

Association for Water and Rural Development (RF) NPC

Trading as

AWARD

(Registration Number 1998/003011/08)

Annual Financial Statements

for the year ended 31 December 2022

Compiled Financial Statements

in compliance with the Companies Act of South Africa

Prepared by: Manasa Magomedze

Professional designation: Associate General Accountant (SA)

Association for Water and Rural Development (RF) NPC

(Registration Number 1998/003011/08)

Annual Financial Statements for the year ended 31 December 2022

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Association for Water and Rural Development (RF) NPC

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General Information

Country of Incorporation and Domicile	South Africa
Registration Number	1998/003011/08
Nature of Business and Principal Activities	The non-profit company is to develop, test, inform and implement new and appropriate ways of managing water and other natural resources so as to contribute to sustainable future that promotes the dignity of all. The company operates in Southern Africa.
Directors	Matthew Prior Jai Clifford-Holmes (Appointed 1 August 2023) Sharon Pollard Lephai Maunatlala
Registered Office	Top Floor, Sunset Office Block Cnr. of Koedoe and Buffel Street Hoedspruit 1380
Business Address	Top Floor, Sunset Office Block Cnr. of Koedoe and Buffel Street Hoedspruit 1380
Bankers	First National Bank
Tax Number	9383387843
Level of Assurance	These financial statements have been compiled in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	Gallant accounting 67 Falcon Crescent Parklands Cape Town 7441

Association for Water and Rural Development (RF) NPC

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Annual Financial Statements for the year ended 31 December 2022

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa 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 satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the non-profit company, and explain the transactions and financial position of the business of the non-profit company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the non-profit company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the non-profit company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set 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 non-profit company and all employees are required to maintain the highest ethical standards in ensuring the non-profit company's business is conducted in a manner that in all reasonable circumstances is above reproach.

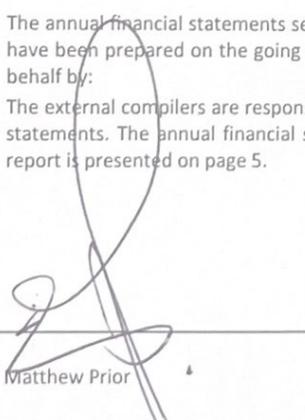
The focus of risk management in the non-profit company is on identifying, assessing, managing and monitoring all known forms of risk across the non-profit company. While operating risk cannot be fully eliminated, the non-profit company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the non-profit company will not be a going concern in the foreseeable future. The annual financial statements support the viability of the non-profit company.

The compilers are responsible for reporting on the non-profit company's annual financial statements. The compilation report is presented on page 5.

The annual financial statements set out on pages 6 to 17, and the supplementary information set out on pages 18 to 20 which have been prepared on the going concern basis, were approved by the directors and were signed on 31 August 2024 on their behalf by:

The external compilers are responsible for independently compiled and reporting on the non-profit company's annual financial statements. The annual financial statements have been examined by the non-profit company's external compilers and their report is presented on page 5.



Matthew Prior



Jai Clifford-Holmes

Association for Water and Rural Development (RF) NPC

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Annual Financial Statements for the year ended 31 December 2022

Directors' Report

The directors present their report for the year ended 31 December 2022.

1. Review of financial results and activities

Main business and operations

The non-profit company is to develop, test, inform and implement new and appropriate ways of managing water and other natural resources so as to contribute to sustainable future that promotes the dignity of all. The company operates in Southern Africa. There were no major changes herein during the year.

The non-profit company generated a surplus after tax for the year ended 31 December 2022 of R6,780 (2021: deficit of R471,036).

2. 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.

The directors believe that the non-profit 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 are not aware of any new material changes that may adversely impact the non-profit 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 non-profit company.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the non-profit company.

4. Directors

The directors of the non-profit company during the year and up to the date of this report are as follows:

Matthew Prior

Jai Clifford-Holmes (Appointed 1 August 2023)

Sharon Pollard

Lephai Maunatlala

5. Secretary

No secretary has been formally appointed during the current financial year.

6. Compilers

Gallant accounting compiled the annual financial statements for the year under review.



