



ISLAMIC RELIEF SOUTH AFRICA

AUDITED
FINANCIAL
STATEMENTS 2021

ISLAMIC RELIEF SOUTH AFRICA NPC

(Registration number 2004/025107/08)

Financial statements for the year ended 31 December 2021

These financial statements were prepared by:
Eduard Nel

Professional Accountant (SA) These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

Issued 27 March 2022

Islamic Relief South Africa NPC

(Registration number: 2004/025107/08)

Financial Statements for the year ended 31 December 2021

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Provision of poverty relief and humanitarian assistance
Directors	Abu - El - Magd, Mohamed Ali El - Alf, Mohammed Omar El - Bendary, Ahmad Esmat El - Zayat, Ibrahim Farouk Osman, Muhammad Ameen, Khadija
Registered office	396 Imam Haron Road Landsdowne Cape Town Western Cape 7780
Business address	396 Imam Haron Road Landsdowne 7780
Postal address	PO Box 2347 Clareinch Cape Town Western Cape 7740
Bankers	Standard Bank First National Bank
Auditors	BDO South Africa Incorporated Chartered Accountants (SA) Registered Auditors
Company registration number	2004/025107/08
Tax reference number	9450/136/16/4
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The financial statements were independently compiled by: Eduard Nel Professional Accountant (SA)
Published	27 March 2022

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Financial Statements for the year ended 31 December 2021

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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. 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 are based upon appropriate accounting policies consistently applied 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 company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets 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 have reviewed the company's cash flow forecast for the next 12 months to 31 December 2022 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

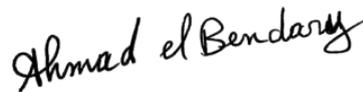
The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 8 - 7.

The financial statements set out on pages 8 to 20, which have been prepared on the going concern basis, were approved by the board of directors on 27 March 2022 and were signed on its behalf by:

Approval of financial statements



Abu - El - Magd, Mohamed Ali



EI - Bendary, Ahmad Esmat

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Directors' Report

The directors have pleasure in submitting their report on the financial statements of Islamic Relief South Africa NPC for the year ended 31 December 2021.

1. Incorporation

The company was incorporated on 07 September 2004 and obtained its certificate to commence business on the same day.

2. Nature of business

Islamic Relief South Africa NPC was incorporated in South Africa with interests in the humanitarian assistance sector. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

The company recorded a deficit for the year ended 31 December 2021 of R(938,638); (2020 surplus; R23,311,056).

Restricted project funds pertain to funds collected towards specific Islamic Relief programmes and projects, and relate to obligations that Islamic Relief South Africa carry forward to be discharged in 2022.

Unrestricted project funds are general funds not confined to any specific project.

4. Directors

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

Directors	Position	Nationality	
Abu - El - Magd, Mohamed Ali	Chairperson	Egypt	
El - Alf, Mohammed Omar		United Kingdom	
El - Bendary, Ahmad Esmat		United States of America	
El - Zayat, Ibrahim Farouk		Germany	
Osman, Muhammad		South Africa	
Ameen, Khadija		South Africa	Appointed 09 October 2021

5. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

6. Property, plant and equipment

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

At 31 December 2021 the company's investment in property, plant and equipment amounted to R10,059,239 (2020:R10,158,188), of which R654,981 (2020: R3,611,741) was added in the current year through additions.

7. Special resolutions

No special resolutions, the nature of which might be significant to the directors in their appreciation of the state of affairs of the company were made by the company during the period covered by this report.

8. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

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Financial Statements for the year ended 31 December 2021

Directors' Report

9. 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 directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements, should the need arise. At the latest Board of Directors meeting, on the 14th March 2022, and having assessed the financial performance of the last quarter, the directors are satisfied that the entity will continue to operate for the next 12 months. Having considered budgeted expectations and business plans for the foreseeable future, the going concern assumption is clearly supported. The directors are not aware of any additional material changes that may adversely impact the company. The directors are also not aware of any material noncompliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

10. Litigation statement

The company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The company is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

11. Auditors

BDO South Africa Incorporated continued in office as auditors in accordance with section 90 of the Companies Act of South Africa.

12. Date of authorisation for issue of financial statements

The financial statements have been authorised for issue by the directors on 14 March 2022. No authority was given to anyone to amend the financial statements after the date of issue.

