

**CONGRESS OF THE PEOPLE - IEC ACCOUNT  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**CONGRESS OF THE PEOPLE - IEC ACCOUNT**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**GENERAL INFORMATION**

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Political party activities
<b>Directors</b>	MGP Lekota (Party Leader) T Loate (Acting National Treasurer)
<b>Registered office</b>	6th Floor, Metropolitan Building 108 Fox Street Marshalltown Johannesburg 2000
<b>Business address</b>	6th Floor, Metropolitan Building 108 Fox Street Marshalltown Johannesburg 2000
<b>Postal address</b>	PO Box 3215 Braamfontein 2017
<b>Auditor's</b>	Chartered Accountants Incorporated Chartered Accountants (S.A.) Registered Auditors
<b>Level of assurance</b>	These 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 financial statements presented to the shareholders:

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

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**Preparer**

MD Dreyer  
Professional Accountants (S.A.)

**Published**

01 March 2017

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**ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL**

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The members are required by 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 financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the party 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 financial statements.

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

The 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The members have reviewed the party's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, they are satisfied that the party has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor's are responsible for independently auditing and reporting on the party's financial statements. The financial statements have been examined by the party's external auditor's and their report is presented on page 4.

The financial statements set out on pages 6 to 15, which have been prepared on the going concern basis, were approved by the members on 10 March 2017 and were signed on its behalf by:

  
\_\_\_\_\_  
**MGP Lekota (Party Leader)**

  
\_\_\_\_\_  
**Loate (Acting National Treasurer)**

**Bellville**

**10 March 2017**

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## INDEPENDENT AUDITOR'S REPORT

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### To the shareholders of CONGRESS OF THE PEOPLE - IEC ACCOUNT

We have audited the 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 2016, 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.

### Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the party's preparation and fair presentation of the 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 party'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 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 2016 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 spent, in all material respects, for the purposes authorised by the Public Funding of Represented Political Parties Act 103 1997.

## INDEPENDENT AUDITOR'S REPORT

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### Report on Other Legal and Regulatory Requirements

Section 6(3)(a) of the Public Funding of Represented Political Parties Act 103 of 1997 states that within two months after the end of a financial year for which moneys have been allocated to any political party from the Fund, that accounting officer must submit that statement and those books and records of account to a public accountant and auditor registered and practising as such in terms of the Public Accountants' and Auditors' Act (80 of 1991), to be audited. Furthermore section 6(5) states that the auditor's report and audited statement must be submitted to the Commission by that accounting officer within three months after the end of that financial year. The accounting officer submitted the statement and the records of accounts to the auditors eleven months after year-end which prohibited the accounting officer from submitting the audited statements to the Commission within three months after the end of the financial year. Consequently section 6(3)(a) and 6(5) of the Act have been contravened.



C2M Chartered Accountants Incorporated  
Registered Auditors

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

10 March 2017

Tygerforum B  
53 Willie van Schoor Drive  
Tygervalley  
Bellville  
7530

**CONGRESS OF THE PEOPLE - IEC ACCOUNT**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**ACCOUNTING OFFICER'S REPORT**

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The party leaders have pleasure in submitting their report on the financial statements of CONGRESS OF THE PEOPLE - IEC ACCOUNT for the year ended 31 March 2016.

**1. Nature of business**

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

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

**2. Review of financial results and activities**

The 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.

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

**3. Party leaders**

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

<b>Party leaders</b>	<b>Nationality</b>
MGP Lekota (Party Leader)	South African
T. Loate (Acting National Treasurer)	South African

**4. Property, plant and equipment**

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

**5. 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.

**6. Going concern**

The party leaders have reviewed the budgets and cash flow forecasts for the next 12 months, as well as the current liquidity and solvency position of the party and do believe that the party has adequate financial resources to continue in operation for the foreseeable future. The financial statements have accordingly been prepared on the going concern basis.

**7. Auditors**

Chartered Accountants Incorporated continued in office as auditors for the party for 2016.

**CONGRESS OF THE PEOPLE - IEC ACCOUNT**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016**

	Note(s)	2016 R	2015 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	98,377	111,000
<b>Current Assets</b>			
Cash and cash equivalents	4	4,087	192,728
<b>Total Assets</b>		<b>102,464</b>	<b>303,728</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated loss		(1,421,722)	(1,522,671)
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Loans from group companies	3	1,524,186	1,826,399
<b>Total Equity and Liabilities</b>		<b>102,464</b>	<b>303,728</b>



**CONGRESS OF THE PEOPLE - IEC ACCOUNT**  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note(s)	2016 R	2015 R
Revenue	5	1,725,032	1,644,558
Operating expenses		(1,627,751)	(1,601,996)
<b>Operating profit</b>	6	<b>97,281</b>	<b>42,562</b>
Investment revenue	7	3,668	5,913
<b>Profit for the year</b>		<b>100,949</b>	<b>48,475</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>100,949</b>	<b>48,475</b>

**CONGRESS OF THE PEOPLE - IEC ACCOUNT**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**STATEMENT OF CHANGES IN EQUITY**

	<b>Accumulated loss R</b>	<b>Total equity R</b>
<b>Balance at 01 April 2014</b>	<b>(1,571,146)</b>	<b>(1,571,146)</b>
Profit for the year	48,475	48,475
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>48,475</b>	<b>48,475</b>
<b>Balance at 01 April 2015</b>	<b>(1,522,671)</b>	<b>(1,522,671)</b>
Profit for the year	100,949	100,949
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>100,949</b>	<b>100,949</b>
<b>Balance at 31 March 2016</b>	<b>(1,421,722)</b>	<b>(1,421,722)</b>
Note(s)		

