

CONGRESS OF THE PEOPLE - CONSTITUENCY FUND
Annual financial statements
for the year ended 31 March 2014

Congress of the People - Constituency Fund
(Registration number 2008/026811/08)
Annual Financial Statements for the year ended 31 March 2014
General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Political Party - Constituency Support
Party Leader	MGP Lekota
Chief Wip	T Botha
Registered office	Plein Street Cape Town 8001
Business address	Plein Street Cape Town 8001
Postal address	P.O Box 15 Cape Town 8000
Bankers	First National Bank
Auditors	C2M Chartered Accountants Inc. Chartered Accountants (S.A.) Registered Auditors

Congress of the People - Constituency Fund
(Registration number 2008/026811/08)
Annual Financial Statements for the year ended 31 March 2014
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The reports and statements set out below comprise the annual financial statements presented to the members:

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

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Preparer

M.D Dreyer
Professional Accountant (S.A)

Published

01 April 2014

Congress of the People - Constituency Fund
(Registration number 2008/026811/08)
Annual Financial Statements for the year ended 31 March 2014
Accounting Officer's Responsibilities and Approval

The Accounting Officer are required by the Policy on Political Party Allowances, 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 Congress of the People 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 International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standards, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

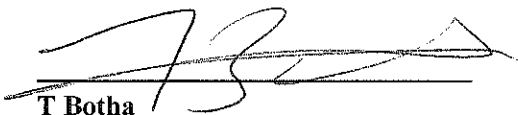
The accounting officer acknowledge that she are ultimately responsible for the system of internal financial control established by the Constituency Fund and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the 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 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 Accounting Officer have reviewed the Constituency Fund's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, they are satisfied that the fund 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 fund's annual financial statements. The annual financial statements have been examined by the fund's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 6 to 17, which have been prepared on the going concern basis, were approved by the party leader on 22 April 2014 and were signed on its behalf by:


T Botha

Independent Auditors' Report

To the member of Congress of the People - Constituency Fund

We have audited the accompanying annual financial statements of Congress of the People - Constituency Fund, which comprise the directors' report, the statement of financial position as at 31 March 2014, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 16.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standards., and in the manner required by the Policy on Political Party Allowances. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 auditors 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 the directors, 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 audit opinion.

Basis for qualified opinion

In accordance with the Policy on Political Party Allowance, the fund is not allowed to lend funds to any external source or any related fund. As the fund has a material amount owed to them by COPE Head Office, it results in a contravention of the Policy of Polital Party Allowance.

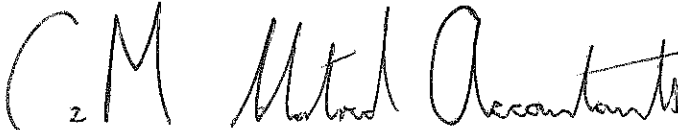
Opinion

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 the party as of 31 March 2014, and of its financial performance and its cash flows for the year then ended in accordance with the , and in the manner required by the Policy on Political Party Allowances.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following matter of non-compliance with the Policy on Political Parties Allowances, as issued by the Parliament of the Republic of South Africa:

We found that the financial management system and internal controls were improved during the current financial year under review, but is still not as effective and sufficient as the Policy on Political Party Allowance require.

Handwritten signature in black ink, appearing to read "C2M Chartered Accountants".

C2M Chartered Accountants Inc.
Chartered Accountants (SA)
Registered Auditors

22 April 2014

Tygerforum B
53 Willie van Schoor Drive
Tygervalley
Bellville
7530

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Congress of the People - Constituency Fund
(Registration number 2008/026811/08)
Annual Financial Statements for the year ended 31 March 2014
Accounting Officer's Report

The party leader have pleasure in submitting their report on the annual financial statements of Congress of the People - Constituency Fund for the year ended 31 March 2014.

1. Nature of business

Congress of the People - Constituency Fund is a South African Political Party.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Policy on Political Party Allowances. The accounting policies have been applied consistently compared to the prior year.

