

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 2023

Compiled Financial Statements

in compliance with the Companies Act of South Africa

Prepared by: Manasa N Magomedze

Professional designation: Associate General Accountant

Association for Water and Rural Development (RF) NPC

(Registration Number 1998/003011/08)

Annual Financial Statements for the year ended 31 December 2023

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Annual Financial Statements for the year ended 31 December 2023

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 Sharon Rae Pollard Lephai Patrick 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

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Annual Financial Statements for the year ended 31 December 2023

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.

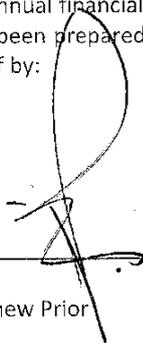
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the non-profit company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards 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 15, and the supplementary information set out on pages 16 to 18 which have been prepared on the going concern basis, were approved by the directors and were signed on 7 October 2024 on their behalf by:



Matthew Prior



Jai Clifford-Holmes

Association for Water and Rural Development (RF) NPC

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Directors' Report

The directors present their report for the year ended 31 December 2023.

1. Review of 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 operating results and statement of financial position of the non-profit company are fully set out in the attached financial statements and do not in our opinion require any further comment.

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

Sharon Rae Pollard

Lephai Patrick 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 2023, 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 IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board 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 IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board.

Gallant accounting

7 October 2024

Per: Manasa N Magombedze
Registration number: 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 2023

Statement of Financial Position

Figures in R	Notes	2023	2022
Assets			
Non-current assets			
Property, plant and equipment	3	30,239	207,127
Current assets			
Trade and other receivables	4	13,704	491,603
Accrued income	5	24,740	653,923
Cash and cash equivalents	6	1,817,340	2,899,992
Total current assets		1,855,784	4,045,518
Total assets		1,886,023	4,252,645
Equity and liabilities			
Equity			
Accumulated surplus		413,634	479,777
Liabilities			
Current liabilities			
Trade and other payables	7	101,930	412,700
Deferred income	8	1,370,459	3,360,168
Total current liabilities		1,472,389	3,772,868
Total equity and liabilities		1,886,023	4,252,645

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Financial Statements for the year ended 31 December 2023

Statement of Comprehensive Income

Figures in R	Notes	2023	2022
Revenue	9	7,895,892	8,818,970
Other income	10	11,007	316,819
Other expenses		(8,104,135)	(9,226,282)
Foreign gains and (losses)		(14,429)	-
Deficit from operating activities	11	(211,665)	(90,493)
Finance income		145,522	97,497
Finance costs		-	(225)
(Deficit) / surplus for the year		(66,143)	6,779

Association for Water and Rural Development (RF) NPC

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Financial Statements for the year ended 31 December 2023

Statement of Changes in Equity

Figures in R	Accumulated surplus
Balance at 1 January 2022	472,998
Changes in equity	
Surplus for the year	6,779
Total comprehensive income for the year	6,779
Balance at 31 December 2022	479,777
Changes in equity	
Deficit for the year	(66,143)
Total comprehensive income for the year	(66,143)
Balance at 31 December 2023	413,634

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Financial Statements for the year ended 31 December 2023

Statement of Cash Flows

Figures in R

	Notes	2023	2022
Net cash flows used in operations	12	(1,365,153)	(279,385)
Interest received		145,522	97,497
Net cash flows used in operating activities		(1,219,631)	(181,888)
Cash flows from / (used in) investing activities			
Proceeds from sales of property, plant and equipment		136,979	-
Purchase of property, plant and equipment		-	(171,393)
Interest paid		-	(225)
Cash flows from / (used in) investing activities		136,979	(171,618)
Net decrease in cash and cash equivalents		(1,082,652)	(353,506)
Cash and cash equivalents at beginning of the year		2,899,992	3,253,498
Cash and cash equivalents at end of the year	6	1,817,340	2,899,992

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Financial Statements for the year ended 31 December 2023

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 IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board 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 IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board 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 and other receivables are classified as debt instruments and loan commitments at amortised cost.

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Financial Statements for the year ended 31 December 2023

Accounting Policies

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

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.

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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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 2023				
Balance at 1 January 2023				
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
Movements for the year ended 31 December 2023				
Depreciation	-	(2,421)	(37,488)	(39,909)
Disposals	-	-	(136,979)	(136,979)
Property, plant and equipment at the end of the year	-	10,018	20,221	30,239
Closing balance at 31 December 2023				
At cost	897,887	502,187	711,037	2,111,111
Accumulated depreciation	(897,887)	(492,169)	(690,816)	(2,080,872)
Carrying amount	-	10,018	20,221	30,239
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

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4. Trade and other receivables

Trade receivables	6,404	484,303
Security deposits	7,300	7,300
Total trade and other receivables	13,704	491,603

5. Accrued income

Accrued income comprise the following balances

Accrued income - DEA	-	106,449
Accrued income - WRC Giyani	-	19,773
Accrued income - Giz Umh	-	60,097
Accrued income - Giz EBA	-	467,604
Accrued income - MDF	24,740	-
	24,740	653,923

6. Cash and cash equivalents

Cash

Cash on hand	333	1,060
Balances with banks	1,776,030	157,827
	1,776,363	158,887

Cash equivalents

Short term deposits	40,977	2,741,105
	1,817,340	2,899,992

7. Trade and other payables

Trade payables	1,234	-
Accrued liabilities	61,169	25,533
Provision for leave pay	7,908	329,028
Value added tax	31,619	58,139
Total trade and other payables	101,930	412,700

