

**CONGRESS OF THE PEOPLE - PARLIAMENTARY ACCOUNT  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**CONGRESS OF THE PEOPLE - PARLIAMENTARY ACCOUNT**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

**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 - Party leadership and administration
<b>Party Leader</b>	MGP Lekota
<b>Treasurer</b>	D Carter
<b>Registered office</b>	4th Floor, Marks Building 90 Plein Street Cape Town 8001
<b>Business address</b>	4th Floor, Marks Building 90 Plein Street Cape Town 8001
<b>Bankers</b>	First National Bank
<b>Auditor's</b>	C2M Chartered Accountants Inc. Chartered Accountants (S.A.) Registered Auditors
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
<b>Preparer</b>	The annual financial statements were independently compiled by: MD Dreyer Professional Accountant (S.A.)
<b>Issued</b>	12 July 2017

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

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## INDEPENDENT AUDITOR'S REPORT

### To the shareholder of Congress of the People - Parliamentary Account

#### Qualified opinion

We have audited the Annual Financial Statements of Congress of the People - Parliamentary Account set out on pages 7 to 14, which comprise the 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, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the Annual Financial Statements present fairly, in all material respects, the financial position of Congress of the People - Parliamentary Account as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the requirements of the Public Funding of Represented Political Parties Act 103 of 1997. In our opinion, except for the possible effect of the matter described in the basis for qualified opinion sector of our report, the funds allocated from the Represented Political Parties' Fund were spent, in all material respects, for the purpose authorised by the Public Funding of Represented Political Parties Act 103 of 1997.

#### Basis for qualified opinion

The accounting officer paid for rental expenditure amounting R 118,057.00 relating to the political party's constituency office situated in Johannesburg using Leadership and Administrative Allowances. This was a contravention of the Public Funding of Represented Political Parties Act 103 of 1997. Paragraph 6(2) of the Act states that the accounting officer must, for each financial year for which moneys has been allocated to the political party from the Fund, keep separate books and records of account, in the prescribed manner, in respect of those money and all transactions involving those moneys. Furthermore paragraph 8.13.1 states that the accounting officer must manage their Party Leader, Party Administration and Constituency Allowance receipts and properly administer disbursements from these allowances. The political party has transferred the amount owed by the Constituency fund back into the Parliamentary fund after year-end as a correction of this contravention.

#### 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

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### 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:

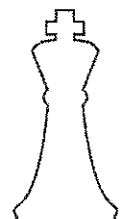
- Identify and assess the risks of material misstatement of the Annual Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Accountants (S.A.)  
Registered Auditor  
Director

12 July 2017

Tygerforum B  
53 Willie van Schoor Drive  
Tygervalley  
Bellville  
7530



**CONGRESS OF THE PEOPLE - PARLIAMENTARY ACCOUNT**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

**ACCOUNTING OFFICER'S REPORT**

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The accounting officers have pleasure in submitting their report on the annual financial statements of Congress of the People - Parliamentary Account for the year ended 31 March 2017.

**1. Nature of business**

Congress of the People - Parliamentary Account was incorporated in South Africa with interests in the government industry. The company operates in South Africa.

**2. 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 Companies Act 71 of 2008. 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 Parliamentary Fund are set out in these annual financial statements.

**3. Party Leaders**

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

**Party Leaders**

MGP Lekota (Party Leader)  
D Carter (Chief Whip)

**4. Property, plant and equipment**

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

**5. Events after the reporting period**

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

**6. Going concern**

The accounting officer believe that the Parliamentary 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 Parliamentary 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 Parliamentary Fund. The 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 Parliamentary Fund.

**7. Auditors**

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

**8. 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.

**CONGRESS OF THE PEOPLE - PARLIAMENTARY ACCOUNT**

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017**

	Note(s)	2017 R	2016 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	265,624	-
<b>Current Assets</b>			
Other financial assets	3	118,057	-
Cash and cash equivalents	4	3,690,334	5,564,290
		<b>3,808,391</b>	<b>5,564,290</b>
<b>Total Assets</b>		<b>4,074,015</b>	<b>5,564,290</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained income		4,074,015	5,564,290
<b>Total Equity and Liabilities</b>		<b>4,074,015</b>	<b>5,564,290</b>

**CONGRESS OF THE PEOPLE - PARLIAMENTARY ACCOUNT**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

**STATEMENT OF COMPREHENSIVE INCOME**

	Note(s)	2017 R	2016 R
Revenue	5	1,141,339	-
Other income	6	88,723	148,721
Operating expenses		(2,720,337)	(645,722)
<b>Operating loss</b>		<b>(1,490,275)</b>	<b>(497,001)</b>
<b>Loss for the year</b>		<b>(1,490,275)</b>	<b>(497,001)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(1,490,275)</b>	<b>(497,001)</b>



