



UMNOTHO FOR EMPOWERMENT

(Registration Number 070-858- NPO)

**Annual Financial Statements for
the year ended 31 March 2019**

Reviewed Financial Statements

Prepared: Moloi & Co. Accountants

UMNOTHO FOR EMPOWERMENT

(Registration Number 070-858- NPO)

Annual Financial Statements for the year ended 31 March 2019

Index

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

General Information	2
Report of the Independent Reviewer	3 - 4
Report of the Compiler	5
Directors' Responsibilities and Approval	6
Directors' Report	7
Statement of Financial Position	8
Statement of Comprehensive Income	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Accounting Policies	12
Notes to the Annual Financial Statements	13 - 15
Supplementary information: Detailed Income Statement	16-17

UMNOTHO FOR EMPOWERMENT

(Registration Number 070-858- NPO)

Annual Financial Statements for the year ended 31 March 2019

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Community Social Development
MANAGEMENT	Sam Ngoma (Appointed 22 October 2018) Lesego Mokoena (Appointed 22 October 2018) Ofentse Khumalo (Appointed 22 October 2018) Dimakatso Munthali (Appointed 22 October 2018)
REGISTERED OFFICE	Plot 79 Rietvlei Muldersdrift Mogale 1747
BUSINESS ADDRESS	Plot 79 Rietvlei Muldersdrift Mogale 1747
BANKERS	Standard Bank
INDEPENDENT REVIEWER	Moloi & Co Accountants P O Box 114 Fourways North Johannesburg South Africa 2086



Independent Reviewer's Report

To the Management of Umnotho For Empowerment

Report on the Annual Financial Statements

I was engaged to review the annual financial statements of Umnotho For Empowerment set out on pages 8 to 15, which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Annual Financial Statements

The organisation's management is responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and for such internal control as management determines is necessary to enable the preparation of annual 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

I have reviewed the accompanying financial statements of Umnotho Youth for Empowerment that comprise the statement of financial position, statement of income and expenditure, statement of receipts and payments and cash flows and other explanatory information.

I believe that the evidence I have obtained in my review is sufficient and appropriate to provide a basis for my conclusion. 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.

It is my conclusion that the financial statements present fairly in all material respects, the financial position of Umnotho Youth for Empowerment as at 31 March 2019 and its financial performance and cash flows for the year then ended, in accordance with IFRSs for SMEs and PFMA

Basis of Accounting

Without modifying my conclusion, I draw attention to note 2 to the annual financial statements, which describes the basis of accounting. The annual financial statements are prepared in accordance with the organisation's own accounting policies to satisfy the financial information needs of the organisation.

Moloi & Co Accountants



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

11 November 2019

**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 annual financial statements of Umnotho For Empowerment based on information you have provided. These annual financial statements comprise the statement of financial position of Umnotho For Empowerment as at 31 March 2019, the statement of comprehensive income, the statement of changes in reserves and the statement of cash flows for the year then ended, 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. 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 and the requirements of the Companies Act of South Africa.

Note 2 states the basis on which these financial statements are prepared, and their purpose is described in the paragraph below. 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 should not be distributed to other parties.

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

11 November 2019

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 2019

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 organizations 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 endeavors to minimize 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 3 to 4.

The annual financial statements as set out on pages 8 to 15 were approved by the management committee on 25 November 2019 and were signed on its behalf by:

Sam Ngoma

Dimakatso Munthali

Offense Khumalo

UMNOTHO FOR EMPOWERMENT

(Registration Number 070-858- NPO)

Annual Financial Statements for the year ended 31 March 2019

Management's Report

The management committee present their report for the year ended 31 March 2019.

1. Review of activities

Main business and operations

The principal activity of the organisation is community social development and there were no major changes herein during the year.

The operating results and statement of financial position of the organisation are fully set out in the attached financial statements and do not in our opinion require any further comment.

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 require adjustment or disclosure have been adjusted or disclosed.