Independent Auditor's Report

To the Members of
Islamic Relief South Africa NPC

Qualified Opinion

We have audited the financial statements of Islamic Relief South Africa NPC (the company) set out on pages 8 to 20, which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity 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, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Islamic Relief South Africa NPC as at 31 December 2021, and its financial performance and cash flows for the year 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 Qualified Opinion

Cash donations are a significant source of fundraising revenue for Islamic Relief South Africa NPC. The directors have determined that it is impractical to establish internal controls over the collection of cash donations prior to the initial entry into its financial records. We were therefore unable to confirm whether all cash donations were recorded. Our opinion for the prior year was similarly modified.

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 company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The directors responsible for the other information. The other information comprises the information included in the document titled "Islamic Relief South Africa NPC Annual Financial Statements for the year ended 31 December 2021", which includes the Directors' Report as required by the Companies Act of South Africa. The 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about whether all cash donations were recorded. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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 responsible for assessing the entity'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 entity 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 ISAs 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 ISAs, 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 entity'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 entity'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 entity 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.

BDO South Africa Inc.

BDO South Africa Inc. (Apr 4, 2022 14:41 GMT+2)

BDO South Africa Incorporated
Registered Auditors

Imtiaaz Hashim
Director
Registered Auditor

04 April 2022

119-123 Hertzog Boulevard
Foreshore
Cape Town, 8001

Islamic Relief South Africa NPC

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Financial Statements for the year ended 31 December 2021

Statement of Financial Position as at 31 December 2021

Figures in Rand	Note	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment	2	10,059,239	10,158,188
Other financial assets	3	26,240	23,520
		<u>10,085,479</u>	<u>10,181,708</u>
Current Assets			
Inventories	6	359,274	-
Trade and other receivables	4	1,373,378	829,206
Prepayments	5	2,680,467	-
Cash and cash equivalents	7	36,928,984	40,565,740
		<u>41,342,103</u>	<u>41,394,946</u>
Total Assets		<u>51,427,582</u>	<u>51,576,654</u>
Equity and Liabilities			
Equity			
Accumulated surplus		<u>43,346,990</u>	<u>44,285,628</u>
Liabilities			
Non-Current Liabilities			
Other financial liabilities	9	<u>3,027,939</u>	<u>3,786,118</u>
Current Liabilities			
Trade and other payables	11	4,292,738	3,410,179
Provisions	10	759,915	94,729
		<u>5,052,653</u>	<u>3,504,908</u>
Total Liabilities		<u>8,080,592</u>	<u>7,291,026</u>
Total Equity and Liabilities		<u>51,427,582</u>	<u>51,576,654</u>

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Financial Statements for the year ended 31 December 2021

Statement of Comprehensive Income

Figures in Rand	Note	2021	2020
Revenue	12	143,642,620	121,689,509
Direct expenses		(137,002,146)	(91,693,485)
Gross surplus		6,640,474	29,996,024
Other income	13	28,535	44,788
Operating expenses		(9,724,867)	(8,155,176)
Operating (deficit)/surplus		(3,055,858)	21,885,636
Profit share	15	2,251,393	1,607,127
Finance costs	16	(134,173)	(181,707)
(Deficit) /surplus for the year		(938,638)	23,311,056
Other comprehensive income		-	-
Total comprehensive (deficit)/surplus for the year		(938,638)	23,311,056

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Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 January 2020	20,974,572	20,974,572
Surplus for the year	23,311,056	23,311,056
Other comprehensive income	-	-
Total comprehensive income for the year	23,311,056	23,311,056
Balance at 01 January 2021	44,285,628	44,285,628
Deficit for the year	(938,638)	(938,638)
Other comprehensive income	-	-
Total comprehensive deficit for the year	(938,638)	(938,638)
Balance at 31 December 2021	43,346,990	43,346,990
Note	8	

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Statement of Cash Flows

Figures in Rand	Notes	2021	2020
Cash flows from operating activities			
Cash (used in) generated from operations	17	(3,961,328)	20,944,097
Profit share		2,251,393	1,607,127
Finance costs		(134,173)	(181,707)
Net cash from operating activities		(1,844,108)	22,369,517
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(654,981)	(3,611,741)
Sale of property, plant and equipment	2	27,256	-
Net cash from investing activities		(627,725)	(3,611,741)
Cash flows from financing activities			
Repayments of other financial liabilities		(1,164,923)	(1,164,924)
Net cash from financing activities		(1,164,923)	(1,164,924)
Total cash movement for the year		(3,636,756)	17,592,852
Cash at the beginning of the year		40,565,740	22,972,889
Total cash at end of the year	7	36,928,984	40,565,741

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Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis 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, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

The company reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date.

