

**CONGRESS OF THE PEOPLE - CONSTITUENCY ACCOUNT**  
**(Registration number 2008/026811/08)**  
**Annual financial statements**  
**for the year ended 31 March 2012**

**CONGRESS OF THE PEOPLE - CONSTITUENCY ACCOUNT**  
**(Registration number 2008/026811/08)**  
**Annual Financial Statements for the year ended 31 March 2012**  
**General Information**

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Political Party - Constituency Support
<b>Party Leader</b>	Mosiuo Gerard Patrick Lekota
<b>Chief Wip</b>	Dennis Victor Bloem
<b>Registered office</b>	Plein Street Cape Town 8001
<b>Business address</b>	Plein Street Cape Town 8001
<b>Postal address</b>	P.O Box 15 Cape Town 8000
<b>Bankers</b>	First National Bank
<b>Auditors</b>	C2M Chartered Accountants Inc. Chartered Accountants (S.A.) Registered Auditors



**CONGRESS OF THE PEOPLE - CONSTITUENCY ACCOUNT**  
**(Registration number 2008/026811/08)**  
**Annual Financial Statements for the year ended 31 March 2012**  
**Index**

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

<b>Index</b>	<b>Page</b>
Accounting Officer's Responsibilities and Approval	3
Independent Auditors' Report	4 - 6
Accounting Officer's 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 - 15
Notes to the Annual Financial Statements	16 - 19

The following supplementary information does not form part of the annual financial statements and is unaudited:

Detailed Income Statement	20
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**Level of assurance**

These annual financial statements have been audited in compliance with the applicable requirements of the Policy on Political Parties Allowance.

**Preparer**

M.D Dreyer  
MIAC

**Published**

30 May 2012



**CONGRESS OF THE PEOPLE - CONSTITUENCY ACCOUNT**  
**(Registration number 2008/026811/08)**  
**Annual Financial Statements for the year ended 31 March 2012**  
**Accounting Officer's Responsibilities and Approval**

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The Accounting Officer is required in terms of the Policy on Political Parties Allowance to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is her responsibility to ensure that the annual financial statements fairly present the state of affairs of the Congress of the People herein after known as the "Constituency Fund" 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 South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The current Accounting Officer, having been appointed in March 2011, acknowledges that she is ultimately responsible for the system of internal financial control established by the Constituency Fund and places considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Constituency Fund 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 Constituency Fund and all employees are required to maintain the highest ethical standards in ensuring the Constituency Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Constituency Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Constituency Fund. While operating risk cannot be fully eliminated, the Constituency Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer 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 Accounting Officer has reviewed the Constituency Fund's cash flow forecast for the year to 31 March 2013 and, in the light of this review and the current financial position, she is satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 20, which have been prepared on the going concern basis, were approved on 30 May 2012 and were signed on its behalf by:

  
\_\_\_\_\_  
**Mosiuoa Gerard Patrick Lekota**

  
\_\_\_\_\_  
**Dennis Victor Bloem**



# Chartered Accountants Inc.

## Independent Auditors' Report

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### To the members of Congress of the People - Constituency Account

We have audited the annual financial statement of Congress of the People - Constituency Account, which comprise the statement of financial position as at 31 March 2012, and 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 notes, and the Accounting Officer's report as set out on pages 7 to 19.

### Accounting Officer's Responsibility for the Annual Financial Statements

The Congress of the People's accounting officer is responsible for the preparation and fair presentation of these annual financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and requirements of the Policy on Political Parties Allowance, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



## Basis for Qualified Opinion

The previous auditors were unable to satisfy themselves concerning the accuracy and completeness of the supporting documentation for the financial transactions underpinning all the elements of the financial statements as at 31 March 2011. They were thus unable to confirm or verify the disclosures in the financial statements, which comprise the statement of financial position, the statement of comprehensive income, statement of changes in equity and statement of cash flows and a summary of significant accounting policies and explanatory notes.

