

**CONGRESS OF THE PEOPLE - IEC ACCOUNT
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

CONGRESS OF THE PEOPLE - IEC ACCOUNT
Annual Financial Statements for the year ended 31 March 2015

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Political party activities
Directors	MGP Lekota (Party Leader) D 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 2000
Postal address	PO Box 3215 Braamfontein 2017
Bankers	First National Bank
Auditors	C2M Chartered Accountants Incorporated Chartered Accountants (S.A.) Registered Auditors
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.

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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

MD Dreyer
Professional Accountants (S.A.)

Published

22 June 2015

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ACCOUNTING OFFICER'S 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.

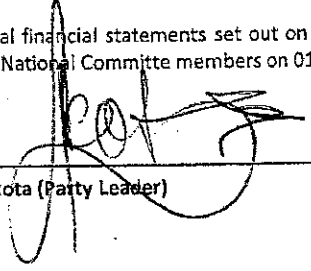
The Congress National Committee members acknowledge that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable the Congress National Committee members to meet these responsibilities, the Congress National Committee members 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 2016 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 organisation's external auditors and their report is presented on page 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 members on 01 June 2015 and were signed on its behalf by:


MGP Lekota (Party Leader)


D Carter (Acting National Treasurer)

Bellville

01 June 2015

Independent Auditor's Report

To the Members of CONGRESS OF THE PEOPLE - IEC ACCOUNT

Report on the Financial Statements

We have audited the annual financial statements of CONGRESS OF THE PEOPLE - IEC ACCOUNT, as set out on pages 7 to 14, which comprise the statement of financial position as at 31 March 2015, and the statement of profit or loss and other 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.

Party Leaders' Responsibility for the Annual Financial Statements

The fund'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

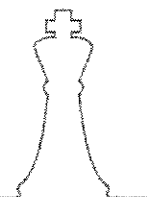
Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance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

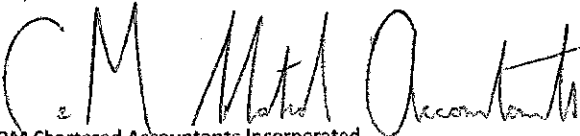
Opinion

In our opinion, the annual financial statements of CONGRESS OF THE PEOPLE - IEC ACCOUNT for the year then ended 31 March 2015 are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the annual financial statements 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 spend, in all material respects, for purposes authorised by the Public Funding of Represented Political Parties Act 103 of 1997.




Report on Other Legal and Regulatory Requirements

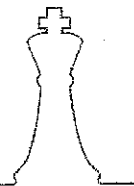
Section 6(1)(a) of the Public Funding of Represented Political Parties Act 103 of 1997 states that every political party to which moneys are allocated from the Fund, must keep, with a bank registered in the Republic, a separate banking account into which all moneys so allocated to the party must be deposited. An amount of R1,500,000.00 was deposited into the IEC nominated account which was not part of the IEC funding. This amount was utilised to cover election related expenses. The IEC nominated account was therefore not solely used for the IEC funding which is a contravention of section 6(1)(a) of the Act.


C2M Chartered Accountants Incorporated
Registered Auditors

01 June 2015
Bellville
Tygerforum B
53 Willie van Schoor Drive
Tygervalley
Bellville
7530

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

HELPING YOU  MAKE THE RIGHT MOVE



C2M is a Level 1 contributor and value added supplier with B-BBEE procurement recognition of 168,75%

CONGRESS OF THE PEOPLE - IEC ACCOUNT
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Accounting Officer's Report

The party leaders have pleasure in submitting their report on the annual financial statements of CONGRESS OF THE PEOPLE - IEC ACCOUNT for the year ended 31 March 2015.

1. Nature of business

CONGRESS OF THE PEOPLE - IEC ACCOUNT is a political party within the South African government.

There have been no material changes to the nature of the organisation'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. Party leaders

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

Party leaders

MGP Lekota (Party Leader)

D Carter (Acting National Treasurer)

4. Events after the reporting period

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

6. Auditors

C2M Chartered Accountants Incorporated continued in office as auditors for the organisation for 2015.

At the AGM, the members will be requested to reappoint C2M Chartered Accountants Incorporated as the independent external auditors of the company and to confirm Mr Arno Nel as the designated lead audit partner for the 2016 financial year.

