

IJ HUB NPC
(REGISTRATION NUMBER 2019/285016/08)

FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED 31 MARCH 2020

IJ HUB NPC

(Registration number 2019/285016/08)

Financial Statements for the ten months ended 31 March 2020

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Support and capacity building for investigative journalism in the SADC region
Directors	C Bhagawat (Non-executive, joined 7 June 2019, resigned 5 February 2020) S C Brümmer (Non-executive, joined 7 June 2019) S Budlender (Non-executive, joined 24 January 2020) A L Forrest (Non-executive, joined 26 February 2020) D Moyo (Non-executive, joined 10 December 2019) M C L Phakathi (Non-executive, joined 13 December 2019) L Shepherd (Non-executive, joined 7 June 2019, resigned 6 January 2020)
Registered and business office	Community House 41 Salt River Road Salt River Cape Town 7925
Company registration number	2019/285016/08
Preparer	These financial statements were compiled by: K Bailey of CMDS
Level of assurance	These financial statements were audited in compliance with the applicable requirements of the Companies Act of South Africa
Auditors	RSM South Africa Incorporated Chartered Accountants (SA) Registered Auditors

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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 financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors are satisfied that the company has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and the related report is presented on pages 4 to 6.

The financial statements set out on pages 7 to 15, which were prepared on the going concern basis, were approved and published by the directors and were signed on their behalf by:

DocuSigned by:
Dumisani Moyo
01FB0CD6944AD445...

Director

7/17/2020

Date

DocuSigned by:
Stefaans Brümmer
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Director

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF IJ HUB NPC

Opinion

We have audited the financial statements of IJ Hub NPC set out on pages 8 to 15, which comprise the Statement of Financial Position as at 31 March 2020, and the Statement of Comprehensive Income, Statement of Changes in Funds and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of IJ Hub NPC as at 31 March 2020, and its financial performance and cash flows for the 10 months then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 company in accordance with the sections 290 and 291 of the Independent Regulatory Board 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 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, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of 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.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' responsibility statement, Directors' Report as required by the Companies Act of South Africa, and Detailed Income Statement. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a

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Directors: E Bergh, B Com (Hons), CA(SA), C D Betty, B Acc, CA(SA), M G D de Faria, B Bus Sc, CA(SA), B J Eaton, B Acc, H Dip Tax Law, CA(SA), A C Galloway, B Sc Mech Eng, CA(SA), M Greisdorfer, B Com (Hons), CA(SA), H Heymans, B Compt (Hons), M Com, FCCA, CA(SA), N C Hughes, B Compt (Hons), PG Cert Adv Tax, CA(SA), J Jones, B Com, B Acc, H Dip Tax Law, H Dip Int Tax Law, CA(SA), J Kitching, B Compt (Hons), CA(SA), G Parker, B Com, CA(SA), L Quintal, B Com (Hons), CA(SA), R Rawoof, B Compt (Hons), CA(SA), P D Schultz, B Acc Sc (Hons), PG Dip Tax Law, CA(SA), M Steenkamp, B Compt (Hons), CA(SA), A D Young, B Compt (Hons), CA(SA)

material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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.

RSM South Africa Inc.

**RSM South Africa Incorporated
Registered Auditors**

**Per Andrew Craig Galloway CA(SA) RA
Director**

20-Jul-2020

**Date
Cape Town**

IJ HUB NPC

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Financial Statements for the ten months ended 31 March 2020

DIRECTORS' REPORT

The directors submit their report on the financial statements of for the ten months ended 31 March 2020.

1. Review of activities

Main business and operations

The company carries on the business of support and capacity building for investigative journalism in the SADC region.

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not, in our opinion, require any further comment.

The company incurred a net surplus of R200.

2. Going concern

The 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 ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations of the company.

3. Events after the reporting period

In the months prior to signing off of the financial statements, there has been a world-wide outbreak of Covid-19 and, in response, lockdowns decreed by governments. The epidemic and response have had a significant negative impact on the operation of companies and the economy in general. As the company's revenue is mainly grant income, management is concerned that funding may be affected as the economy contracts and new priorities may arise. There may be longer-term impact and management will continue to monitor developments on renewal applications and funding prospects.

4. Directors

The directors of the company during the period and to the date of this report are as follows:

C Bhagawat (Non-executive, joined 7 June 2019, resigned 5 February 2020)

S C Brümmer (Non-executive, joined 7 June 2019)

S Budlender (Non-executive, joined 24 January 2020)

A L Forrest (Non-executive, joined 26 February 2020)

D Moyo (Non-executive, joined 10 December 2019)

M C L Phakathi (Non-executive, joined 13 December 2019)

L Shepherd (Non-executive, joined 7 June 2019, resigned 6 January 2020)