4. Management's interest in contracts

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

5. Management

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

Sam Ngoma

Lesage Mokoena

Offense Khumalo

Dimakatso Munthali

6. Independent Reviewer

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

UMNOTHO FOR EMPOWERMENT

(Registration Number 070-858- NPO)

Financial Statements for the year ended 31 March 2019

Statement of Financial Position

Figures in R	Notes	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	3	6,295,626	6,411,172
Current Assets			
Cash and cash equivalents	4	687,878	303,083
Trade & other receivables	5	39,655	0
Total Assets		7,023,159	6,714,255
Reserves and Liabilities			
Reserves			
Members' Investments		10,883,393	10,086,366
Accumulated Surplus (Deficit)		(3,860,234)	(3,372,111)
Total Reserves and Liabilities		7,023,159	6,714,255

UMNOTHO FOR EMPOWERMENT

(Registration Number 070-858- NPO)

Annual Financial Statements for the year ended 31 March 2019

Statement of Comprehensive Income

Figures in R	Notes	2019	2018
Revenue	6	1,536,967	1,116,412
Other income		4,179	3,366
Operating costs		(2,059,933)	(1,636,884)
Operating surplus/(deficit)		(518,786)	(517,106)
Finance income	7	30,663	69,484
Deficit for the year		(488,123)	(447,622)
Accumulated Deficit at 1 April 2018		(3,372,111)	(2,924,489)
Surplus/(Deficit) for the year		(488,123)	(447,622)
Accumulated deficit at 31 March 2019		(3,860,234)	(3,372,111)

UMNOTHO FOR EMPOWERMENT

(Registration Number 070-858- NPO)

Annual Financial Statements for the year ended 31 March 2019

Statement of Changes in Reserves

Figures in R	Accumulated Surplus/Deficit	Members' Investments	Total
Balance at 1 April 2017	(2,924,489)	9,581,383	6,656,894
Capital Contribution		504,983	504,983
Total comprehensive income for the year	<u>(447,622)</u>	<u></u>	<u>(447,622)</u>
Balance as at 31 March 2018	(3,372,111)	10,086,366	6,714,255
Balance at 1 April 2018	(3,372,111)	10,086,366	6,714,255
Capital Contribution		797,027	797,027
Total comprehensive income for the year	<u>(488,123)</u>	<u></u>	<u>(488,123)</u>
Balance as at 31 March 2019	<u>(3,860,234)</u>	<u>10,883,393</u>	<u>7,023,159</u>

UMNOTHO FOR EMPOWERMENT

(Registration Number 070-858- NPO)

Annual Financial Statements for the year ended 31 March 2019

Statement of Cash Flows

Figures in R	Note	2019	2018
Cash flows from operating activities			
Surplus for the year		(488,123)	(447,622)
<i>Adjustments for:</i>			
Depreciation of tangible assets		215,541	205,537
Increase in accounts receivable		(39,655)	
Investment income		(30,663)	(69,484)
Net cash flows from operations		(303,245)	(311,569)
Investment income		30,663	69,484
Net cash flows from operating activities		(312,237)	(235,085)
Cash flows used in investing activities			
Property, plant and equipment acquired	3	(100,000)	(1,029,677)
Net cash flows used in investing activities		(100,000)	(1,029,677)
Cash flows used in financing activities			
Member Contributions		1,225,969	941,293
Refunds to Members		(428,943)	(436,310)
Net cash flows used in financing activities		797,027	504,983
Net (decrease) / increase in cash and cash equivalents		384,790	(759,779)
Cash and cash equivalents at beginning of the year		303,088	1,062,861
Cash and cash equivalents at end of the year	4	687,878	303,088

UMNOTHO FOR EMPOWERMENT

(Registration Number 070-858- NPO)

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1. General information

Umnotho For Empowerment is a non-profit organisation.

2. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

UMNOTHO FOR EMPOWERMENT

(Registration Number 070-858- NPO)

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

Figures in R 2019 2018

3. Property, plant and equipment

	2019		2018			
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
<i>Owned assets</i>						
Containers	100,000	10,000	90,000	-	-	-
Land	5,210,000	-	5,210,000	5,210,000	-	5,210,000
Buildings	612,125	202,125	410,000	612,125	140,913	471,212
Vehicles	196,235	156,988	39,247	196,235	117,741	78,494
Wendy Houses	370,358	139,939	230,439	370,358	102,903	267,455
Mobile Offices	512,009	204,804	307,205	512,009	153,603	358,406
Furniture & Fittings	21,282	17,025	4,256	21,282	12,769	8,512
Lawnmower	16,180	16,180	-	16,180	8,090	8,090
Computer Equipment	13,497	8,998	4,495	13,497	4,495	9,002
	7,051,685	756,059	94,499	6,951,685	540,513	6,411,172

