Accountants P O Box 114 Fourways North Johannesburg South Africa 2086
Preparer	Moloi & Co Accountants P O Box 114 Fourways North Johannesburg South Africa 2086

Umnotho for Empowerment

(Registration Number 070-858-NPO)

Annual Financial Statements for the year ended 31 March 2020

Management's Responsibilities and Approval

Management is 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 satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the organisation, and explain the transactions and financial position of the business of the organisation at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the organisation and supported by reasonable and prudent judgements and estimates.

Management acknowledges 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 management to meet these responsibilities, the management committee 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 organisations 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.

Management is 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources management has no reason to believe that the organisation will not be a going concern in the foreseeable future. The financial statements support the viability of the organisation.

The independent reviewer is responsible for independently reviewing and reporting on the annual financial statements. The independent reviewers report is presented on page 5.

The annual financial statements as set out on pages 7 to 16 were approved by the management committee on 20 November 2020 and were signed on its behalf by:

Samuel Ngoma

Lesego Mokoena

Ofentse Khumalo

Umnotho for Empowerment

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Annual Financial Statements for the year ended 31 March 2020

Management's Report

The management present their report for the year ended 31 March 2020.

1. Review of financial results and activities

Main business and operations

The principal activity of the non-profit organisation is community social development. There were no major changes herein during the year.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The management committee is not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the non-profit organisation.

4. Members' interest in contracts

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

5. Borrowing limitations

In terms of the Memorandum of Incorporation of the non-profit organisation, the management may exercise all the powers of the non-profit organisation to borrow money, as they consider appropriate.

6. Management

The management of the non-profit organisation during the year and up to the date of this report are as follows:

Samuel Ngoma

Lesego Mokoena

Ofentse Khumalo

Dimakatso Munthali

7. Independent Reviewer

Moloi & Co Accountants was the independent reviewer for the year under review.



Report of the Independent Reviewer

To the Management of Umnotho for Empowerment

I have reviewed the financial statements of Umnotho for Empowerment set out on pages 7 to 16, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Management's Responsibility for the Annual Financial Statements

The management are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Non-profit organisations Act of South Africa, and for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Reviewer's Responsibility

My responsibility is to express a conclusion on these financial statements. I conducted my review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements (ISRE 2400 (Revised)). ISRE 2400 (Revised) requires me to conclude whether anything has come to my attention that causes me to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires me to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that these financial statements do not present fairly, in all material respects, the financial position of Umnotho for Empowerment as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Non-profit organisations Act of South Africa.

Moloi & Co Accountants



Per: **BIGBRAIN MOLOI**
Professional Accountant (SA)
SAIPA Membership No.18353

18 November 2020

P O Box 114
Fourways North
Johannesburg
South Africa
2086

Report of the Compiler

To the Management of Umnotho for Empowerment

I have compiled the accompanying financial statements of Umnotho for Empowerment based on information you have provided. These financial statements comprise the statement of financial position of Umnotho for Empowerment as at 31 March 2020, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

I have applied my expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Non-profit organisations Act of South Africa. I have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These 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, I am not required to verify the accuracy or completeness of the information you provided to me to compile these financial statements. Accordingly, I do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Note 2 states the basis on which these financial statements are prepared. Accordingly, these financial statements are for your use only, and may not be suitable for other purposes.

My compilation report is intended solely for your use in your capacity as management of Umnotho for Empowerment, and may not be distributed to other parties.