Since the opening balances affect the financial statements, we were unable to determine whether adjustments to the opening balances might be necessary for 2012. Our audit opinion on the financial statements for the period ending 31 March 2012 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures. This is due to the fact that the previous year's audit report contained a disclaimer of opinion.

All the discrepancies with regards to the opening balances relating to 31 March 2011 financial year, are expected to be resolved and amended during the course of the 31 March 2013 financial year.

We were unable to confirm the existence of plant and equipment of R 538,328 as on 31 March 2012. The plant and equipment are kept at locations throughout the country, which made a physical asset verification not economically feasible.

The following matters of non-compliance with the Policy on Political Parties Allowances, as issued by the Parliament of the Republic of South Africa, as at the date of the financial statements of 31 March 2012, came to our attention during the course of the audit:

- We found that the financial management system and internal controls were improved during the current financial year under review, but it is still not as effective and sufficient as the Policy on Political Party Allowance require.
- During the financial period ending 31 March 2011, monies were transferred to the political party concerned. These funds have not been fully refunded to the Constituency Fund in the financial year under review.

## Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of Congress of the People - Constituency Account as at 31 March 2012, and its financial performance and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and the requirements of the Policy on Political Parties Allowance.



**Supplementary Information**

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 20 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

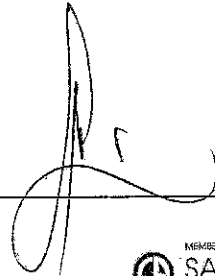
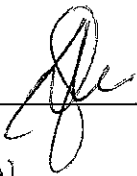
*C2M Mutual Accountants*

**C2M Chartered Accountants Inc.  
Chartered Accountants (S.A.)  
Registered Auditors**

**30 May 2012**

**Tygerforum B  
53 Willie van Schoor Drive  
Tygervalley  
Bellville  
7530**

Per: A Nel



**CONGRESS OF THE PEOPLE - CONSTITUENCY ACCOUNT**  
**(Registration number 2008/026811/08)**  
**Annual Financial Statements for the year ended 31 March 2012**  
**Accounting Officer's Report**

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The Accounting Officer submits her report for the year ended 31 March 2012.

**1. Review of activities**

**Main business and operations**

The Congress of the People (COPE), is a political party which engages in politics principally in South Africa. COPE has 37 elected members to the Parliament for the year under review. As one of the political parties in the National Assembly, the party receives constituency allowances from the National Assembly to cater for its constituencies. The constituency allowance constitutes the party's main source of income in the year under review. This is the third year of the party's representation in the National Assembly.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net profit of the company was R 5,528,487 (2011: R 1,944,114 profit).

**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 the reporting period**

The Accounting Officer is not aware of any matter or circumstance arising since the end of the financial year.

**4. Party Leaders**

The Party's leader in the National Assembly is Mr. Mosiuoa Gerard Patrick Lekota. The Acting Chief Whip of the Party is Mr. Dennis Victor Bloem.

<b>Name</b>	<b>Nationality</b>
Mosiuoa Gerard Patrick Lekota	South African
Dennis Victor Bloem	South African

**5. Auditors**

C2M Chartered Accountants Inc. has been appointed as auditors for the year ended 31 May 2012.

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**CONGRESS OF THE PEOPLE - CONSTITUENCY ACCOUNT**  
 (Registration number 2008/026811/08)  
 Annual Financial Statements for the year ended 31 March 2012  
 Statement of Financial Position

Figures in Rand	Note(s)	2012	2011
<b>Assets</b>			
<b>Non-Current Assets</b>			
Plant and equipment	2	538,328	695,131
Other financial assets	3	9,850,137	10,048,341
		<u>10,388,465</u>	<u>10,743,472</u>
<b>Current Assets</b>			
Trade and other receivables	4	368,728	368,728
Cash and cash equivalents	5	6,018,967	27,351
		<u>6,387,695</u>	<u>396,079</u>
<b>Total Assets</b>		<u>16,776,160</u>	<u>11,139,551</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained income		16,274,986	10,746,499
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	6	501,176	393,053
<b>Total Equity and Liabilities</b>		<u>16,776,162</u>	<u>11,139,552</u>

