

CONGRESS OF THE PEOPLE (COPE) (RPPF)
Annual financial statements
for the year ended 31 March 2014

CONGRESS OF THE PEOPLE (COPE) (RPPF)
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 activities
Party leader	MPG Lekota (Party Leader) DV Carter (Acting National Treasurer)
Registered office	6th Floor, Metropolitan Building 108 Fox Street Marshalltown Johannesburg 2000
Business address	6th Floor, Metropolitan Building 108 Fox Street Marshalltown Johannesburg
Postal address	PO Box 32153 Braamfontein 2017
Bankers	First National Bank
Auditors	C2M Chartered Accountants Inc. Chartered Accountants (S.A.) Registered Auditors

CONGRESS OF THE PEOPLE (COPE) (RPPF)
Annual Financial Statements for the year ended 31 March 2014
Index

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

Index	Page
Accounting Officer's Responsibilities and Approval	3
Independent Auditors' Report	4 - 5
Accounting Officer's Report	6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11 - 12
Notes to the Annual Financial Statements	13 - 14
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Statement of Financial Performance	15

Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Public Funding of Represented Political Parties Act 103 of 1997.

Preparer

MD Dreyer
Professional Accountants (S.A.)

Published

01 April 2014

CONGRESS OF THE PEOPLE (COPE) (RPPF)
Annual Financial Statements for the year ended 31 March 2014
Directors' Responsibilities and Approval

The Congress National Committee members are required in terms of the Public Funding of Represented Political Parties Act 103 of 1997 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 organisation 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 International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

The Congress National Committee members acknowledge 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 the Congress National Committee members to meet these responsibilities, the board 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 organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Congress National Committee members 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 Congress National Committee members have reviewed the organisation'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 organisation 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 organisation's annual financial statements. The annual financial statements have been examined by the organisations's external auditors and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 6 to 15, which have been prepared on the going concern basis, were approved by the Congress National Committee on 4 April 2014 and were signed on its behalf by:

MPG Lekota (Party Leader)

DV Carter (Acting National Treasurer)

Bellville

04 April 2014

Independent Auditors' Report

To the Member of CONGRESS OF THE PEOPLE (COPE) (RPPF)

We have audited the annual financial statements of CONGRESS OF THE PEOPLE (COPE) (RPPF), as set out on pages 7 to 14, which comprise the statement of financial position as at 31 March 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The fund's's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and 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 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 audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of CONGRESS OF THE PEOPLE (COPE) (RPPF) as at 31 March 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Public Funding of Represented Political Parties Act 103 of 1997.

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

04 April 2014

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

**Per: Partner's name
A Nel CA (SA)
Director**

CONGRESS OF THE PEOPLE (COPE) (RPPF)
Annual Financial Statements for the year ended 31 March 2014
Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of CONGRESS OF THE PEOPLE (COPE) (RPPF) for the year ended 31 March 2014.

1. Nature of business

CONGRESS OF THE PEOPLE (COPE) (RPPF) is a political party within the South African Government.

There have been no material changes to the nature of the company's business from the prior year.

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 Public Funding of Represented Political Parties Act 103 of 1997. The accounting policies have been applied consistently compared to the prior year.

3. Directorate

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

Directors	Office
MPG Lekota (Party Leader)	
DV Carter (Acting National Treasurer)	

4. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Going concern

The directors believe that the company 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 directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. 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 company.

6. Auditors

C2M Chartered Accountants Inc. continued in office as auditors for the company for 2014.

At the AGM, the member will be requested to reappoint C2M Chartered Accountants Inc. as the independent external auditors of the company and to confirm Mr Arno Nel as the designated lead audit partner for the 2015 financial year.

CONGRESS OF THE PEOPLE (COPE) (RPPF)
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			
Property, plant and equipment	2	148,000	185,000
Current Assets			
Cash and cash equivalents	4	1,067	3,919,467
Total Assets		149,067	4,104,467
Equity and Liabilities			
Equity			
Accumulated loss		(2,258,040)	3,783,545
Liabilities			
Non-Current Liabilities			
Loans from group companies	3	1,843,503	111,321
Current Liabilities			
Trade and other payables	5	563,604	209,601
Total Liabilities		2,407,107	320,922
Total Equity and Liabilities		149,067	4,104,467

CONGRESS OF THE PEOPLE (COPE) (RPPF)
Annual Financial Statements for the year ended 31 March 2014
Statement of Comprehensive Income

Figures in Rand	Note(s)	2014	2013
Income received from IEC	6	10,735,650	10,120,911
Administration expenses		(1,194,003)	(784,339)
Promotions and publications		(8,044,451)	(1,097,977)
Arrangement of meetings and rallies		(5,858,027)	(3,827,678)
Travel and accommodation		(1,807,663)	(771,437)
Operating (loss) profit		(6,168,494)	3,639,480
Investment revenue	7	126,909	34,178
(Loss) profit for the year		(6,041,585)	3,673,658
Other comprehensive income		-	-
Total comprehensive (loss) income for the year		(6,041,585)	3,673,658