CONGRESS OF THE PEOPLE - IEC ACCOUNT
Annual Financial Statements for the year ended 31 March 2015

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note(s)	2015 R	2014 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	111,000	148,000
Current Assets			
Cash and cash equivalents	4	192,728	687,961
Total Assets		303,728	835,961
Equity and Liabilities			
Equity			
Accumulated loss		(1,522,670)	(1,571,146)
Liabilities			
Non-Current Liabilities			
Loans from Non-Prescribed funds	3	1,826,399	1,843,503
Current Liabilities			
Trade and other payables	5	-	563,604
Total Liabilities		1,826,399	2,407,107
Total Equity and Liabilities		303,729	835,961

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note(s)	2015 R	2014 R
Revenue	6	1,644,558	10,735,650
Operating expenses		(1,601,995)	(16,904,144)
Operating profit (loss)		42,563	(6,168,494)
Investment revenue	7	5,913	126,909
Profit (loss) for the year		48,476	(6,041,585)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		48,476	(6,041,585)

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STATEMENT OF CHANGES IN EQUITY

	Accumulated loss R	Total equity R
Balance at 01 April 2013	4,470,439	4,470,439
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 01 April 2014	(1,571,146)	(1,571,146)
Profit for the year	48,476	48,476
Other comprehensive income	-	-
Total comprehensive income for the year	48,476	48,476
Balance at 31 March 2015	(1,522,670)	(1,522,670)

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STATEMENT OF CASH FLOWS

	Note(s)	2015 R	2014 R
Cash flows from operating activities			
Cash generated from (used in) operations	9	(484,041)	(5,777,491)
Interest income		5,913	126,909
Net cash from operating activities		(478,128)	(5,650,582)
Cash flows from investing activities			
Proceeds of loan from Non-Prescribed funds		(17,104)	1,732,182
Net cash from investing activities		(17,104)	1,732,182
Total cash movement for the year		(495,232)	(3,918,400)
Cash at the beginning of the year		687,961	4,606,361
Total cash at end of the year	4	192,729	687,961

CONGRESS OF THE PEOPLE - IEC ACCOUNT
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ACCOUNTING POLICIES

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

Property, plant and equipment are tangible assets which the organisation holds for its own use or for rental to others and which are expected to be used for more than one year.

Item	Depreciation method	Average useful life
Motor vehicles	Straight line	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 organisation 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.

Initial recognition and measurement

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

The organisation 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 organisation 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.

ACCOUNTING POLICIES

1.2 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.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the organisation's accounting policy for borrowing costs.

1.3 Leases

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.4 Government grants

Government grants are recognised when there is reasonable assurance that:

- the company will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015			2014		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
2. Property, plant and equipment						
Motor vehicles	185,000	(74,000)	111,000	185,000	(37,000)	148,000
Reconciliation of property, plant and equipment - 2015						
Motor vehicles	Opening balance	Depreciation	Total	148,000	(37,000)	111,000
	148,000	(37,000)	111,000			
Reconciliation of property, plant and equipment - 2014						
Motor vehicles	Opening balance	Depreciation	Total	185,000	(37,000)	148,000
	185,000	(37,000)	148,000			
3. Loan to (from) Non-Prescribed funds						
Holding company						
COPE Head office		(1,826,399)	(1,843,503)			
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			
Bank balances		192,728	687,804			
		192,728	687,961			
5. Trade and other payables						
Trade payables		-	563,604			
6. Revenue						
Government grants		1,644,558	10,735,650			
7. Investment revenue						
Interest revenue						
Bank		5,913	126,909			
8. Auditors' remuneration						
Fees		-	142,500			

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015	2014
	R	R
9. Cash generated from (used in) operations		
Profit before taxation	48,476	(6,041,585)
Adjustments for:		
Depreciation and amortisation	37,000	37,000
Interest received - investment	(5,913)	(126,909)
Changes in working capital:		
Trade and other payables	(563,604)	354,003
	<u>(484,041)</u>	<u>(5,777,491)</u>

CONGRESS OF THE PEOPLE - IEC ACCOUNT
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DETAILED INCOME STATEMENT

	Note(s)	2015 R	2014 R
Revenue			
Funding received from the IEC		1,644,558	10,735,650
Gross profit		1,644,558	10,735,650
Other income			
Interest received	7	5,913	126,909
Operating expenses			
Administrative Expenses		(655,721)	(1,477,636)
Accounting fees		-	(177,575)
Advertising		(174,240)	(500,000)
Auditors remuneration	8	-	(142,500)
Bank charges		(5,199)	(6,957)
Computer expenses		(97,608)	-
Consulting and professional fees		-	(102,368)
Depreciation, amortisation and impairments		(37,000)	(37,000)
Gifts		-	(4,360)
Lease rentals on operating lease		(9,656)	-
Motor vehicle expenses		-	(33,882)
Printing and stationary		(155,330)	(103,837)
Research and development costs		-	(228,433)
Removals and storage		(112,050)	-
Telephone and fax		(24,922)	(85,524)
Website		(39,716)	(55,200)
Arrangement of meetings and rallies		(25,976)	(5,858,027)
Conferences		(25,976)	(5,316,527)
Cope Youth and Women's Movement		-	(541,500)
Promotions and Publications		(192,403)	(7,816,018)
Electioneering		(192,403)	(7,816,018)
Travel and accomodation		(727,895)	(1,752,463)
Petrol and oil		(54,371)	(61,574)
Transport and freight		(58,534)	(1,023,085)
Accomodation		(614,990)	(667,804)
		(1,601,995)	(16,904,144)
Profit (loss) for the year		48,476	(6,041,585)