**CONGRESS OF THE PEOPLE - CONSTITUENCY ACCOUNT**  
**(Registration number 2008/026811/08)**  
**Annual Financial Statements for the year ended 31 March 2012**  
**Statement of Comprehensive Income**

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2012</b>	<b>2011</b>
Revenue	7	21,958,423	13,098,903
Operating expenses		(16,469,960)	(11,185,492)
<b>Operating profit</b>	8	<b>5,488,463</b>	<b>1,913,411</b>
Investment revenue	9	40,024	30,703
<b>Profit for the year</b>		<b>5,528,487</b>	<b>1,944,114</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>5,528,487</b>	<b>1,944,114</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		5,528,487	1,944,114

**CONGRESS OF THE PEOPLE - CONSTITUENCY ACCOUNT**  
 (Registration number 2008/026811/08)  
 Annual Financial Statements for the year ended 31 March 2012  
 Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
<b>Balance at 01 April 2010</b>	<b>8,802,385</b>	<b>8,802,385</b>
Changes in equity		
Total comprehensive income for the year	1,944,114	1,944,114
Total changes	1,944,114	1,944,114
<b>Balance at 01 April 2011</b>	<b>10,746,499</b>	<b>10,746,499</b>
Changes in equity		
Total comprehensive income for the year	5,528,487	5,528,487
Total changes	5,528,487	5,528,487
<b>Balance at 31 March 2012</b>	<b>16,274,986</b>	<b>16,274,986</b>

**CONGRESS OF THE PEOPLE - CONSTITUENCY ACCOUNT**  
 (Registration number 2008/026811/08)  
 Annual Financial Statements for the year ended 31 March 2012  
 Statement of Cash Flows

Figures in Rand	Note(s)	2012	2011
<b>Cash flows from operating activities</b>			
Cash generated from operations	12	5,753,388	1,692,503
Interest income		40,024	30,703
<b>Net cash from operating activities</b>		<b>5,793,412</b>	<b>1,723,206</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	2	-	(45,134)
Sale of financial assets		198,204	(4,093,903)
<b>Net cash from investing activities</b>		<b>198,204</b>	<b>(4,139,037)</b>
<b>Total cash movement for the year</b>		<b>5,991,616</b>	<b>(2,397,280)</b>
Cash at the beginning of the year		27,351	2,424,631
<b>Total cash at end of the year</b>	5	<b>6,018,967</b>	<b>27,351</b>

**CONGRESS OF THE PEOPLE - CONSTITUENCY ACCOUNT**  
**(Registration number 2008/026811/08)**  
**Annual Financial Statements for the year ended 31 March 2012**  
**Accounting Policies**

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**1. Presentation of Annual Financial Statements**

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and the Policy on Political Parties Allowance. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

**1.1 Significant judgements and sources of estimation uncertainty**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

**Trade receivables and Loans and receivables**

The company assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note - Provisions.

**1.2 Plant and equipment**

The cost of an item of plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

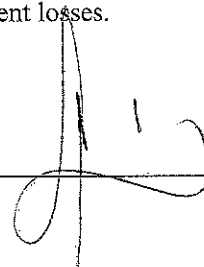
Plant and equipment is initially measured at cost.

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

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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**CONGRESS OF THE PEOPLE - CONSTITUENCY ACCOUNT**  
**(Registration number 2008/026811/08)**  
**Annual Financial Statements for the year ended 31 March 2012**  
**Accounting Policies**

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**1.2 Plant and equipment (continued)**

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

<b>Item</b>	<b>Average useful life</b>
Computer Equipment	3 years
Computer Software	3 years
Furniture and Fittings	6 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

**1.3 Financial instruments**

**Classification**

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

**Initial recognition and measurement**

Financial instruments are recognised initially when the Constituency Fund becomes a party to the contractual provisions of the instruments.