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STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note(s)	2020
ASSETS		
Current assets		
Cash and cash equivalents	2	2,145,948
		<u>2,145,948</u>
Total Assets		<u><u>2,145,948</u></u>
FUNDS AND LIABILITIES		
FUNDS		
Accumulated funds		200
		<u>200</u>
LIABILITIES		
Current liabilities		
Payables	3	131,441
Deferred income	4	2,014,307
		<u>2,145,748</u>
Total Funds and Liabilities		<u><u>2,145,948</u></u>

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STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2020
Foundational grant funding	5	1,828,247
Donations income		200
Operating expenses		(1,828,247)
Operating surplus for the period	6	<u>200</u>

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STATEMENT OF CHANGES IN FUNDS

Figures in Rand	Accumulated Funds
Balance at 7 June 2019	-
Net surplus for the period	200
Balance at 31 March 2020	<u>200</u>

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STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from operating activities		3,842,754
Cash paid to suppliers and employees		<u>(1,696,806)</u>
Net cash from operating activities	8	<u>2,145,948</u>
Total cash movement for the period		2,145,948
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	2	<u><u>2,145,948</u></u>

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Financial Statements for the ten months ended 31 March 2020

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements 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 on the historical cost basis, incorporate the principal accounting policies set out below and are presented in South African Rands.

The 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.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the financial statements.

Management did not make any significant judgements in the process of applying the company's accounting policies, nor did they make estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price. This includes transaction costs, except for financial instruments which are measured at fair value through surplus or deficit.

Financial instruments at amortised cost

Debt instruments, as defined in 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 the end of 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 so, an impairment deficit is recognised.

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. This includes equity instruments held in unlisted investments.

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ACCOUNTING POLICIES (CONTINUED)

1.3 Impairment of assets

The company assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the total unit to which the asset belongs is determined.

If an impairment deficit 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 surplus or deficit.

1.4 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as annual and sick leave, and bonuses), is recognised in the period in which the service is rendered and is not discounted.

1.5 Foundational grant funding

Foundational grants are from specific funders and are governed by individual agreements between each funder and the company.

Grant funding received but not yet spent at year end is deferred to the following year. The balance of grant funding underspent is included in trade payables pending approval from the funder to utilise it. If approval has been received from the funder, the underspent amount is transferred to deferred income.

1.6 Donations income

Donations are recognised, in surplus or deficit, when the company's right to receive payment has been established.

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NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2020
2. CASH AND CASH EQUIVALENTS	
Cash and cash equivalents consist of:	
Bank balances	2,145,948
	<u>2,145,948</u>
3. PAYABLES	
Payables - Foundation Open Society Institute	86,786
Accrued leave pay	44,655
	<u>131,441</u>
4. DEFERRED INCOME	
Deferred income relates to grant income received during the period, which has not yet been utilised at the end of the period. Deferred income balances related to the following funders:	
Millennium Trust	1,030,635
Foundation to Promote Open Society	983,672
	<u>2,014,307</u>
5. FOUNDATIONAL GRANT FUNDING	
Foundation Open Society Institute	248,476
Millennium Trust	969,365
Open Society Initiative for Southern Africa	150,278
Foundation to Promote Open Society	460,128
	<u>1,828,247</u>
6. OPERATING SURPLUS	
Operating surplus for the period is stated after accounting for the following:	
Centre disbursements	117,850
Compliance	113,854
Employee costs	1,302,966
Travel and accommodation	244,109

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Figures in Rand

2020

7. TAXATION

No provision has been made for tax as the non-profit company has no taxable income. The company is in the process of applying for public benefit organisation approval in terms of Section 10(1)(cN) of the Income Tax Act.

8. CASH GENERATED FROM OPERATIONS

Surplus for the period	200
Adjustments for:	
Changes in working capital:	
Payables	131,441
Deferred income	2,014,307
	<u>2,145,948</u>

9. DIRECTORS' REMUNERATION

Non-executive

A L Forrest (joined 26 February 2020)	73,148
	<u>73,148</u>

10. FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Cash and cash equivalents	2,145,948	-	2,145,948
Payables	-	(131,441)	(131,441)
	<u>2,145,948</u>	<u>(131,441)</u>	<u>2,014,507</u>

11. COMPARATIVE INFORMATION NOT PRESENTED

The company commenced operations in June 2019 and thus comparative figures are not available.

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DETAILED INCOME STATEMENT

Figures in Rand	2020
FOUNDATIONAL GRANT FUNDING	
Foundation Open Society Institute	248,476
Millennium Trust	969,365
Open Society Initiative for Southern Africa	150,278
Foundation to Promote Open Society	460,128
	<u>1,828,247</u>
OTHER INCOME	
Donations income	200
	<u>200</u>
OPERATING EXPENSES	
Bank charges	4,940
Centre disbursements	117,850
Compliance	113,854
Consultants	16,817
Employee costs	1,302,966
Events	23,225
Miscellaneous	2,330
Reciprocal and team building	2,156
Travel and accommodation	244,109
	<u>1,828,247</u>
Net surplus for the period	<u><u>200</u></u>

The supplementary information presented does not form part of the financial statements and is unaudited.