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Notes to the Financial Statements

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8. Deferred income

Deferred income - JRS	-	623,207
Deferred income - Natsilt	223,226	-
Deferred income - WRC Giyani	34,273	-
Deferred income - WRC WQH	-	74,919
Deferred income - DKA	612,298	567,815
Deferred income - IUCMA	-	369,370
Deferred income - Income risk	500,662	-
Deferred income - WRC DS	-	1,242,601
Deferred income - NBI	-	482,256
	1,370,459	3,360,168

Funds were received from the following main donors / counter parties

JRS Biodiversity Foundation - JRS	910,179	1,481,193
Water Research Commission - WRC	2,504,142	2,237,646
Dreikönigsaktion - DKA	395,162	918,165
Gesellschaft für Internationale Zusammenarbeit - GIZ	94,278	2,228,931
Department of Forestry, Fisheries and the Environment - DEA	637,988	217,240
WWF South Africa - WWF	-	217,240
National Business Initiative - NBI	-	610,000
Inkomati Usuthu Catchment Management Agency - IUCMA	-	434,783
Mahlathini Development Foundation - MDF	39,737	-
Munich Re Foundation - Income Risk	513,560	-
National Dam Siltation Management - Natslit 2	1,440,741	-

9. Revenue

Rendering of services	1,493,685	4,060,476
Grant income	6,402,207	4,758,494
Total revenue	7,895,892	8,818,970

10. Other income

Sundry income	3,081	316,819
Insurance claim	7,926	-
Total other income	11,007	316,819

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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

39,909

78,324

Leases

- operating lease minimum lease rentals

111,338

146,940

12. Cash flows from operating activities

(Deficit) / surplus for the year

(66,143)

6,779

Adjustments for:

Finance income

(145,522)

(97,497)

Finance costs

-

225

Depreciation and amortisation expense

39,909

78,324

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

-

307,351

Foreign exchange gains and losses

14,429

-

Change in operating assets and liabilities:

Adjustments for decrease / (increase) in trade accounts receivable

463,470

(647,675)

Adjustments for decrease / (increase) in prepayments

629,183

(437,229)

Adjustments for decrease in other operating receivables

-

19,879

Adjustments for increase / (decrease) in trade accounts payable

1,234

(282,793)

Adjustments for (decrease) / increase in other operating payables

(312,004)

30,794

Adjustments for (decrease) / increase in deferred income

(1,989,709)

742,457

Net cash flows from operations

(1,365,153)

(279,385)

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Annual Financial Statements for the year ended 31 December 2023

Detailed Income Statement

Figures in R	Notes	2023	2022
Revenue	9		
Grant income		6,402,207	4,758,494
Rendering of services		1,493,685	4,060,476
		7,895,892	8,818,970
Other income	10		
Insurance claim		7,926	-
Sundry income		3,081	316,819
		11,007	316,819
Other expenses			
Accounting fees		(236,051)	(31,751)
Bad debts		-	(307,351)
Bank charges		(16,224)	(19,180)
Computer expenses		(4,025)	(65,085)
Consulting fees		(3,551,153)	(4,718,795)
Consumables		(7,591)	(5,949)
Depreciation - property, plant and equipment		(39,909)	(78,324)
Donations		(119,689)	(1,500)
Employee costs - directors		(770,221)	(1,162,909)
Employee costs - salaries		(2,307,946)	(1,829,173)
Employee costs - wages		(15,750)	-
Entertainment		(3,318)	-
Fines and penalties		-	(15,901)
General expenses		400	-
Insurance		(117,933)	(123,442)
Legal expense		(30,288)	-
Management fees		(5,562)	-
Motor vehicle expenses		(163,386)	(122,225)
Municipal charges		(7,450)	(5,567)
Operating lease expenses		(111,338)	(146,940)
Postage		(4,106)	(6,188)
Printing and stationery		(85,734)	(18,773)
Refreshments		(2,103)	-
Repairs and maintenance		-	(2,799)
Security		(18,377)	(11,893)
Staff welfare		-	(1,708)
Subscriptions		(42,644)	(42,991)
Telecommunication		(11,045)	-
Telephone and Fax		(7,585)	(13,070)
Travel - Local		(411,664)	(429,957)
Workshops		(13,443)	(64,811)
		(8,104,135)	(9,226,282)

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Detailed Income Statement

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Other gains and losses

Gain or loss on foreign exchange transactions

(14,429)

-

Deficit from operating activities

11

(211,665)

(90,493)

Finance income

Investment income

145,522

97,497

Finance costs

Interest paid

-

(225)

(Deficit) / surplus for the year

(66,143)

6,779

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Financial Statements for the year ended 31 December 2023

Ratio Analysis

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2023

2022

Liquidity Ratios

Current Ratio	1.26	1.07
Acid Test Ratio	1.26	1.07

Asset Management Ratios

The asset management analysis consists of the calculation of five ratios:

Receivables Turnover – Collection period	31.25	26.61
Days sales in receivables	0.63	20.35
Days purchases in creditors	4.48	15.95

Profitability Ratios

Gross profit margin	100.00%	100.00%
Return on operating assets	(2.24%)	0.18%
(Deficit) / surplus for the year	(66,143)	6,779