Impairment testing

The company reviews and tests the carrying value of property, plant and equipment, investment property on the cost model and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing an asset and restoring the site on which it is located is also included in the cost of property, plant and equipment, when such dismantling, removal and restoration is obligatory.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

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Accounting Policies

1.2 Property, plant and equipment (continued)

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	30 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	3 years
IT equipment	Straight line	3 years
Computer software	Straight line	2 years

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount.

Land is not depreciated.

Where major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to the components and they are depreciated separately over each component's useful life.

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. They 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.

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Accounting Policies

1.3 Financial instruments (continued)

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

1.4 Tax

Current tax assets and liabilities

The company has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act. The organisations receipts and accruals are therefore exempt from income tax in terms of section 10(1)(cN) of the Act, and as a result no provision has been made for income tax.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.6 Inventories

Inventories consist of in kind donations on hand not yet distributed and measured at estimated market value.

1.7 Impairment of assets

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

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or loss.

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

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Accounting Policies

1.8 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

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 the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

1.9 Revenue

Revenue: primarily comprises income from donations. It is recognised upon receipt of cash and cash equivalents at the amount received.

Unrestricted funds: all donations are deemed unrestricted unless specifically stated by the donor. Unrestricted funds comprise the accumulated surplus or deficit on the financial statements which are available for use at the discretion of the directors of Islamic Relief South Africa in furtherance of the objectives of the charity.

Restricted funds: these pertain to contributions that are assigned by the donor or the terms of the appeal specified by a particular project or country. The donation and income deriving from them will be used in accordance with the specific purposes.

Investment income: this comprises of profit generated from funds held in Islamic Relief South Africa's bank accounts.

Donations: this comprises all income resources from donations and income from fundraising partners on basis of that which is remitted to Islamic Relief South Africa.

In Kind donations: this pertains to donations in kind. A nominal value is attached to second hand items for measurement per the accounting records. Brand new items received are measured at the lowest retail cost or invoice value and are used in accordance with Islamic Relief South Africa's programmes implementation efforts. High value items are aligned with the lowest market value available. The outcome of the transaction can be estimated reliably when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

1.10 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.11 Foreign exchange

Foreign currency transactions

Exchange differences arising on monetary items are recognised in surplus or loss in the period in which they arise.

All transactions in foreign currencies are initially recorded in Rand, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in surplus or loss.

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Notes to the Financial Statements

Figures in Rand

2021

2020

2. Property, plant and equipment

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	1,479,081	-	1,479,081	315,000	-	315,000
Buildings	8,256,542	(762,140)	7,494,402	9,420,623	(486,922)	8,933,701
Furniture and fixtures	310,326	(243,410)	66,916	265,358	(224,250)	41,108
Motor vehicles	1,150,952	(896,961)	253,991	1,150,952	(751,260)	399,692
Office equipment	1,203,133	(914,178)	288,955	1,081,936	(836,696)	245,240
IT equipment	1,229,781	(753,888)	475,893	854,734	(631,288)	223,446
Computer software	22,156	(22,155)	1	22,156	(22,155)	1
Total	13,651,971	(3,592,732)	10,059,239	13,110,759	(2,952,571)	10,158,188

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Closing balance
Land	315,000	-	-	1,164,081	-	1,479,081
Buildings	8,933,701	-	-	(1,164,081)	(275,218)	7,494,402
Furniture and fixtures	41,108	44,968	-	-	(19,160)	66,916
Motor vehicles	399,692	-	-	-	(145,701)	253,991
Office equipment	245,240	169,147	(6,177)	-	(119,255)	288,955
IT equipment	223,446	440,866	(3,597)	-	(184,822)	475,893
Computer software	1	-	-	-	-	1
	10,158,188	654,981	(9,774)	-	(744,156)	10,059,239

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
Land	315,000	-	-	315,000
Buildings	6,267,201	2,955,889	(289,389)	8,933,701
Furniture and fixtures	30,468	28,410	(17,770)	41,108
Motor vehicles	327,617	200,000	(127,925)	399,692
Office equipment	13,522	278,447	(46,729)	245,240
IT equipment	175,783	148,995	(101,332)	223,446
Computer software	1	-	-	1
	7,129,592	3,611,741	(583,145)	10,158,188