Nicobel Consulting

18 November 2020



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Per: HESITEN JAMES
Business Accountant in Practice (SA)
SAIBA Membership No: 6874

P O Box 114
Fourways North
Johannesburg
South Africa
2086

Umnotho for Empowerment

(Registration Number 070-858-NPO)

Financial Statements for the year ended 31 March 2020

Statement of Financial Position

Figures in R

	Notes	2020	2019
Assets			
Non-current assets			
Property, plant and equipment	4	6,791,043	6,295,626
Total non-current assets		6,791,043	6,295,626
Current assets			
Trade and other receivables	5	146,520	144,770
Cash and cash equivalents	6	887,322	687,877
Total current assets		1,033,842	832,647
Total assets		7,824,885	7,128,273
Member investments and liabilities			
Member investments			
Member Contributions	7	12,458,319	10,883,393
Accumulated deficit		(4,633,434)	(3,755,120)
Total member investments		7,824,885	7,128,273
Total member investments and liabilities		7,824,885	7,128,273

Umnotho for Empowerment

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Financial Statements for the year ended 31 March 2020

Statement of Comprehensive Income

Figures in R	Notes	2020	2019
Revenue	7	1,511,906	1,105,109
Other income	8	536,285	571,821
Administrative expenses		(205,443)	(147,529)
Other expenses		(2,712,086)	(1,901,851)
Deficit from operating activities		(869,338)	(372,450)
Finance costs	9	(8,976)	(10,555)
Deficit for the year		(878,314)	(383,005)

Umnotho for Empowerment

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Financial Statements for the year ended 31 March 2020

Statement of Changes in Equity

Figures in R	Member Contributions	Accumulated deficit	Total
Balance at 1 April 2018	10,086,366	(3,372,115)	6,714,251
Changes in member investments			
Deficit for the year	-	(383,005)	(383,005)
Total comprehensive income	-	(383,005)	(383,005)
Increase through other contributions by member	797,027	-	797,027
Balance at 31 March 2019	10,883,393	(3,755,120)	7,128,273
Balance at 1 April 2019	10,883,393	(3,755,120)	7,128,273
Changes in member investments			
Deficit for the year	-	(878,314)	(878,314)
Total comprehensive income	-	(878,314)	(878,314)
Increase through other contributions by member	797,027	-	797,027
Increase through contributions from members	777,899	-	777,899
Balance at 31 March 2020	12,458,319	(4,633,434)	7,824,885

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Umnotho for Empowerment

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Financial Statements for the year ended 31 March 2020

Statement of Cash Flows

Figures in R	Note	2020	2019
Cash flows used in operations			
Deficit for the year		(878,314)	(383,005)
Adjustments to reconcile deficit			
Adjustments for finance costs		8,976	10,555
Adjustments for increase in trade accounts receivable		(13,231)	(144,770)
Adjustments for depreciation and amortisation expense		264,127	215,542
Adjustments for impairment losses and reversal of impairment losses recognised in surplus or deficit		11,481	-
Total adjustments to reconcile deficit		271,353	81,327
Net cash flows used in operations		(606,961)	(301,678)
Interest paid		(8,976)	(10,555)
Net cash flows used in operating activities		(615,937)	(312,233)
Cash flows used in investing activities			
Purchase of property, plant and equipment		(759,544)	(100,000)
Cash flows used in investing activities		(759,544)	(100,000)
Cash flows from financing activities			
Changes in member contributions		1,574,926	797,027
Cash flows from financing activities		1,574,926	797,027
Net increase in cash and cash equivalents		199,445	384,794
Cash and cash equivalents at beginning of the year		687,877	303,083
Cash and cash equivalents at end of the year	6	887,322	687,877

Umnotho for Empowerment

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Financial Statements for the year ended 31 March 2020

Accounting Policies

1. General information

Umnotho For Empowerment is a Non-Profit Organisation (NPO: 070-858) registered with the South African Department of Social Development as per the NPO Act 71 of 1997. Its mission is to eradicate poverty in communities and to improve poor people's standard of living.

The non-profit organisation is incorporated and domiciled in South Africa. The address of its registered office is Plot 79, Rietvlei, Muldersdrift, Mogale, 1747.

2. Basis of preparation and summary of significant accounting policies

The financial statements of Umnotho for Empowerment have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Non-profit organisations Act of South Africa. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, certain property, plant and equipment, biological assets and derivative financial instruments at fair value. They are presented in South African Rand.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the non-profit organisation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

21 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. The non-profit organisation adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the non-profit organisation. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to surplus or deficit during the period in which they are incurred. Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

22 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts.