3. Party Leaders

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

Party Leaders

MGP Lekota

T Botha

4. 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 Fund
(Registration number 2008/026811/08)
Annual Financial Statements for the year ended 31 March 2014
Statement of Financial Position as at 31 March 2014

Figures in Rand	Note(s)	2014	2013
Assets			
Non-Current Assets			
Plant and equipment	3	912,383	1,217,782
Other financial assets	4	6,588,303	6,606,853
		7,500,686	7,824,635
Current Assets			
Trade and other receivables	5	-	116,879
Prepayments		347,553	1,744,758
Cash and cash equivalents	6	3,501,168	2,393,071
		3,848,721	4,254,708
Total Assets		11,349,407	12,079,343
Equity and Liabilities			
Equity			
Retained income		11,034,055	11,794,118
Liabilities			
Current Liabilities			
Trade and other payables	7	315,352	285,225
Total Equity and Liabilities		11,349,407	12,079,343

Congress of the People - Constituency Fund
(Registration number 2008/026811/08)
Annual Financial Statements for the year ended 31 March 2014
Statement of Comprehensive Income

Figures in Rand	Note(s)	2014	2013
Revenue	8	19,820,788	18,769,676
Operating expenses		(20,748,271)	(13,509,898)
Operating (loss) profit	9	(927,483)	5,259,778
Investment revenue	10	167,420	28,281
(Loss) profit for the year		(760,063)	5,288,059
Other comprehensive income		-	-
Total comprehensive (loss) income for the year		(760,063)	5,288,059

Congress of the People - Constituency Fund
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Annual Financial Statements for the year ended 31 March 2014
Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 April 2012	6,506,059	6,506,059
Profit for the year	5,288,059	5,288,059
Other comprehensive income	-	-
Total comprehensive income for the year	5,288,059	5,288,059
Balance at 01 April 2013	11,794,118	11,794,118
Loss for the year	(760,063)	(760,063)
Other comprehensive income	-	-
Total comprehensive loss for the year	(760,063)	(760,063)
Balance at 31 March 2014	11,034,055	11,034,055

Congress of the People - Constituency Fund
(Registration number 2008/026811/08)
Annual Financial Statements for the year ended 31 March 2014
Statement of Cash Flows

Figures in Rand	Note(s)	2014	2013
Cash flows from operating activities			
Cash generated from operations	12	921,904	3,707,800
Interest income		167,420	28,281
Other non-cash item		223	4
Net cash from operating activities		1,089,547	3,736,085
Cash flows from investing activities			
Purchase of plant and equipment	3	-	(840,338)
Sale of plant and equipment	3	-	3,999
Sale of financial assets		18,550	(6,525,642)
Net cash from investing activities		18,550	(7,361,981)
Total cash movement for the year		1,108,097	(3,625,896)
Cash at the beginning of the year		2,393,071	6,018,967
Total cash at end of the year	6	3,501,168	2,393,071

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards., and the Policy on Political Party Allowances. 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 judgements, estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

1.2 Plant and equipment

Plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all 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.

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.

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

Item	Average useful life
Computer Equipment	3 years
Computer Software	3 years
Furniture and Fittings	6 years

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price. This includes transaction costs, except for financial instruments which are measured at fair value through profit or loss.

1.3 Financial instruments (continued)

Financial instruments at amortised cost

Debt instruments, as defined in the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At the end of 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 so, an impairment loss is recognised

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

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

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term except in cases where 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 where the payments are structured to increase in line with expected general inflation.

1.5 Impairment of assets

The Constituency Fund assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

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 profit or loss.

1.6 Parliamentary allocations

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Grants are measured at the fair value of the asset received or receivable.

1.7 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Congress of the People - Constituency Fund
(Registration number 2008/026811/08)
Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Figures in Rand **2014** **2013**

2. Changes in accounting policy

3. Plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and impairments	Carrying value	Cost / Valuation	Accumulated depreciation and impairments	Carrying value
Furniture and fixtures	797,983	(557,870)	240,113	797,983	(424,872)	373,111
Motor vehicles	840,338	(168,068)	672,270	840,338	-	840,338
IT equipment	24,000	(24,000)	-	24,000	(19,667)	4,333
Computer software	27,274	(27,274)	-	27,274	(27,274)	-
Total	1,689,595	(777,212)	912,383	1,689,595	(471,813)	1,217,782