**CONGRESS OF THE PEOPLE - IEC ACCOUNT**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**STATEMENT OF CASH FLOWS**

	Note(s)	2016 R	2015 R
<b>Cash flows from operating activities</b>			
Cash generated from (used in) operations	8	140,801	(484,042)
Interest income		3,668	5,913
<b>Net cash from operating activities</b>		<b>144,469</b>	<b>(478,129)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(30,897)	-
Proceeds from loans from group companies		10	-
Repayment of loans from group companies		(302,223)	(17,104)
<b>Net cash from investing activities</b>		<b>(333,110)</b>	<b>(17,104)</b>
<b>Total cash movement for the year</b>		<b>(188,641)</b>	<b>(495,233)</b>
Cash at the beginning of the year		192,728	687,961
<b>Total cash at end of the year</b>	4	<b>4,087</b>	<b>192,728</b>

**CONGRESS OF THE PEOPLE - IEC ACCOUNT**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**ACCOUNTING POLICIES**

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**1. Presentation of financial statements**

The 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 financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, 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 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 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, which is as follows:

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

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<b>Item</b>	<b>Depreciation method</b>	<b>Average useful life</b>
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years

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

**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.

**CONGRESS OF THE PEOPLE - IEC ACCOUNT**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**ACCOUNTING POLICIES**

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**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.

**CONGRESS OF THE PEOPLE - IEC ACCOUNT**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**NOTES TO THE FINANCIAL STATEMENTS**

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Motor vehicles	185,000	(111,000)	74,000	185,000	(74,000)	111,000
Office equipment	23,899	(4,382)	19,517	-	-	-
IT equipment	6,999	(2,139)	4,860	-	-	-
<b>Total</b>	<b>215,898</b>	<b>(117,521)</b>	<b>98,377</b>	<b>185,000</b>	<b>(74,000)</b>	<b>111,000</b>

**Reconciliation of property, plant and equipment - 2016**

	Opening balance	Additions	Depreciation	Total
Motor vehicles	111,000	-	(37,000)	74,000
Office equipment	-	23,898	(4,381)	19,517
IT equipment	-	6,999	(2,139)	4,860
	<b>111,000</b>	<b>30,897</b>	<b>(43,520)</b>	<b>98,377</b>

**Reconciliation of property, plant and equipment - 2015**

	Opening balance	Depreciation	Total
Motor vehicles	148,000	(37,000)	111,000

**3. Loans to (from) non-prescribed funds**

**Ultimate holding entity**

COPE head office	(1,524,186)	(1,826,399)
This loan is interest free, unsecured and not repayable within the next 12 months.		

**4. Cash and cash equivalents**

Cash and cash equivalents consist of:

Bank balances	4,087	192,728
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**5. Revenue**

Government grants	1,725,032	1,644,558
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**6. Operating profit**

Operating profit for the year is stated after accounting for the following:

**Operating lease charges**

Premises		
• Contingent amounts	-	9,656

Depreciation on property, plant and equipment	43,520	37,000
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**CONGRESS OF THE PEOPLE - IEC ACCOUNT**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**NOTES TO THE FINANCIAL STATEMENTS**

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>7. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	3,668	5,913
<b>8. Cash generated from (used in) operations</b>		
Profit before taxation	100,949	48,475
<b>Adjustments for:</b>		
Depreciation and amortisation	43,520	37,000
Interest received - investment	(3,668)	(5,913)
<b>Changes in working capital:</b>		
Trade and other payables	-	(563,604)
	<b>140,801</b>	<b>(484,042)</b>

**CONGRESS OF THE PEOPLE - IEC ACCOUNT**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**DETAILED INCOME STATEMENT**

	Note(s)	2016 R	2015 R
<b>Revenue</b>			
Government grants		1,725,032	1,644,558
<b>Other income</b>			
Interest received	7	3,668	5,913
<b>Operating expenses</b>			
<b>Administrative expenses</b>			
Accounting fees		(72,496)	-
Advertising		-	(174,240)
Bank charges		(11,477)	(5,199)
Computer expenses		-	(97,608)
Depreciation, amortisation and impairments		(43,520)	(37,000)
Lease rentals on operation lease		-	(9,656)
Printing and stationery		(164,306)	(155,330)
Removals and storage		(162,573)	(112,050)
Repairs and maintenance		(24,755)	-
Telephone and fax		(44,672)	(24,922)
Website hosting		(32,376)	(39,716)
<b>Arrangement of meetings and rallies</b>		<b>(417,407)</b>	<b>(25,976)</b>
Conferences		(417,407)	(25,976)
<b>Promotions and Publications</b>		<b>(2,500)</b>	<b>(192,403)</b>
Electioneering		(2,500)	(192,403)
<b>Travel and accomodation</b>		<b>(651,670)</b>	<b>(727,895)</b>
Petrol and oil		(15,000)	(54,371)
Transport and freight		-	(58,534)
Accomodation		(636,670)	(614,990)
		<b>(1,627,752)</b>	<b>(1,601,995)</b>
<b>Profit for the year</b>		<b>100,948</b>	<b>48,476</b>