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Notes to the Financial Statements

Figures in Rand	2021	2020
2. Property, plant and equipment (continued)		
Details of properties		
Administrative building 1		
The property is situated at Erf 231, Copesville, Pietermaritzburg, KwaZulu Natal, measuring 440 square metres under Deeds of Transfer T000019401/2010.		
- Purchase price: 24 June 2010	315,000	315,000
Administrative building 2		
The property is situated at Erf 59743, Lansdowne, Cape Town, Western Cape, measuring 544 square metres under Deeds of Transfer T16323/1949.		
- Purchase price: 7 February 2019	6,464,735	6,464,735
Administrative building 3		
The property is situated at Portion 44, Erf 808, Brickfield, Sherwood, Durban, measuring 836 square metres under Deeds of Transfer T12553/1973.		
- Purchase price: 11 March 2020	2,955,889	2,955,889
The property at Erf 59743, Lansdowne, Cape Town is encumbered and given as security for the loan granted by Islamic Relief Worldwide as referenced in note 9. The property is not permitted to be disposed of nor is the company permitted to secure additional facilities against the property in favour of a third party.		
Registers with details of land and buildings are available for inspection at the registered office of the company.		
3. Other financial assets		
At amortised cost		
Shares in Amaanat Investment Holding Limited	26,240	23,520
Non-current assets		
At amortised cost	26,240	23,520
4. Trade and other receivables		
Trade receivables	186,380	162,051
Staff loans	146,900	27,290
Deposits	136,061	139,204
VAT	904,037	500,661
	1,373,378	829,206
5. Prepayments		
Orphans sponsorship programme	2,680,467	-
<i>Payment made to Islamic Relief Worldwide towards Quarter 1 of the 2022 Orphans Sponsorship Programme.</i>		
6. Inventories		
Merchandise	359,274	-
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		

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Notes to the Financial Statements

Figures in Rand	2021	2020		
7. Cash and cash equivalents (continued)				
Bank balances	36,928,984	40,565,740		
8. Accumulated surplus				
Incorporated within the accumulated surplus, are funds that have been committed to 2021 projects that continue to be underway and extended into 2022 as well as new projects expected to commence in the 2022 financial year.				
Restricted project funds	21,368,134	15,561,277		
Unrestricted project funds	14,209,154	22,446,689		
General reserves	7,769,702	6,277,660		
	43,346,990	44,285,626		
9. Other financial liabilities				
At amortised cost				
Islamic Relief Worldwide	3,027,939	3,786,118		
<i>The loan bears no interest. Profit share is charged at 4% per annum, and is payable quarterly in advance. Capital appreciation is paid quarterly in arrears. The loan is repayable within 5 years. The loan is denominated in British Pounds Sterling to the value of £140,997 as on 31 December 2021. The loan is secured over property at Erf 59743, Lansdowne, Cape Town by the company agreeing to register a mortgage as per the loan agreement.</i>				
Non-current liabilities				
At amortised cost	3,027,939	3,786,118		
10. Provisions				
Reconciliation of provisions - 2021				
	Opening balance	Additions	Reversed during the year	Closing balance
Provisions for leave pay	-	660,415	-	660,415
Audit fee provision	94,729	99,500	(94,729)	99,500
	94,729	759,915	(94,729)	759,915
Reconciliation of provisions - 2020				
	Opening balance	Additions	Reversed during the year	Closing balance
Audit fee provision	84,270	94,729	(84,270)	94,729
11. Trade and other payables				
Trade payables	359,270	482,715		
Other accrued expenses	3,933,468	2,927,464		
	4,292,738	3,410,179		

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Figures in Rand	2021	2020
12. Revenue		
Direct deposits donations	131,308,253	111,170,830
Cash donations	7,565,023	6,940,129
Donations in kind	4,769,344	3,578,550
	143,642,620	121,689,509
13. Other income		
Profit on sale of assets and liabilities	17,482	-
Fair value gains	2,720	1,120
Insurance claims	4,580	33,346
Sundry income	3,753	10,322
	28,535	44,788
14. Auditor's remuneration		
Fees	99,500	99,826
15. Investment revenue		
Profit share		
Bank	2,251,393	1,607,127
16. Finance costs		
Finance cost on Islamic Finance Agreement (non interest bearing) - Islamic Relief Worldwide	134,173	181,707
17. Cash (used in) generated from operations		
Surplus before taxation	(938,638)	23,311,056
Adjustments for:		
Depreciation	744,156	583,145
Profit on sale of assets	(17,482)	-
Loss on foreign exchange	406,744	-
Profit share - investment	(2,251,393)	(1,607,127)
Finance costs	134,173	181,707
Fair value adjustments	(2,720)	(1,120)
Movements in provisions	665,186	10,459
Changes in working capital:		
Inventories	(359,274)	-
Trade and other receivables	(544,172)	664,774
Prepayments	(2,680,467)	-
Trade and other payables	882,559	(2,198,797)
	(3,961,328)	20,944,097

