

INCA Capacity Building Fund (NPC)

(Registration Number 1998/005978/08)

Annual Financial Statements

for the year ended 28 February 2022

Audited Financial Statements

Prepared by: Flip Fourie

Professional designation: CA (SA)

Title: Accountant

INCA Capacity Building Fund (NPC)

(Registration Number 1998/005978/08)

Annual Financial Statements for the year ended 28 February 2022

Index

	Page
General Information	2
Directors' Responsibilities and Approval	3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 7
Report of the Compiler	8
Statement of Financial Position	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Accounting Policies	13
Notes to the Financial Statements	14 - 16
The supplementary information presented does not form part of the Financial Statements and is unaudited: Detailed Income Statement	17

INCA Capacity Building Fund (NPC)

(Registration Number 1998/005978/08)

Annual Financial Statements for the year ended 28 February 2022

General Information

Country of Incorporation and Domicile	South Africa
Registration Number	1998/005978/08
Nature of Business and Principal Activities	To uphold and to facilitate the achievement of capacity building
Directors	AJ Van Zyl JM Whiting GJ Pienaar (Appointed 8 March 2021) Z Ramondou (Appointed 8 March 2021) A Rojkoff (Appointed 20 October 2021) L Widmer Schlaufer (Appointed 20 October 2021) JA Anthamatten (Alternate) (Appointed 8 March 2021) Y Dinath (Alternate) (Appointed 20 October 2021) FE Sporri (Alternate) (Appointed 8 March 2021) C Bernadac (Resigned 21 June 2021) B Buser (Resigned 21 June 2021)
Registered Office	Unit F14 Pinewood Office Park 33 Riley Road Woodmead, Sandton 2146
Business Address	Unit F14 Pinewood Office Park 33 Riley Road Woodmead, Sandton 2146
Postal Address	PO Box 1847 Gallo Manor 2152
Bankers	First National Bank
Level of Assurance	These financial statements have been audited.
Independent Auditors	PKF (VGA) Chartered Accountants Chartered Accountants (SA) Registered Auditor
Non-Profit Company Secretary	JM Whiting

INCA Capacity Building Fund (NPC)

(Registration Number 1998/005978/08)

Annual Financial Statements for the year ended 28 February 2022

Directors' Responsibilities and Approval

The directors are required 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 financial statements support the viability of the non-profit company.

The annual financial statements have been audited by the independent auditing firm, PKF (VGA) Chartered Accountants, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the member, the directors and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 6 to 7.

The annual financial statements set out on pages 9 to 16, and the supplementary information set out on page 17 which have been prepared on the going concern basis, were approved by the directors and were signed on 5 May 2022 on their behalf by:



AJ Van Zyl



GJ Pienaar

INCA Capacity Building Fund (NPC)

(Registration Number 1998/005978/08)

Annual Financial Statements for the year ended 28 February 2022

Directors' Report

The directors present their report for the year ended 28 February 2022.

1. Review of activities

Main business and operations

The non-profit company to uphold and to facilitate the achievement of capacity building. 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.

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.

Impact of COVID-19

Since 31 December 2019, the spread of the COVID-19 virus has severely impacted most economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic lockdown. Global stock markets have also experienced great volatility and a significant weakening. Government and the South African Reserve Bank have responded with monetary and fiscal interventions to stabilise economic conditions.

The directors have determined that these events are non-adjusting events. Accordingly, the financial position and results of operations for the year ended 28 February 2022 have not been adjusted to reflect the impact. The duration and impact of the COVID-19 pandemic remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial performance and financial position of the non-profit company for future periods. The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

4. Membership and Management

No changes were approved or made to the membership or the management of the non-profit company during the year under review.

INCA Capacity Building Fund (NPC)

(Registration Number 1998/005978/08)

Annual Financial Statements for the year ended 28 February 2022

Directors' Report

5. Directors

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

AJ Van Zyl

JM Whiting

GJ Pienaar (Appointed 8 March 2021)

Z Ramondou (Appointed 8 March 2021)

A Rojkoff (Appointed 20 October 2021)

L Widmer Schlaufer (Appointed 20 October 2021)

JA Anthamatten (Alternate) (Appointed 8 March 2021)

Y Dinath (Alternate) (Appointed 20 October 2021)

FE Sporri (Alternate) (Appointed 8 March 2021)

C Bernadac (Resigned 21 June 2021)

B Buser (Resigned 21 June 2021)

6. Secretary

The non-profit company designated secretary is JM Whiting.

7. Independent Auditors

PKF (VGA) Chartered Accountants were the independent auditors for the year under review.