**CONGRESS OF THE PEOPLE - PARLIAMENTARY ACCOUNT**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

**STATEMENT OF CHANGES IN EQUITY**

	Retained income R	Total equity R
<b>Balance at 01 April 2015</b>	<b>6,061,291</b>	<b>6,061,291</b>
Loss for the year	(497,001)	(497,001)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(497,001)</b>	<b>(497,001)</b>
<b>Balance at 01 April 2016</b>	<b>5,564,290</b>	<b>5,564,290</b>
Loss for the year	(1,490,275)	(1,490,275)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(1,490,275)</b>	<b>(1,490,275)</b>
<b>Balance at 31 March 2017</b>	<b>4,074,015</b>	<b>4,074,015</b>

Note

**CONGRESS OF THE PEOPLE - PARLIAMENTARY ACCOUNT**  
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**STATEMENT OF CASH FLOWS**

	Note(s)	2017 R	2016 R
<b>Cash flows from operating activities</b>			
Cash used in operations	8	(1,431,029)	(489,583)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(324,870)	-
Purchase of financial assets		(118,057)	-
<b>Net cash from investing activities</b>		<b>(442,927)</b>	-
<b>Total cash movement for the year</b>		<b>(1,873,956)</b>	<b>(489,583)</b>
Cash at the beginning of the year		5,564,290	6,053,873
<b>Total cash at end of the year</b>	4	<b>3,690,334</b>	<b>5,564,290</b>

**CONGRESS OF THE PEOPLE - PARLIAMENTARY ACCOUNT**  
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**ACCOUNTING POLICIES**

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**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:

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<b>Item</b>	<b>Depreciation method</b>	<b>Average useful life</b>
Furniture and fixtures	Straight line	6 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.

**1.3 Impairment of assets**

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill may be impaired.

**ACCOUNTING POLICIES**

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**1.3 Impairment of assets (continued)**

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its 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.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

**1.4 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.

**1.5 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 R	2016 R
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**2. Property, plant and equipment**

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	11,794	(11,794)	-	11,794	(11,794)	-
IT equipment	385,219	(119,595)	265,624	60,349	(60,349)	-
Computer software	6,580	(6,580)	-	6,576	(6,576)	-
<b>Total</b>	<b>403,593</b>	<b>(137,969)</b>	<b>265,624</b>	<b>78,719</b>	<b>(78,719)</b>	<b>-</b>

**Reconciliation of property, plant and equipment - 2017**

	Opening balance	Additions	Depreciation	Total
IT equipment	-	324,870	(59,246)	265,624

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

	Opening balance	Depreciation	Total
Furniture and fixtures	3,711	(3,711)	-
IT equipment	3,710	(3,710)	-
	<b>7,421</b>	<b>(7,421)</b>	<b>-</b>

**3. Other financial assets**

**At amortised cost**

Loan: Constituency Fund This unsecured loan bears no interest and is repayable within the next 12 months.	118,057	-
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**Current assets**

At amortised cost	118,057	-
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**4. Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand	2,387	2,387
Bank balances	3,687,947	5,561,903
	<b>3,690,334</b>	<b>5,564,290</b>

**5. Revenue**

Parliamentary Allowance	1,141,339	-
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**6. Other income**

Interest	88,723	148,721
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
<b>7. Auditor's remuneration</b>		
Fees	171,000	91,560
<b>8. Cash used in operations</b>		
Loss before taxation	(1,490,275)	(497,001)
<b>Adjustments for:</b>		
Depreciation and amortisation	59,246	7,421
Other non-cash items	-	(3)
	<b>(1,431,029)</b>	<b>(489,583)</b>

**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
<b>Revenue</b>			
Parliamentary Allowance		1,141,339	-
<b>Other income</b>			
Interest received		88,723	148,721
<b>Operating expenses</b>			
Accounting fees		(4,544)	(2,804)
Auditor's remuneration	7	(171,000)	(91,560)
Bank charges		(11,988)	(8,234)
Computer expenses		(9,742)	-
Consulting fees		(46,000)	-
Depreciation, amortisation and impairments		(59,246)	(7,421)
Employee costs		(1,187,702)	(487,977)
IT expenses		(300,801)	-
Legal expenses		(34,926)	-
Meeting catering		(5,868)	-
Printing and stationery		(304,801)	(35,867)
Staff welfare		(2,000)	-
Storage		(344,592)	-
Telephone and fax		(1,621)	(5,670)
Web marketing		(62,190)	-
Website hosting		(5,980)	(6,189)
Workshops and training		(167,336)	-
		<b>(2,720,337)</b>	<b>(645,722)</b>
<b>Loss for the year</b>		<b>(1,490,275)</b>	<b>(497,001)</b>

