

CONGRESS OF THE PEOPLE - CONSTITUENCY FUND
(REGISTRATION NUMBER 2008/026811/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Political Party - Constituency Support
Party Leader	MGP Lekota
Treasurer	D Carter
Registered office	4th floor, Marks Building 90 Plein Street Cape Town 8001
Business address	4th floor, Marks Building 90 Plein Street Cape Town 8001
Bankers	First National Bank
Auditor's	C2M Chartered Accountants Inc. Chartered Accountants (S.A.) Registered Auditors
Company registration number	2008/026811/08
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: M.D Dreyer Professional Accountant (S.A)
Issued	12 July 2017

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ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

The accounting officer is required by the Companies Act 71 of 2008, 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 company 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 Standard for Small and Medium-sized Entities. 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 Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

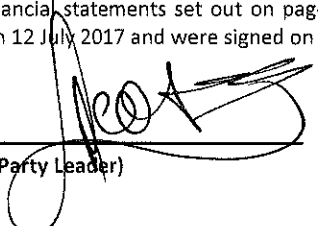
The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the Constituency 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 2018 and, in the light of this review and the current financial position, she is satisfied that the Constituency 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 Constituency Fund's annual financial statements. The annual financial statements have been examined by the Constituency Fund's external auditor and their report is presented on page 4.

The annual financial statements set out on pages 6 to 15, which have been prepared on the going concern basis, were approved by the party leader on 12 July 2017 and were signed on its behalf by:



MGP Lekota (Party Leader)



D. Carter (Chief Whip)

Bellville
12 July 2017

INDEPENDENT AUDITOR'S REPORT

To the shareholder of Congress of the People - Constituency Fund

Opinion

We have audited the Annual Financial Statements of Congress of the People - Constituency Fund set out on pages 7 to 14, which comprise the accounting officer's report, statement of financial position as at 31 March 2017, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Annual Financial Statements, including a summary of significant accounting policies.

In our opinion, the Annual Financial Statements present fairly, in all material respects, the financial position of Congress of the People - Constituency Fund as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Public Funding of Represented Political Parties Act 103 of 1997. In our opinion the funds allocated from the Represented Political Parties' Fund were spent, in all material respects, for the purposes authorised by the Public Funding of Represented Political Parties Act 103 of 1997.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the members for the Annual Financial Statements

The members are responsible for the preparation and fair presentation of the Annual Financial Statements in accordance with and the requirements of the Public Funding of Represented Political Parties Act 103 of 1997, and for such internal control as the members determine is necessary to enable the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error

In preparing the Annual Financial Statements, the members are responsible for assessing the party's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the party or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Annual Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Annual Financial Statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Annual Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of Internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Annual Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual Financial Statements, including the disclosures, and whether the Annual Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

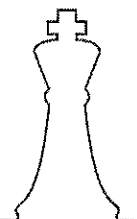
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



A Nel
Chartered Accountant (S.A.)
Registered Auditor
Director

12 July 2017

Tygerforum B
53 Willie van Schoor Drive
Tygervalley
Bellville
7530



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ACCOUNTING OFFICER'S REPORT

The party leader has pleasure in submitting the report on the annual financial statements of Congress of the People - Constituency Fund for the year ended 31 March 2017.

1. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Public Funding of Represented Political Parties Act 103 of 1997. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Constituency Fund are set out in these annual financial statements.

2. Party Leaders

The Party's Leaders in office at the date of this report are as follows:

Party Leaders

MGP Lekota (Party Leader)

D Carter (Chief Whip)

3. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the Constituency Fund or in the policy regarding their use.

4. Events after the reporting period

The political party has transferred the amount owed to the Parliamentary fund after year-end as a correction of contravening the Public Funding of Represented Political Parties Act 103 of 1997.

5. Going concern

The accounting officer believes that the Constituency Fund has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The leaders have satisfied themselves that the Constituency Fund is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The leaders are not aware of any new material changes that may adversely impact the Constituency Fund. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Constituency Fund.

6. Auditors

C2M Chartered Accountants Inc. continued in office as auditors for the Constituency Fund for 2017.

7. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on 12 July 2017. No authority was given to anyone to amend the financial statements after the date of issue.