Independent Auditor's Report

To the Members of INCA Capacity Building Fund (NPC)

Opinion

We have audited the financial statements of INCA Capacity Building Fund (NPC) set out on pages 9 to 16, which comprise the statement of financial position as at 28 February 2022, and the statement of comprehensive income, the statement of changes in equity and the 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 INCA Capacity Building Fund (NPC) as at 28 February 2022, 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.

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 non-profit 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 opinion.

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 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 non-profit 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 non-profit 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 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 non-profit 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 non-profit 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 non-profit 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.

PKF (VGA) Chartered Accountants

5 May 2022

Per:

Director / Partner

Chartered Accountant (SA)

Report of the Compiler

To the Directors of INCA Capacity Building Fund (NPC)

We have compiled the accompanying financial statements of INCA Capacity Building Fund (NPC) based on information you have provided. These financial statements comprise the statement of financial position as at 28 February 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

As stated in Note 2, the financial statements are prepared and presented in accordance with International Financial Reporting Standards for Small- and Medium-sized Entities (IFRS for SMEs), excluding property which is revalued in the financial statements rather than being carried at historical cost. The financial statements are prepared for the purpose described in Note Y to the financial statements. Accordingly, these financial statements may not be suitable for other purposes.

PKF (VGA) Chartered Accountants

5 May 2022

Per:

Director / Partner

Chartered Accountant (SA)

INCA Capacity Building Fund (NPC)

(Registration Number 1998/005978/08)

Financial Statements for the year ended 28 February 2022

Statement of Financial Position

Figures in R

	Notes	2022	2021
Current assets			
Trade and other receivables	3	279,916	-
Cash and cash equivalents	4	16,150,709	13,370,602
Total current assets		16,430,625	13,370,602
Total assets		16,430,625	13,370,602
Equity and liabilities			
Equity			
Accumulated surplus		15,895,282	13,276,594
Liabilities			
Current liabilities			
Trade and other payables	5	535,343	94,008
Total liabilities		535,343	94,008
Total equity and liabilities		16,430,625	13,370,602

INCA Capacity Building Fund (NPC)

(Registration Number 1998/005978/08)

Financial Statements for the year ended 28 February 2022

Statement of Comprehensive Income

Figures in R	Notes	2022	2021
Grant Income	6	8,532,444	12,734,290
Financial Advisory Services	7	(4,689,353)	-
Gross surplus		3,843,091	12,734,290
Other income	8	9,588	3,190
Administrative expenses	9	(24,650)	(30,672)
Other expenses	10	(1,209,341)	(231,354)
Surplus from operating activities		2,618,688	12,475,454
Surplus for the year		2,618,688	12,475,454

INCA Capacity Building Fund (NPC)

(Registration Number 1998/005978/08)

Financial Statements for the year ended 28 February 2022

Statement of Changes in Equity

Figures in R	Accumulated surplus	Total
Balance at 1 March 2020	801,140	801,140
Changes in equity		
Surplus for the year	12,475,454	12,475,454
Total comprehensive income	12,475,454	12,475,454
Balance at 28 February 2021	13,276,594	13,276,594
Balance at 1 March 2021	13,276,594	13,276,594
Changes in equity		
Surplus for the year	2,618,688	2,618,688
Total comprehensive income	2,618,688	2,618,688
Balance at 28 February 2022	15,895,282	15,895,282

INCA Capacity Building Fund (NPC)

(Registration Number 1998/005978/08)

Financial Statements for the year ended 28 February 2022

Statement of Cash Flows

Figures in R

	Notes	2022	2021
Net cash flows from operations	13	2,780,107	12,479,602
Cash flows from investing activities			
Interest received		-	22,426
Cash flows from investing activities		-	22,426
Net increase in cash and cash equivalents		2,780,107	12,502,028
Cash and cash equivalents at beginning of the year		13,370,602	868,574
Cash and cash equivalents at end of the year	4	16,150,709	13,370,602

INCA Capacity Building Fund (NPC)

(Registration Number 1998/005978/08)

Financial Statements for the year ended 28 February 2022

Accounting Policies

1. General information

The Fund's core business activities are to uphold and to facilitate the achievement of capacity building by way of education in financial and technical management, developing, presenting and supporting training and information courses. More specifically, developing education and training in the fields of privatisation and technical and financial management of services, public utilities and community development programmes at third tier local government, incorporating not only local authorities but non-governmental organisations, political leaders and the broad community as well as the facilitation of training and educational courses.

The non-profit company is incorporated as a Non-Profit Company and domiciled in South Africa. The address of its registered office is Unit F14, Pinewood Office Park, 33 Riley Road, Woodmead, Sandton, 2146.

2. Basis of preparation and summary of significant accounting policies

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

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the non-profit company's accounting policies.