GALLANT
ACCOUNTING

Report of the Compiler

To the Directors of Association for Water and Rural Development (RF) NPC

We have compiled the accompanying financial statements of Association for Water and Rural Development (RF) NPC based on information you have provided. These financial statements comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Gallant accounting

31 August 2024

Per: Manasa Magombedze

Professional designation: 30733290

Associate General Accountant (SA)

67 Falcon Crescent

Parklands

Cape Town

7441

Association for Water and Rural Development (RF) NPC

(Registration Number 1998/003011/08)

Financial Statements for the year ended 31 December 2022

Statement of Financial Position

Figures in R	Notes	2022	2021
Assets			
Non-current assets			
Property, plant and equipment	3	207,127	114,058
Current assets			
Trade and other receivables	4	491,603	171,158
Accrued income	5	653,923	216,694
Cash and cash equivalents	6	2,899,992	3,253,498
Total current assets		4,045,518	3,641,350
Total assets		4,252,645	3,755,408
Equity and liabilities			
Equity			
Accumulated surplus		479,777	472,997
Liabilities			
Current liabilities			
Trade and other payables	7	412,700	664,700
Deferred income	8	3,360,168	2,617,711
Total current liabilities		3,772,868	3,282,411
Total equity and liabilities		4,252,645	3,755,408

Association for Water and Rural Development (RF) NPC

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Financial Statements for the year ended 31 December 2022

Statement of Comprehensive Income

Figures in R	Notes	2022	2021
Revenue	9	8,818,970	5,662,377
Other income	10	316,819	321,502
Operating expenses		<u>(9,226,281)</u>	<u>(6,487,030)</u>
Deficit from operating activities	11	(90,492)	(503,151)
Finance income		97,497	32,115
Finance costs		<u>(225)</u>	<u>-</u>
Surplus / (deficit) for the year		<u>6,780</u>	<u>(471,036)</u>

Association for Water and Rural Development (RF) NPC

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Financial Statements for the year ended 31 December 2022

Statement of Changes in Equity

Figures in R	Capital Fund	Accumulated surplus	Total
Balance at 1 January 2021	232,193	711,840	944,033
Changes in equity			
Deficit for the year	-	(471,036)	(471,036)
Total comprehensive income for the year	-	(471,036)	(471,036)
Transfer between funds	(232,193)	232,193	-
Balance at 31 December 2021	-	472,997	472,997
Balance at 1 January 2022	-	472,997	472,997
Changes in equity			
Surplus for the year	-	6,780	6,780
Total comprehensive income for the year	-	6,780	6,780
Balance at 31 December 2022	-	479,777	479,777

Association for Water and Rural Development (RF) NPC

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Statement of Cash Flows

Figures in R	Notes	2022	2021
Net cash flows (used in) / from operations	12	(279,385)	2,031,602
Interest received		97,497	32,115
Net cash flows (used in) / from operating activities		(181,888)	2,063,717
Cash flows (used in) / from investing activities			
Proceeds from sales of property, plant and equipment		-	113,970
Purchase of property, plant and equipment		(171,393)	(59,194)
Interest paid		(225)	-
Cash flows (used in) / from investing activities		(171,618)	54,776
Net (decrease) / increase in cash and cash equivalents		(353,506)	2,118,493
Cash and cash equivalents at beginning of the year		3,253,498	1,135,005
Cash and cash equivalents at end of the year	6	2,899,992	3,253,498

Association for Water and Rural Development (RF) NPC

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Financial Statements for the year ended 31 December 2022

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements of Association for Water and Rural Development (RF) NPC have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act of South Africa. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, certain property, plant and equipment, biological assets and derivative financial instruments at fair value. They are presented in South African Rand.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the non-profit company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the directors.

The non-profit company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the non-profit company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to surplus or deficit during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Asset class	Useful life / depreciation rate
Motor vehicles	5 years
Fixtures and fittings	5 years
Computer equipment	3 years

1.2 Financial instruments

Trade and other receivables

Most sales are made on the basis of normal credit terms and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in surplus or deficit.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the non-profit company will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

Association for Water and Rural Development (RF) NPC

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Financial Statements for the year ended 31 December 2022

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Trade and other payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

1.3 Provisions

Provisions for restructuring costs and legal claims are recognised when: the non-profit company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of transactions involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest income is recognised using the effective interest method.