The Constituency Fund classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

**Subsequent measurement**

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

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### 1.3 Financial instruments (continued)

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

### 1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

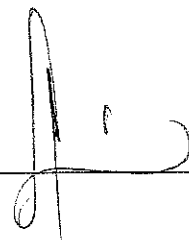
#### Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

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### **1.5 Impairment of assets**

The Constituency Fund assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

### **1.6 Provisions and contingencies**

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

### **1.7 Parliamentary allocations**

Parliamentary allocations are recognised when there is reasonable assurance that:

- the Constituency Fund will comply with the conditions attaching to them; and
- the allocation will be received.

Parliamentary allocation is recognised as income in the period it accrues.

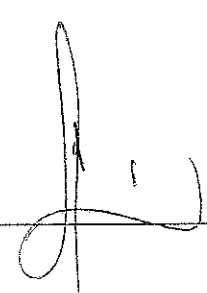
### **1.8 Borrowing costs**

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### **1.9 Other income**

Interest is recognised in profit or loss using the effective interest rate method.

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CONGRESS OF THE PEOPLE - CONSTITUENCY ACCOUNT  
(Registration number 2008/026811/08)  
Annual Financial Statements for the year ended 31 March 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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2. Plant and equipment

	2012			2011		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	810,993	(297,116)	513,877	810,993	(161,950)	649,043
IT equipment	24,000	(11,667)	12,333	24,000	(3,667)	20,333
Computer software	27,274	(15,156)	12,118	27,274	(1,519)	25,755
<b>Total</b>	<b>862,267</b>	<b>(323,939)</b>	<b>538,328</b>	<b>862,267</b>	<b>(167,136)</b>	<b>695,131</b>

Reconciliation of plant and equipment - 2012

	Opening balance	Depreciation	Total
Furniture and fixtures	649,043	(135,166)	513,877
IT equipment	20,333	(8,000)	12,333
Computer software	25,755	(13,637)	12,118
	<b>695,131</b>	<b>(156,803)</b>	<b>538,328</b>

Reconciliation of plant and equipment - 2011

	Opening balance	Additions	Depreciation	Write off	Total
Furniture and fixtures	1,160,312	-	(135,165)	(376,104)	649,043
IT equipment	-	24,000	(3,667)	-	20,333
Computer software	7,831	21,134	(1,316)	(1,894)	25,755
	<b>1,168,143</b>	<b>45,134</b>	<b>(140,148)</b>	<b>(377,998)</b>	<b>695,131</b>

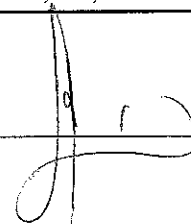
A register containing the information required by Section 29(1) of the Policy on Political Parties Allowance and Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

3. Other financial assets

Congress of the People - Party	9,831,587	10,029,791
S Shilowas	18,550	18,550
	<b>9,850,137</b>	<b>10,048,341</b>

Non-current assets

Loans and receivables	9,850,137	10,048,341
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**CONGRESS OF THE PEOPLE - CONSTITUENCY ACCOUNT**  
 (Registration number 2008/026811/08)  
 Annual Financial Statements for the year ended 31 March 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>4. Trade and other receivables</b>		
Tenant Deposits	368,728	368,728
<b>5. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	6,018,967	27,351
<b>6. Trade and other payables</b>		
Trade payables	86,751	-
Accounting & Audit Fee Accrual	89,000	44,500
Other Accruals	-	101,784
UIF	(108)	8,549
PAYE	(1,350)	25,324
Provision for leave pay	326,883	200,000
Salary Control	-	12,896
	<b>501,176</b>	<b>393,053</b>
<b>7. Parliamentary Allocation</b>		
Constituency Allowance	21,958,423	13,098,903
<b>8. Operating profit</b>		
Operating profit for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	3,379,262	3,819,911
Equipment		
• Contractual amounts	334,763	309,917
	<b>3,714,025</b>	<b>4,129,828</b>
Depreciation on property, plant and equipment	156,802	140,149
Employee costs	6,720,254	5,735,380
<b>9. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	40,024	30,703

**10. Taxation**

No provision has been made for tax. The entity is exempt as a political party.