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2019 Carrying value at end of year
<i>Owned assets</i>					
Containers	-	100,000		(10,000)	90,000
Land	5,210,000	-		-	5,210,000
Buildings	471,212	-		(61,213)	410,000
Vehicles	78,494	-		(39,247)	39,247
Wendy Houses	267,455	-		(37,036)	230,419
Mobile Offices	358,406	-		(51,201)	307,205
Furniture & Fittings	8,512	-		(4,256)	4,256
Lawnmower	8,090	-		(8,090)	-
Computer Equipment	9,002	-		(4,499)	4,499
	6,411,172	100,000	-	(215,541)	6,295,626

4. Cash and cash equivalents

Favourable cash balances

Cash on hand	909	2,098
Standard Bank Account Balance	686,968	300,990
	687,878	303,088

UMNOTHO FOR EMPOWERMENT

(Registration Number 070-858- NPO)

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

Figures in R	2019	2018
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5. Accounts receivable

Accounts receivable

Outstanding Loans	39,655	-
	<u>39,655</u>	<u>-</u>

6. Revenue

An analysis of revenue is as follows:

Gross Revenue

Grant Income	778,186	323,148
Electricity – Recovery	144,201	143,11
Bank Charges - Recovery	4,560	3,531
Copies	3,429	2,325
Insurance - Claim	-	27,060
Membership Fees	15,400	-
Project Admin - Recovery	80,185	49,798
Registration Fees	81,647	20,760
Service Charges - Recovery	423,060	542,780
Withdrawal Fees	6,300	3,900
	<u>1,536,967</u>	<u>1,116,412</u>

UMNOTHO FOR EMPOWERMENT

(Registration Number 070-858- NPO)

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

Figures in R

2019

2018

7. Finance income

Interest income

Interest received

30,663

69,484

UMNOTHO FOR EMPOWERMENT

(Registration Number 070-858- NPO)

Annual Financial Statements for the year ended 31 March 2019

Detailed Income Statement

Figures in R	2019	2018
Gross Revenue		
Grant Income	778,186	323,148
Electricity – Recovery	144,201	143,11
Bank Charges - Recovery	4,560	3,531
Copies	3,429	2,325
Insurance - Claim	-	27,060
Membership Fees	15,400	-
Project Admin - Recovery	80,185	49,798
Registration Fees	81,647	20,760
Service Charges - Recovery	423,060	542,780
Withdrawal Fees	6,300	3,900
	<u>1,536,967</u>	<u>1,116,412</u>
Other Income		
Investment income	30,663	69,484
Other income	4,179	3,366
	<u>34,842</u>	<u>72,850</u>
	<u>1,571,810</u>	<u>1,189,262</u>
Expenditure		
Accounting, Legal and Professional Fees	55,201	144,250
Admin Expenses	1,600	1,596
Advertising & Marketing Expenses	26,250	22,010
Bank Charges	29,699	30,905
Cleaning and Maintenance	17,146	-
Computer Expenses	2,399	1,746
Donations	-	2,500
Depreciation & Amortisation	215,541	205,537
Entertainment		740
Fire Safety Equipment	1,600	-
Fundraising	30,000	-
Garden Upkeep & Tools		2,860
Information and Referral	68,490	1,809
Insurance & Security	33,767	30,024
Interest Paid on Withdrawal	10,555	2,027
Meals & Refreshments	66,599	22,807
Meeting Expenses	-	-
Membership Fees	-	11,000
Motor Vehicle - Fuel Expenses	-	3,374
Office Consumables	922	525
Other Expenses	2,100	-
Photography	2,000	-
Training	123,498	56,728
Printing & Stationery	11,273	37,711
Rates, Taxes & Municipality Expenses	165,071	142,543

UMNOTHO FOR EMPOWERMENT

(Registration Number 070-858- NPO)

Annual Financial Statements for the year ended 31 March 2019

Continued from page 16

Registration Fees	-	800
Repairs & Maintenance	137,526	126,372
Repairs & Maintenance - Vehicles	22,088	21,898
Safety Clothing	-	1,476
Salaries & Wages	896,300	638,954
Staff Uniforms	3,226	-
Telephone & Internet	58,630	33,172
Transport	72,303	58,508
Travel & Accommodation		35,015
Venue Hire	6,150	-
	2,059,933	1,636,884
Deficit for the year	(488,123)	(447,622)