Revenue from the sale of goods is recognised when:

- significant risks and rewards of ownership of the goods have been transferred to the buyer;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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Financial Statements for the year ended 31 March 2020

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Interest income is recognised using the effective interest method.

Rental income from investment property that is leased to a third party under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the lease term and is included in 'other income'.

Dividend income is recognised when the non-profit organisation's right to receive payment has been established and is shown as 'finance income'.

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

23 Government grants

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the non-profit organisation has complied with all attached conditions. Grants received where the non-profit organisation has yet to comply with all attached conditions are recognised as a liability (and included in deferred income within trade and other payables) and released to income when all attached conditions have been complied with. Government grants received are included in 'other income' in profit or loss.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in R

4 Property, plant and equipment

Balances at year end and movements for the year

	Land	Motor vehicles	Containers	Fixtures and fittings	Tools equipment	Computer equipment	Buildings and improvements	Mobile Offices	Wendy Houses	Total
Reconciliation for the year ended 31 March 2020										
Balance at 1 April 2019										
At cost	5,210,000	196,235	100,000	21,281	16,180	13,497	612,125	512,009	370,358	7,051,685
Accumulated depreciation	-	(156,988)	(10,000)	(17,025)	(16,180)	(8,998)	(202,125)	(204,804)	(139,939)	(756,059)
Net book value	5,210,000	39,247	90,000	4,256	-	4,499	410,000	307,205	230,419	6,295,626
Movements for the year ended 31 March 2020										
Additions from acquisitions	500,000	-	128,945	17,591	23,954	83,054	-	-	6,000	759,544
Depreciation	-	(39,247)	(22,895)	(7,774)	(11,977)	(32,184)	(61,213)	(51,201)	(37,636)	(264,127)
Property, plant and equipment at the end of the year	5,710,000	-	196,050	14,073	11,977	55,369	348,787	256,004	198,783	6,791,043
Closing balance at 31 March 2020										
At cost	5,710,000	196,235	228,945	38,872	40,134	96,551	612,125	512,009	376,358	7,811,229
Accumulated depreciation	-	(196,235)	(32,895)	(24,799)	(28,157)	(41,182)	(263,338)	(256,005)	(177,575)	(1,020,186)
Net book value	5,710,000	-	196,050	14,073	11,977	55,369	348,787	256,004	198,783	6,791,043
Reconciliation for the year ended 31 March 2019										
Balance at 1 April 2018										
At cost	5,210,000	196,235	-	21,281	16,180	13,497	612,125	512,009	370,358	6,951,685
Accumulated depreciation	-	(117,741)	-	(12,769)	(8,090)	(4,499)	(140,913)	(153,603)	(102,903)	(540,518)
Net book value	5,210,000	78,494	-	8,512	8,090	8,998	471,212	358,406	267,455	6,411,167
Movements for the year ended 31 March 2019										
Additions from acquisitions	-	-	100,000	-	-	-	-	-	-	100,000
Depreciation	-	(39,247)	(10,000)	(4,256)	(8,090)	(4,499)	(61,212)	(51,201)	(37,036)	(215,541)
Property, plant and equipment at the end of the year	5,210,000	39,247	90,000	4,256	-	4,499	410,000	307,205	230,419	6,295,626

Umnotho for Empowerment

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Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in R

Property, plant and equipment continued...

Closing balance at 31 March 2019

At cost	5,210,000	196,235	100,000	21,281	16,180	13,497	612,125	512,009	370,358	7,051,685
Accumulated depreciation	-	(156,988)	(10,000)	(17,025)	(16,180)	(8,998)	(202,125)	(204,804)	(139,939)	(756,059)
Net book value	5,210,000	39,247	90,000	4,256	-	4,499	410,000	307,205	230,419	6,295,626

Umnotho for Empowerment

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Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in R

2020

2019

5. Trade and other receivables

Trade and other receivables comprise:

Loans to members	146,520	144,770
Total trade and other receivables	146,520	144,770

6. Cash and cash equivalents

Cash and cash equivalents comprise:

Cash

Cash on hand	1,555	909
Balances with banks	885,767	686,968
Total cash	887,322	687,877

Total cash and cash equivalents included in current assets

887,322 **687,877**

Net cash and cash equivalents

887,322 **687,877**

7. Member Contributions

7.1 Member Contributions

Members' contribution	12,824,234	11,312,336
Refund on member withdrawal	(365,915)	(428,943)
	12,458,319	10,883,393

7. Revenue

7.1 Revenue comprises:

Copies	4,042	3,429
Interest received	26,483	30,663
Fees received	94,838	103,347
Other revenue	69,572	189,484
Insurance claims, annuities and other policy benefits	120,246	-
Government grants received	1,196,725	778,186
Total revenue	1,511,906	1,105,109

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Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in R

2020

2019

8. Other income

Other income comprises:

Municipal charges recoveries	369,630	423,060
Electricity recoveries – Ideal prepaid	163,299	144,201
Bank charges - recoveries	3,356	4,560
Total other income	536,285	571,821

9. Finance costs

Finance costs included in surplus or deficit:

Interest paid	8,976	10,555
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10. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

11. Prior period errors

The following prior period errors were corrected in the current year. The effect of the error is disclosed below.

The accounts receivable for 2019 was adjusted upwards by an amount of R105 115 due to loans that were not recognized/understated during the previous year. This increased the retained earnings with the corresponding amount. The comparative figures on these financial statements have been adjusted after correction of this error.

Umnotho for Empowerment

(Registration Number 070-858-NPO)

Annual Financial Statements for the year ended 31 March 2020

Detailed Income Statement

Figures in R	Notes	2020	2019
Revenue	7		
Copies		4,042	3,429
Government grant		1,196,725	778,186
Insurance claims		120,246	-
Interest received		26,483	30,663
Other income		8,077	109,299
Project admin cost - recoveries		61,495	80,185
Registration fees		94,838	103,347
Total revenue		1,511,906	1,105,109
Other income	8		
Bank charges - recoveries		3,356	4,560
Electricity - recoveries		163,299	144,201
Municipal charges - recoveries		369,630	423,060
Total other income		536,285	571,821
Administrative expenses			
Accounting, Legal and Professional Fees		(64,651)	(55,201)
Admin expenses		(1,500)	(1,600)
Bank charges		(40,102)	(29,699)
Computer expenses		(20,213)	(2,399)
Telephone & Internet		(78,977)	(58,630)
Total administrative expenses		(205,443)	(147,529)

Umnotho for Empowerment

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Annual Financial Statements for the year ended 31 March 2020

Detailed Income Statement

Figures in R

	Notes	2020	2019
Other expenses			
Advertising & marketing		(114,625)	(26,250)
Bad debts		(11,481)	-
Branding		(23,444)	-
Cleaning		(7,795)	(17,146)
Depreciation - property, plant and equipment		(264,127)	(215,542)
Donations		(25,474)	-
Employee costs - salaries		(1,171,080)	(896,300)
Entertainment		(12,947)	-
Fundraising		-	(30,000)
General expenses		-	(2,100)
Information and referral		(85,041)	(68,490)
Insurance and security		(76,860)	(33,767)
Meals and refreshments		(59,573)	(66,599)
Municipal charges		(319,224)	(165,071)
Office consumables		(10,571)	(922)
Photography		-	(2,000)
Printing and stationery		(7,289)	(11,273)
Protective clothing		(6,000)	(6,150)
Repairs and maintenance		(69,384)	(139,126)
Repairs and maintenance - Vehicles		-	(22,088)
Staff uniforms		-	(3,226)
Training - Umnotho Youth		(169,737)	(123,498)
Transport		(277,434)	(72,303)
Total other expenses		(2,712,086)	(1,901,851)
Deficit from operating activities		(869,338)	(372,450)
Finance costs	9		
Interest paid		(8,976)	(10,555)
Total finance costs		(8,976)	(10,555)
Deficit for the year		(878,314)	(383,005)