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

1.5 Borrowing costs

All borrowing costs are recognised in surplus or deficit in the period in which they are incurred.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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Accounting Policies

Critical accounting estimates and judgements continued...

Critical accounting estimates and assumptions

The non-profit company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

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Financial Statements for the year ended 31 December 2022

Notes to the Financial Statements

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3. Property, plant and equipment

Balances at year end and movements for the year

	Motor vehicles	Fixtures and fittings	Computer equipment	Total
Reconciliation for the year ended 31 December 2022				
Balance at 1 January 2022				
At cost or revaluation	897,887	502,187	737,220	2,137,294
Accumulated depreciation	(875,384)	(484,190)	(663,662)	(2,023,236)
Carrying amount	22,503	17,997	73,558	114,058
Movements for the year ended 31 December 2022				
Additions from acquisitions	-	-	171,393	171,393
Depreciation	(22,503)	(5,558)	(50,263)	(78,324)
Property, plant and equipment at the end of the year	-	12,439	194,688	207,127
Closing balance at 31 December 2022				
At cost or revaluation	897,887	502,187	879,609	2,279,683
Accumulated depreciation	(897,887)	(489,748)	(684,921)	(2,072,556)
Carrying amount	-	12,439	194,688	207,127
Reconciliation for the year ended 31 December 2021				
Balance at 1 January 2021				
At cost or revaluation	1,556,850	523,598	843,285	2,923,733
Accumulated depreciation	(1,390,956)	(461,280)	(786,687)	(2,638,923)
Carrying amount	165,894	62,318	56,598	284,810
Movements for the year ended 31 December 2021				
Additions from acquisitions	-	10,500	48,694	59,194
Depreciation	(30,000)	(54,265)	(31,711)	(115,976)
Disposals	(113,391)	(556)	(23)	(113,970)
Property, plant and equipment at the end of the year	22,503	17,997	73,558	114,058
Closing balance at 31 December 2021				
At cost or revaluation	897,887	502,187	737,220	2,137,294
Accumulated depreciation	(875,384)	(484,190)	(663,662)	(2,023,236)
Carrying amount	22,503	17,997	73,558	114,058

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4. Trade and other receivables

Trade receivables	484,303	143,979
Security deposits	7,300	5,000
Prepayments	-	22,179
Total trade and other receivables	491,603	171,158

5. Accrued income

Accrued Income - DEA	106,449	146,559
Accrued Income - WRC Giyani	19,773	-
Accrued Income - Giz Umh	60,097	70,135
Accrued Income - Giz EBA	467,604	-
	653,923	216,694

6. Cash and cash equivalents

Cash

Cash on hand	1,060	2,519
Balances with banks	157,827	279,407
	158,887	281,926

Cash equivalents

Short term deposits	2,741,105	2,971,572
	2,899,992	3,253,498

7. Trade and other payables

Trade payables	-	282,794
Accrued liabilities	25,533	-
Provision for leave pay	329,028	329,028
Value added tax	58,139	52,878
Total trade and other payables	412,700	664,700

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Financial Statements for the year ended 31 December 2022

Notes to the Financial Statements

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8. Deferred income

Deferred income - JRS	623,207	818,809
Deferred income - WRC WQ	74,919	-
Deferred income - DKA	567,815	376,962
Deferred income - WRC DS	1,242,601	-
Deferred income - IUCMA	369,370	-
Deferred income - NBI	482,256	-
Deferred income - Giz EBA	-	1,421,940
	3,360,168	2,617,711

Funds were received from the following main donors / counter parties

JRS	1,481,193	2,143,054
DFFE	-	892,099
WRC	2,237,646	2,651,382
KRUGER2CANYON	-	83,237
ECOPULSE	-	65,550
DKA	918,165	537,021
GIZ	2,228,931	2,274,992
DEA	959,661	-
WWF	217,240	-
NBI	610,000	-
IUCMA	434,783	-

9. Revenue

Donations received	4,060,476	2,045,072
Rendering of services	4,758,494	3,617,305
Total revenue	8,818,970	5,662,377

10. Other income

Sundry income	316,819	31,254
Profit on sale of assets and liabilities	-	290,248
Total other income	316,819	321,502

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Financial Statements for the year ended 31 December 2022