CONGRESS OF THE PEOPLE (COPE) (RPPF)
Annual Financial Statements for the year ended 31 March 2014
Statement of Changes in Equity

Figures in Rand	Accumulated loss	Total equity
Balance at 01 April 2012	109,887	109,887
Profit for the year	3,673,658	3,673,658
Other comprehensive income	-	-
Total comprehensive income for the year	3,673,658	3,673,658
Balance at 01 April 2013	3,783,545	3,783,545
Loss for the year	(6,041,585)	(6,041,585)
Other comprehensive income	-	-
Total comprehensive Loss for the year	(6,041,585)	(6,041,585)
Balance at 31 March 2014	(2,258,040)	(2,258,040)

CONGRESS OF THE PEOPLE (COPE) (RPPF)
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 used in operations	9	(5,777,491)	3,970,423
Interest income		126,909	34,178
Net cash from operating activities		(5,650,582)	4,004,601
Cash flows from investing activities			
Purchase of property, plant and equipment	2	-	(185,000)
Proceeds from loans from group companies		-	(80,147)
Repayment of loans from group companies		1,732,182	-
Net cash from investing activities		1,732,182	(265,147)
Total cash movement for the year		(3,918,400)	3,739,454
Cash at the beginning of the year		3,919,467	180,012
Total cash at end of the year	4	1,067	3,919,466

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Public Funding of Represented Political Parties Act 103 of 1997. 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

The cost of an item of property, 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.

Property, plant and equipment is initially measured at cost.

Costs 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.

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

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

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

Item	Average useful life
Motor vehicles	5 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.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.2 Financial instruments

Classification

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

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

1.2 Financial instruments (continued)

Initial recognition and measurement

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

The company 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.

Regular way purchases of financial assets are accounted for at trade date.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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.

CONGRESS OF THE PEOPLE (COPE) (RPPF)
Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

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

2. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Motor vehicles	185,000	(37,000)	148,000	185,000	-	185,000

Reconciliation of property, plant and equipment - 2014

	Opening balance	Depreciation	Total
Motor vehicles	185,000	(37,000)	148,000

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Total
Motor vehicles	-	185,000	185,000

3. Loans to (from) group companies

COPE Head Office	(1,843,503)	(111,321)
The loan is interest free, unsecured and not repayable within the next 12 months.		

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	157	157
Bank balances	910	3,919,310
	1,067	3,919,467

5. Trade and other payables

Flow Communication (Pty) Ltd	563,604	1
Accrued expenses	-	209,600
	563,604	209,601

6. Revenue

Income received from IEC	10,735,650	10,120,911
--------------------------	------------	------------

7. Investment revenue

Interest revenue		
Bank	126,909	34,178

CONGRESS OF THE PEOPLE (COPE) (RPPF)
Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
8. Auditors' remuneration		
Fees	142,500	167,080
9. Cash used in operations		
Loss before taxation	(6,041,585)	3,673,658
Adjustments for:		
Depreciation and amortisation	37,000	-
Interest received - investment	(126,909)	(34,178)
Changes in working capital:		
Trade and other receivables	-	800,000
Trade and other payables	354,003	(469,057)
	(5,777,491)	3,970,423

CONGRESS OF THE PEOPLE (COPE) (RPPF)
Annual Financial Statements for the year ended 31 March 2014
Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013
Revenue			
Funding received fom the IEC		10,735,650	10,120,911
Other income			
Interest received	7	126,909	34,178
Operating expenses			
Administrative Expenses		(1,194,003)	(2,811,543)
Accounting fees		(177,575)	-
Advertising		(500,000)	(2,095,165)
Auditors remuneration	8	(142,500)	(167,080)
Bank charges		(6,957)	(23,953)
Computer expenses		-	(163,081)
Consulting and professional fees		(102,368)	(4,488)
Depreciation, amortisation and impairments		(37,000)	-
Gifts		(4,360)	-
HR Related Expenses		-	(20,905)
Motor vehicle expenses		(33,882)	(20,234)
Printing and stationary		(103,837)	(229,861)
Research and development costs		(228,433)	-
Removals and storage		-	(6,182)
Telephone and fax		(85,524)	(74,843)
Website		(55,200)	(26,656)
Arrangement of meetings and rallies		(5,858,027)	(1,800,474)
Conferences		(5,316,527)	(732,143)
Meetings		-	(409,230)
Membership forms		-	(224,400)
Cope Youth and Women's Movement		(541,500)	(413,796)
Promotions and Publications		(8,044,451)	(1,097,977)
Electioneering		(7,816,018)	(406,737)
Promotions and publications		-	(691,240)
Travel and accommodation		(1,807,663)	(771,437)
Petrol and oil		(61,574)	(46,503)
Transport and freight		-	(3,890)
Travel and accommodation		(1,690,889)	(721,044)
		(16,904,144)	(6,481,431)
(Loss) profit for the year		(6,041,585)	3,673,658