The 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.

2.1 Financial instruments

Trade and other receivables

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

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

Trade and other payables

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

2.2 Revenue

Interest income is recognised using the effective interest method.

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

INCA Capacity Building Fund (NPC)

(Registration Number 1998/005978/08)

Financial Statements for the year ended 28 February 2022

Notes to the Financial Statements

Figures in R

	2022	2021
3. Trade and other receivables		
Trade and other receivables comprise:		
Accrued Int Rec - Call Deposits	279,916	-
Total trade and other receivables	279,916	-
4. Cash and cash equivalents		
Cash and cash equivalents comprise:		
Cash		
Balances with banks	16,150,709	13,370,602
Total cash	16,150,709	13,370,602
Total cash and cash equivalents included in current assets	16,150,709	13,370,602
Net cash and cash equivalents	16,150,709	13,370,602
5. Trade and other payables		
Trade and other payables comprise:		
Accrued Int Rec - SECO	511,343	67,129
Accrued Expenses	24,000	26,879
Total trade and other payables	535,343	94,008
6. Revenue		
Revenue comprises:		
Interest received	-	22,426
Grants received	8,532,444	12,711,864
Total revenue	8,532,444	12,734,290
7. Cost of sales		
Cost of sales comprise:		
Financial advisory services	4,689,353	-
8. Other income		
Other income comprises:		
Royalties received	9,588	3,190

INCA Capacity Building Fund (NPC)

(Registration Number 1998/005978/08)

Financial Statements for the year ended 28 February 2022

Notes to the Financial Statements

Figures in R

2022

2021

9. Administrative expenses

Administrative expenses comprise:

Auditors remuneration - fees	22,721	29,267
Bank charges	1,929	1,405
Total administrative expenses	24,650	30,672

10. Other expenses

Other expenses comprise:

Accounting Fees & Management Fees	1,062,101	231,354
Legal expense	147,240	-
Total other expenses	1,209,341	231,354

11. Related parties

Related Parties

The party is a member of the key management:

Related party	Nature of relationship
Whiting, Joanne	Director
Van Zyl, Adriaan Johannes	Director
INCA Portfolio Managers Proprietary Limited	Executive Management

Transactions with related parties:

Management Fee Paid

INCA Portfolio Managers Proprietary Limited	Key management personnel is the same	1,062,101	231,534
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Financial Advisory Services

INCA Portfolio Managers Proprietary Limited	Key management personnel is the same	4,689,353	-
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INCA Capacity Building Fund (NPC)

(Registration Number 1998/005978/08)

Financial Statements for the year ended 28 February 2022

Notes to the Financial Statements

Figures in R

2022

2021

12. Events after the reporting date

COVID-19 related lockdowns

As disclosed in the Director's Report, management has assessed the COVID-19 global pandemic, most specifically the effect of the lockdown, as being a non-adjusting post-balance sheet event for the reporting period based on the timing of the various lockdowns implemented in the company's respective trading markets, all of which occurred after the company's reporting date, being 28 February 2021.

The duration and impact of the COVID-19 pandemic, as well the effectiveness of Government and The South African Reserve Bank responses, remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial performance and financial position of the non-profit company for future periods. The directors not aware of any other material event which occurred after the reporting date and up to the date of this report."

13. Cash flows from operating activities

Surplus for the year	2,618,688	12,475,454
Adjustments for:		
Interest received	-	(22,426)
Change in operating assets and liabilities:		
Adjustments for (increase) / decrease in other operating receivables	(279,917)	3,647
Adjustments for increase in other operating payables	441,336	22,927
Net cash flows from operations	<u>2,780,107</u>	<u>12,479,602</u>

INCA Capacity Building Fund (NPC)

(Registration Number 1998/005978/08)

Annual Financial Statements for the year ended 28 February 2022

Detailed Income Statement

Figures in R	Notes	2022	2021
Revenue	6		
Grant received		8,532,444	12,711,864
Interest received		-	22,426
Total revenue		8,532,444	12,734,290
Cost of sales	7		
Financial advisory services		(4,689,353)	-
Total cost of sales		(4,689,353)	-
Gross surplus		3,843,091	12,734,290
Other income	8		
Royalties received		9,588	3,190
Total other income		9,588	3,190
Administrative expenses	9		
Auditors remuneration - fees		(22,721)	(29,267)
Bank charges		(1,929)	(1,405)
Total administrative expenses		(24,650)	(30,672)
Other expenses	10		
Legal expense		(147,240)	-
Management fees		(1,062,101)	(231,354)
Total other expenses		(1,209,341)	(231,354)
Surplus from operating activities		2,618,688	12,475,454
Surplus for the year		2,618,688	12,475,454