Notes to the Financial Statements

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11. Deficit from operating activities

Deficit from operating activities includes the following separately disclosable items

Other operating expenses

Property plant and equipment

- depreciation

78,324

115,976

Leases

- operating lease minimum lease rentals

146,940

104,927

Audit fees

Assistant and intern expenses

-

75,600

12. Cash flows from operating activities

Surplus / (deficit) for the year

6,780

(471,036)

Adjustments for:

Finance income

(97,497)

(32,115)

Finance costs

225

-

Depreciation and amortisation expense

78,324

115,976

Impairment losses and reversal of impairment losses recognised in surplus or deficit

307,351

-

Change in operating assets and liabilities:

Adjustments for (increase) / decrease in trade accounts receivable

(647,675)

175,519

Adjustments for increase in prepayments

(437,229)

(216,693)

Adjustments for decrease in other operating receivables

19,879

115,113

Adjustments for (decrease) / increase in trade accounts payable

(282,794)

245,040

Adjustments for increase / (decrease) in other operating payables

30,794

(305,870)

Adjustments for increase in deferred income

742,457

2,405,668

Net cash flows from operations

(279,385)

2,031,602

13. Related parties

There were no related party transactions during the year.

Compensation paid to key management personnel

Short-term employee benefits

1,162,909

1,321,273

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14. 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.

The directors believe that the non-profit 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 non-profit 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 non-profit 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 non-profit company.

15. Events after reporting period

The directors are not aware of any material event which occurred after the reporting date and up to this report that would have a material impact on these annual financial statements.

Association for Water and Rural Development (RF) NPC

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Annual Financial Statements for the year ended 31 December 2022

Detailed Income Statement

Figures in R	Notes	2022	2021
Revenue	9		
Donations received		4,060,476	2,045,072
Rendering of services		4,758,494	3,617,305
		8,818,970	5,662,377
Other income	10		
Gains on disposal of assets		-	290,248
Sundry income		316,819	31,254
		316,819	321,502
Operational expenses			
Accounting fees		(31,751)	(4,814)
Advertising		-	(122,908)
Assistant and intern expenses		-	(75,600)
Bad debts		(307,351)	-
Bank charges		(19,179)	(26,360)
Computer expenses		(65,085)	(14,943)
Consulting fees and professional fees		(4,718,795)	(3,184,715)
Consumables		(5,949)	(20,385)
Depreciation - property, plant and equipment		(78,324)	(115,976)
Donations		(1,500)	-
Employee costs - Director remuneration		(1,162,909)	(1,321,273)
Employee costs - Salaries		(1,829,173)	(996,157)
Entertainment		-	(520)
Fines and penalties		(15,901)	(1,350)
Insurance		(123,442)	(134,234)
Motor vehicle expenses		(122,225)	(82,523)
Municipal charges		(5,567)	-
Operating lease expenses		(146,940)	(104,927)
Other expenses		-	(37,022)
Postage		(6,188)	(29,205)
Printing and stationery		(18,773)	(24,334)
Repairs and maintenance		(2,799)	(23,777)
Security		(11,893)	(7,530)
Staff welfare		(1,708)	(3,710)
Subscriptions		(42,991)	(15,851)
Telecommunication		-	(4,919)
Telephone and fax		(13,070)	(15,587)
Travel - Local		(429,957)	(102,625)
Workshops		(64,811)	(15,785)
		(9,226,281)	(6,487,030)
Deficit from operating activities	11	(90,492)	(503,151)
Finance income			
Investment income		97,497	32,115

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Detailed Income Statement

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Finance costs

Interest paid

(225)

-

Surplus / (deficit) for the year

6,780

(471,036)

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Financial Statements for the year ended 31 December 2022

Ratio Analysis

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	2022	2021
Liquidity Ratios		
Current Ratio	1.07	1.11
Acid Test Ratio	1.07	1.11
Asset Management Ratios		
The asset management analysis consists of the calculation of five ratios:		
Receivables Turnover – Collection period	26.61	17.89
Days sales in receivables	20.35	11.03
Days purchases in creditors	15.95	37.40
Profitability Ratios		
Gross profit margin	100.00%	100.00%
Return on operating assets	0.18%	(17.98%)
Surplus / (deficit) for the year	6,780	(471,036)