Reconciliation of plant and equipment - 2014

	Opening balance	Depreciation	Impairment loss	Total
Furniture and fixtures	373,111	(132,998)	-	240,113
Motor vehicles	840,338	(168,068)	-	672,270
IT equipment	4,333	(4,111)	(222)	-
	1,217,782	(305,177)	(222)	912,383

Reconciliation of plant and equipment - 2013

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	513,877	-	(13,010)	(132,997)	367,870
Motor vehicles	-	840,338	-	-	840,338
IT equipment	12,333	-	-	(8,000)	4,333
Computer software	12,118	-	-	(12,118)	-
	538,328	840,338	(13,010)	(153,115)	1,212,541

4. Other financial assets

At amortised cost

Congress of the People - Head Office	6,588,303	6,588,303
The unsecured loan bears no interest and has no fixed terms of repayment.		
S Shilowas	-	18,550
The unsecured loan bears no interest and has no fixed terms of repayment.		
	6,588,303	6,606,853

Congress of the People - Constituency Fund
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Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
Non-current assets		
At amortised cost	6,588,303	6,606,853
5. Trade and other receivables		
Tenant Deposits	-	116,879
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	3,501,168	2,392,740
Other cash and cash equivalents	-	331
	3,501,168	2,393,071
7. Trade and other payables		
Trade payables	85,272	15,037
Accounting & Audit Fee Accrual	-	132,000
UIF	-	1,821
PAYE	-	16,271
Provision for leave pay	230,080	120,096
	315,352	285,225
8. Parliamentary Allocation		
Constituency Allowance	19,820,788	18,769,676
9. Operating (loss) profit		
Operating (loss) profit for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	2,948,329	2,863,218
Equipment		
• Contractual amounts	607,716	248,696
	3,556,045	3,111,914
Property, plant and equipment	-	(3,770)
Depreciation on property, plant and equipment	305,176	153,115
Employee costs	3,727,799	4,595,174
10. Investment revenue		
Interest revenue		
Bank	167,420	28,281

Congress of the People - Constituency Fund
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Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
11. Auditors' remuneration		
Fees	214,320	282,798
12. Cash generated from operations		
(Loss) profit before taxation	(760,063)	5,288,059
Adjustments for:		
Depreciation and amortisation	305,176	153,115
Loss on sale of assets	-	3,770
Interest received - investment	(167,420)	(28,281)
Changes in working capital:		
Trade and other receivables	116,879	(116,879)
Prepayments	1,397,205	(1,376,030)
Trade and other payables	30,127	(215,954)
	921,904	3,707,800

13. 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 Fund
(Registration number 2008/026811/08)
Annual Financial Statements for the year ended 31 March 2014
Detailed Income Statement

Figures in Rand	Note(s)	2014	2013
Revenue			
Constituency Allowance		19,820,788	18,769,676
Other income			
Interest received	10	167,420	28,281
Operating expenses			
Accounting fees - Constituency		(255,961)	(163,532)
Assets write off		(222)	-
Auditors remuneration	11	(214,320)	(282,798)
Bank charges		(3,202)	(139,828)
Computer expenses		(15,823)	(3,284)
Depreciation, amortisation and impairments		(305,176)	(153,115)
Employee costs		(3,727,799)	(4,595,174)
HR & Staff Costs		(208,265)	(323,407)
Insurance		(55,713)	-
Lease rentals on operating lease		(3,556,045)	(3,111,914)
Motor vehicle expenses		(53,994)	-
Municipal expenses		(34,967)	-
Newspaper subscriptions		(565)	-
Penalties and interest - SARS		(1,366)	(122,735)
Postage		(141,230)	(47,573)
Printing and stationery		(3,822,958)	(3,401,708)
Profit and loss on sale of assets and liabilities		-	(3,770)
Repairs and maintenance		(2,050)	-
Security		(18,550)	-
Staff welfare		(20,000)	(1,300)
Subscriptions		-	(1,425)
Sundry expense		-	(8,300)
Telephone and fax		(596,172)	(191,923)
Training - Conferences		(3,886,099)	(661,979)
Travel		(3,822,924)	(278,446)
Water and electricity		(4,870)	(17,687)
		(20,748,271)	(13,509,898)
(Loss) profit for the year		(760,063)	5,288,059