**CONGRESS OF THE PEOPLE - CONSTITUENCY ACCOUNT**  
 (Registration number 2008/026811/08)  
 Annual Financial Statements for the year ended 31 March 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>11. Auditors' remuneration</b>		
Fees	375,450	44,500
<b>12. Cash generated from operations</b>		
Profit before taxation	5,528,487	1,944,114
<b>Adjustments for:</b>		
Depreciation and amortisation	156,802	140,149
Interest received	(40,024)	(30,703)
<b>Changes in working capital:</b>		
Trade and other receivables	-	(368,728)
Trade and other payables	108,123	393,053
	<b>5,753,388</b>	<b>2,077,885</b>

**13. Related parties**

**Relationships**

Congress of the People

Party

COPE Parliamentary Account

Entity managed by the Party

**Related party balances**

**Loan accounts - Owing (to) by related parties**

Congress of the People - Party

9,831,587

10,029,791

S Shilowas

18,550

18,550

**14. Risk management**

**Liquidity risk**

The Constituency Fund's risk to liquidity is a result of the funds available to cover future commitments. The Constituency Fund manages liquidity risk through an ongoing review of future commitment.

**Interest rate risk**

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

**Cash flow interest rate risk**

The cash flow risk to the Congress of the People is that during the course of the year its cash flow resources are depleted prior to the receipt of the new allocation from Parliament. The risk is managed through detailed cash flow forecasts and budgetary comparisons that are performed on a regular basis and ensuring that all expenses stay within budgetary limits as forecast.

**CONGRESS OF THE PEOPLE - CONSTITUENCY ACCOUNT**  
**(Registration number 2008/026811/08)**  
**Annual Financial Statements for the year ended 31 March 2012**

**Notes to the Annual Financial Statements**

**Figures in Rand**

**2012**

**2011**


**14. Risk management (continued)**

**Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Constituency Fund only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

**15. 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.



**CONGRESS OF THE PEOPLE - CONSTITUENCY ACCOUNT**  
(Registration number 2008/026811/08)  
**Annual Financial Statements for the year ended 31 March 2012**  
**Detailed Income Statement**

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2012</b>	<b>2011</b>
<b>Revenue</b>			
Constituency Allowance		21,958,423	13,098,903
<b>Other income</b>			
Interest received	9	40,024	30,703
<b>Operating expenses</b>			
Accounting fees		(79,540)	(26,473)
Advertising		-	(48,392)
Assets written off		-	(389,029)
Auditors remuneration	11	(375,450)	(44,500)
Bad debts		-	(18,221)
Bank charges		(231,279)	(167,289)
Computer expenses		(6,270)	(3,762)
Depreciation, amortisation and impairments		(156,802)	(140,149)
Employee costs		(6,720,254)	(5,735,380)
Depreciation, amortisation and impairments		(32,532)	-
HR & Staff Costs		(417,325)	-
Lease rentals on operating lease		(3,714,025)	(4,129,828)
Postage		(43,509)	-
Printing and stationery		(2,857,370)	(201,601)
Repairs and maintenance		(17,954)	-
Staff welfare		(2,231)	-
Subscriptions		(1,029)	(20,702)
Telephone and fax		(346,259)	(148,206)
Training		(903,159)	(76,960)
Travel - local		(564,972)	(35,000)
		<b>(16,469,960)</b>	<b>(11,185,492)</b>
<b>Profit for the year</b>		<b>5,528,487</b>	<b>1,944,114</b>