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Notes to the Financial Statements

Figures in Rand	2021	2020
18. Related parties		
Relationships		
Common directors	Islamic Relief Worldwide - United Kingdom	
Other related parties	Orphan's Endowment Waqf Fund	
Related party balances		
Loan accounts - Owing (to) by related parties		
Islamic Relief Worldwide - United Kingdom	(3,027,939)	(3,786,118)
Orphan's Endowment Waqf Fund	(46,800)	(30,300)
Related party transactions		
Donations received from related parties		
Islamic Relief Worldwide - United Kingdom	11,597,492	3,705,492
Distributions of donations to related parties		
Islamic Relief Worldwide - United Kingdom	(82,213,567)	(43,891,438)
Operational expenses to related parties		
Islamic Relief Worldwide - United Kingdom	844,291	581,886

19. Directors' and prescribed officer's remuneration

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

20. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements, should the need arise. At the latest Board of Directors meeting, on the 14th March 2022, and having assessed the financial performance of the last quarter, the directors are satisfied that the entity will continue to operate for the next 12 months. Having considered budgeted expectations and business plans for the foreseeable future, the going concern assumption is clearly supported. The directors are not aware of any additional material changes that may adversely impact the company. The directors are also not aware of any material noncompliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

21. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

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Financial Statements for the year ended 31 December 2021

Statement of Comprehensive Income

Figures in Rand		2021	2020
Revenue			
Donation income		138,873,276	118,110,959
Donations in kind		4,769,344	3,578,550
	12	143,642,620	121,689,509
Direct expenses			
Operating expenses		(13,289,000)	(12,823,052)
Local programmes		(41,499,579)	(36,954,995)
International programmes		(82,213,567)	(41,915,438)
		(137,002,146)	(91,693,485)
Gross surplus		6,640,474	29,996,024
Other income			
Recoveries		4,580	33,346
Other income		3,753	10,322
Gains on disposal of assets		17,482	-
Fair value gains		2,720	1,120
		28,535	44,788
Overhead expenses (Refer to page 22)		(9,724,867)	(8,155,176)
Operating surplus		(3,055,858)	21,885,636
Profit Share	15	2,251,393	1,607,127
Finance costs	16	(134,173)	(181,707)
		2,117,220	1,425,420
Surplus (deficit) for the year		(938,638)	23,311,056

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Statement of Comprehensive Income

Figures in Rand		2021	2020
Overhead expenses			
Accounting fees		(69,325)	(66,700)
Advertising		(3,413)	-
Auditors remuneration	14	(99,500)	(99,826)
Bank charges		(856,527)	(886,313)
Cleaning		(18,776)	(21,283)
Computer expenses		(482,523)	(357,231)
Consulting and professional fees		(184,179)	(275,942)
Consumables		(65,354)	(73,047)
Depreciation		(744,156)	(583,145)
Employee costs		(4,225,293)	(3,248,837)
Insurance		(176,408)	(134,590)
Lease rentals on operating lease		(513,720)	(736,316)
Legal expenses		(96,948)	-
Levies		(58,937)	(62,548)
Meetings and directors costs		(120,417)	(60,550)
Motor vehicle expenses		(169,007)	(106,464)
Postage		(15,888)	(35,677)
Printing and stationery		(106,439)	(49,255)
Profit/Loss on Foreign Exchange		(536,991)	(179,164)
Recruitment		(1,103)	(47,622)
Repairs and maintenance		(122,494)	(88,944)
Secretarial fees		(5,860)	(1,902)
Security		(54,458)	(33,442)
Staff welfare		(83,875)	(64,798)
Subscriptions		(335,876)	(254,411)
Telephone and fax		(299,858)	(426,994)
Training		(5,676)	(31,738)
Travel - international and local		(69,315)	(88,964)
Utilities		(202,551)	(139,473)
		(9,724,867)	(8,155,176)