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STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note(s)	2017 R	2016 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	168,068	336,135
Other financial assets	3	-	1,820,316
		168,068	2,156,451
Current Assets			
Prepayments		35,890	-
Cash and cash equivalents	4	2,169,241	549,592
		2,205,131	549,592
Total Assets		2,373,199	2,706,043
Equity and Liabilities			
Equity			
Retained income		2,255,142	2,706,043
Liabilities			
Current Liabilities			
Other financial liabilities	5	118,057	-
Total Equity and Liabilities		2,373,199	2,706,043

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STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2017 R	2016 R
Revenue	6	1,884,330	-
Operating expenses		(2,519,159)	(4,084,652)
Operating loss		(634,829)	(4,084,652)
Investment revenue	7	183,928	20,973
Loss for the year		(450,901)	(4,063,679)
Other comprehensive income		-	-
Total comprehensive loss for the year		(450,901)	(4,063,679)

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STATEMENT OF CHANGES IN EQUITY

	Retained income R	Total equity R
Balance at 01 April 2015	6,769,722	6,769,722
Loss for the year	(4,063,679)	(4,063,679)
Other comprehensive income	-	-
Total comprehensive loss for the year	(4,063,679)	(4,063,679)
Balance at 01 April 2016	2,706,043	2,706,043
Loss for the year	(450,901)	(450,901)
Other comprehensive income	-	-
Total comprehensive loss for the year	(450,901)	(450,901)
Balance at 31 March 2017	2,255,142	2,255,142

Note

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STATEMENT OF CASH FLOWS

	Note(s)	2017 R	2016 R
Cash flows from operating activities			
Cash used in operations	8	(502,654)	(980,581)
Interest income		183,928	20,973
Net cash from operating activities		(318,726)	(959,608)
Cash flows from investing activities			
Repayment of loans from group companies		-	(2,828,887)
Proceeds from loans from group companies		1,820,316	2,828,887
Net cash from investing activities		1,820,316	-
Cash flows from financing activities			
Proceeds from other financial liabilities		118,057	-
Net cash from financing activities		118,057	-
Total cash movement for the year		1,619,647	(959,608)
Cash at the beginning of the year		549,592	1,509,200
Total cash at end of the year	4	2,169,239	549,592

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ACCOUNTING POLICIES

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. 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 Property, plant and equipment

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

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	3 years

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Gains and losses on disposals are recognised in profit or loss.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of 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 each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment.

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ACCOUNTING POLICIES

1.3 Government grants

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.

1.4 Revenue

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	797,983	(797,983)	-	797,983	(797,983)	-
Motor vehicles	840,338	(672,270)	168,068	840,338	(504,203)	336,135
IT equipment	24,000	(24,000)	-	24,000	(24,000)	-
Computer software	27,274	(27,274)	-	27,274	(27,274)	-
Total	1,689,595	(1,521,527)	168,068	1,689,595	(1,353,460)	336,135

Reconciliation of property, plant and equipment - 2017

	Opening balance	Depreciation	Total
Motor vehicles	336,135	(168,068)	168,068

Reconciliation of property, plant and equipment - 2016

	Opening balance	Depreciation	Total
Furniture and fixtures	107,116	(107,116)	-
Motor vehicles	504,203	(168,068)	336,135
	611,319	(275,184)	336,135

3. Other financial assets

At amortised cost

Loan: Head Office	-	1,820,316
This unsecured loan bears interest at market related rates and has been repaid.		

Non-current assets

At amortised cost	-	1,820,316
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4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	2,167,241	547,592
Petty cash	2,000	2,000
	2,169,241	549,592

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2017 R	2016 R
5. Other financial liabilities		
At amortised cost		
Loan: Parliamentary Fund This unsecured loan bears no interest and is repayable within the next 12 months.	118,057	-
Current liabilities		
At amortised cost	118,057	-
6. Parliamentary Allocation		
Constituency Allowance	1,884,330	-
7. Investment revenue		
Interest revenue		
Interest	7,515	20,973
Loans to members	176,413	-
	183,928	20,973
8. Cash used in operations		
Loss before taxation	(450,901)	(4,063,679)
Adjustments for:		
Depreciation and amortisation	168,068	275,184
Interest received	(183,928)	(20,973)
Impairment loss	-	2,828,887
Other non-cash items	(3)	1
Changes in working capital:		
Trade and other receivables	-	(1)
Prepayments	(35,890)	-
	(502,654)	(980,581)
9. 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.

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DETAILED INCOME STATEMENT

	Note(s)	2017 R	2016 R
Revenue			
Constituency Allowance		1,884,330	-
Other income			
Interest received	7	183,928	20,973
Operating expenses			
Accounting fees		-	(91,200)
Printing		(835,833)	-
Bank charges		(1,381)	(1,998)
Depreciation, amortisation and impairments		(168,068)	(3,104,071)
Lease rentals on operating lease		(337,048)	-
Manifesto		(932,966)	(522,750)
Motor vehicle expenses		(101,450)	(125,473)
Repairs and maintenance		(20,000)	(8,370)
Telephone and fax		(49,944)	(158,647)
Water and Electricity: WC		(72,469)	(72,143)
		(2,519,159)	(4,084,652)
Loss for the year		(450,901)	(4,063,679)