

Dlalanathi

(Registration number 021-096-NPO)

SHG PROJECT SOUTH AFRICA AUDIT

For the year ended 31 December 2022

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General Information

Country of incorporation and domicile	Republic of South Africa
Date of incorporation	1 December 2000
Registration number	021-096-NPO
Tax number	9045267169
Vat number	Not registered
Nature of business and principal activities	Working with organisations and projects that provide material assistance to children
Nature of Project	Self – help group
Board members	Lindokuhle Ngcobo Rachel Rozentals – Thresher Sally Mann Sinikiwe Biyela Anton Immelman Chrisjan van Aardt Nandisa Tushini
Registered office	191 Burger Street Pietermaritzburg 3201
Postal address	Suite H46 Private Bag X9118 Pietermaritzburg 3200
Public officer	Rachel Rozentals – Thresher
Bankers	Investec Bank Ltd Standard Bank of South Africa Ltd
Annual Financial Statements compiled by	Chrisjan van Aardt CA(SA)
Date annual financial statements were published	30 May 2023

Board Members' Responsibility Statement

The board members are responsible for the preparation and fair presentation of the annual financial statements of Dlalanathi, comprising the Statements of Financial Positions as at 31 December 2022, Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and the notes to the Annual Financial Statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards for Small and Medium-sized Enterprises.

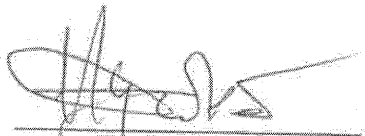
The board members are also responsible for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.


The board members have assessed the ability of the non-profit organisation to continue as a going concern and have no reason to believe that the organisation will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Board Members' Approval of the SHG Project Audit

The Annual Financial Statements were approved by the board members and are signed on their behalf by:


Lindokuhle Ngcobo


Rachel Rozentals – Thresher

15 June 2023

REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD MEMBERS OF DLALANATHI SHG PROJECT SOUTH AFRICA

Opinion

We have audited the annual financial statements of Dlalanathi SHG PROJECT SOUTH AFRICA, which comprise the board members' responsibility report, the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 12.

In our opinion, the annual financial statements on pages 7 to 12 present fairly, in all material respects, the financial position of the organisation as at 31 December 2022, and its financial performance for the year ended 31 December 2022 in accordance with the basis of accounting described in note 1.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the financial statements section of our report. We are independent of the organisation in accordance with the Sections 290 and 291 of the Independent Regulatory Boards for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of the Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa.

We have fulfilled our other ethical responsibilities, as applicable to performing audits in South Africa. The IRBA Codes are consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Board Members' Responsibility for the Financial Statements

The members of the board are responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as set out in note 1 to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD MEMBERS OF
DLALANATHI SHG PROJECT SOUTH AFRICA

Board Members' Responsibility for the Financial Statements (continued)

In preparing the Annual Financial Statements, the members of the board are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related going concern and using the going concern basis of accounting unless the organisation's board either intend to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the annual financial statements 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- Conclude on the appropriateness of the board's 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to the auditor's report to the related disclosures in Annual Financials 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 organisation to cease to continue as a going concern.

Dlalanathi
SHG Project Audit
31 December 2022

**REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD MEMBERS OF
DLALANATHI SHG PROJECT SOUTH AFRICA**

Auditor's Responsibility (continued)

- Evaluate the overall presentation, structure and content of the Annual Financial Statements, including the disclosure, whether the Annual Financial Statements represent the underlying transactions and events in the manner that achieves fair presentation.

We communicate with the members of the board 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.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that R E Buhr, a Registered Auditor, has been the auditor of Dlalanathi SHG Project South Africa for 1 year.

The engagement partner on the audit resulting in this independent auditor's report is Rupert Erich Buhr.



RE Buhr
Chartered Accountant (SA)
Registered Auditor

Date: 15/6/23
Pietermaritzburg

Statement of Comprehensive Income

Figures in rands	Notes	2022
Income		
Donor income		4 309 700
Investment income		19 346
		4 329 046
Expenditure		
Administration costs		(99 692)
Operating costs	1	(1 287 608)
Professional fees		(83 400)
Partner project expenses	2	(1 997 588)
Total expenditure		(3 468 288)
Project (deficit) / surplus for the year		860 758
Other comprehensive income not utilised		
Transfer to donor funds carried forward		(860 758)
Total comprehensive income for the year		-
Retained surplus at the beginning of the year		-
Retained surplus at the end of the year		-

Statement of Financial Position

Figures in rands	Notes	2022
Assets		
Non current assets		
Equipment		-
Current assets		
Trade and other receivables		-
Cash and cash equivalents	3	860 758
		<u>860 758</u>
Total assets		<u><u>860 758</u></u>
Equity and liabilities		
Equity		
Restricted reserves		-
Retained surplus		-
		<u>-</u>
Current liabilities		
Funds received in advance		860 758
Trade and other payables		-
		<u>860 758</u>
Total equity and liabilities		<u><u>860 758</u></u>

Statement of Cash Flows

Figures in rands	Notes	2022
Cash flow from operating activities		
Net (deficit)/surplus for the year		860 758
Adjustments for		
Profit/loss on sale of fixed assets		-
Depreciation		-
Transfer to donor funds received in advance		(860 758)
Change in working capital		
Funds Received in Advance		860 758
Trade and other receivables		-
Trade and other payables		-
Net cash from operating activities		860 758
Cash flow from investing activities		
Additions to equipment		-
Net cash from investing activities		-
Cash flow from financing activities		
Net cash from financing activities		-
Increase in cash and cash equivalents		860 758
Cash and cash equivalents at the beginning of the year		-
Cash and cash equivalents at the end of the year		860 758

Accounting Policies

1. General information

Dlalanathi is a non-profit organisation incorporated in South Africa.

1.1 Summary of significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities issued by the International Accounting Standards Board.

The principal accounting policies have been applied consistently with those applied in the prior year.

The financial statements are prepared on the historical cost basis, and incorporate the principal accounting policies as set out below:

1.2 Revenue recognition

The non-profit organisation recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the non-profit organisation therefrom.

1.3 Income taxes

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Dlalanathi is registered as a PBO with the South African Revenue Services and as such is exempt from taxation in terms of Section 10(1)(cN) of the Income Tax Act.

1.4 Equipment

Equipment is initially recorded at cost and is depreciated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives.

The depreciation rates applicable to each category of equipment is as follows:

	2022
Computer equipment	33.33%
Furniture and fittings	33.33%
Motor vehicles	20.00%

Residual value, useful life and depreciation methods are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

Accounting Policies

1.5 Impairment of assets

The carrying amounts of all assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. An impairment loss is reversed if there is an indication that the impairment loss may no longer exist. The impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

1.6 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include accounts receivables, cash and cash equivalents, loans and accounts payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

1.7 Provisions

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.

Notes to the Annual Financial Statements

Figures in rands		2022
1	Operating costs	
	Accommodation & Food	288 324
	Venue & Conference Fees	80 595
	Materials	13 937
	Salaries	724 448
	Transport	180 304
		<u>1 287 608</u>
2	Partner Project Expenses	
	Project Officer Salary	794 400
	Community Facilitator Stipend	335 500
	Management Contribution	216 900
	PO & CF Transportation	231 745
	PO & CF Communication	57 460
	Printing and Stationery	28 652
	Admin & Finance Costs	332 932
		<u>1 997 589</u>
3	Cash and cash equivalents	
	Standard Bank Current Account	55 125
	Standard Bank Market Link Account	805 633
		<u>860 758</u>