

**National Economic Development  
and Labour Council**

**Annual Financial Statements**  
*for the year ended 31 March 2001*

**National Economic Development and Labour Council  
Annual Financial Statements  
31 March 2001**

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**APPROVAL OF ANNUAL FINANCIAL STATEMENTS**

The preparation, integrity and objectivity of the financial and other information contained in this report is the responsibility of the Executive Council. In order to discharge this responsibility the Executive Council maintains internal accounting and administrative control systems designed to provide a reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the Executive Council's policies and within the framework of South African generally accepted accounting practice.

The annual financial statements which appear on pages 3 to 9 were approved by the Executive Council and are signed on its behalf by :

\_\_\_\_\_  
PHILILP DEXTER (EXECUTIVE DIRECTOR)

...29 JUNE.....  
DATE

Johannesburg  
4 June 2001

## **Report of the independent auditors to the Executive Committee of National Economic Development and Labour Council**

We have audited the annual financial statements of National Economic Development and Labour Council set out on pages 4 to 8 for the year ended 31 March 2001. These financial statements are the responsibility of the Executive Council. Our responsibility is to express an opinion on these financial statements based on our audit.

### **Scope**

We conducted our audit in accordance with statements of South African Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- Assessing the accounting principles used and significant estimates made by management, and
- Evaluating the overall financial statements presentation.

We believe that our audit provides a reasonable basis for our opinion.

### **Qualification**

In common with similar organisations, it is not feasible for the council to institute accounting controls over cash collections from donations and grants prior to the initial entry of the collections in the accounting records. Accordingly it was impracticable for us to extend our examination beyond the receipts actually recorded.

### **Audit Opinion**

In our opinion, except for the effects on the financial statements of the matter referred to in the preceding paragraph, the financial statements fairly present, in all material respects, the financial position of the Council at 31 March 2001 and the results of its operations for the year then ended in accordance with generally accepted accounting practice.

**GOBODO INCORPORATED**  
**CHARTERED ACCOUNTANTS (SA)**  
**REGISTERED ACCOUNTANTS AND AUDITORS**  
**JOHANNESBURG**  
**4 June 2001**

**National Economic Development and Labour Council**  
**Balance Sheet**  
**as at 31 March 2001**

	Note	2001 R	2000 R
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2	345 496	288 486
		<u>345 496</u>	<u>288 486</u>
<b>CURRENT ASSETS</b>			
Accounts receivable		5 066 293	3 856 340
Bank and funds on call	3	3 402 347	3 506 363
		1 663 946	349 977
		<u>5 411 789</u>	<u>4 144 826</u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Accumulated funds		4 015 226	3 584 690
Constituency capacity funds	4	2 540 556	2 602 721
Project funds	5	1 087 636	522 621
		387 034	423 348
<b>CURRENT LIABILITIES</b>			
Accounts payable		1 396 563	560 136
		<u>1 396 563</u>	<u>560 136</u>
		<u>5 411 789</u>	<u>4 144 826</u>

**National Economic Development and Labour Council  
Income Statement  
for the year ended 31 March 2001**

	Note	2001 R	2000 R
<b>GRANTS RECEIVED</b>	6	6 729 000	6 500 000
Community constituency		300 000	240 000
Labour constituency		300 000	240 000
Business constituency		150 000	120 000
Operational expenses		5 979 000	5 900 000
<b>OTHER INCOME</b>		127 664	157 455
Interest received		95 410	112 938
Profit on disposal of fixed assets		32 254	44 517
		<u>6 856 664</u>	<u>6 657 455</u>
<b>OPERATING EXPENDITURE</b>	7	<u>6 389 814</u>	<u>5 030 314</u>
<b>Surplus for the year</b>		466 850	1 627 141
Transfer to			
Community constituency fund	4.1	(80 005)	(240 000)
Labour constituency fund	4.2	(299 010)	(240 000)
Business constituency fund	4.3	(150 000)	(120 000)
<b>Net (Deficit) / Surplus for the year</b>		<u><u>(62 165)</u></u>	<u><u>1 027 141</u></u>
<b>Accumulated funds beginning of year</b>		2 602 721	1 575 580
<b>Accumulated funds end of year</b>		<u><u>2 540 556</u></u>	<u><u>2 602 721</u></u>

**National Economic Development and Labour Council**  
**Notes to the Annual Financial Statements**  
**for the year ended 31 March 2001**

**1. ACCOUNTING POLICIES**

The financial statements are prepared on the historical cost basis and incorporate the following principal accounting policies set out below which have been consistently applied .

**1.1 FIXED ASSETS**

Fixed assets are depreciated on a straight-line basis at rates estimated to write off the assets over their anticipated useful lives. The estimated rates used are as follows :

Equipment	33.3%
Furniture and fittings	20%
Computer equipment	33.3%
Leasehold improvement	33.3%

**1.2 LEASED ASSETS**

Assets acquired under finance leases are capitalised at their cash cost equivalent. Lease payments are allocated between lease finance costs and the capital repayment using the effective interest rate method.

Rental costs under operating leases are charged to the income statement in equal annual amounts over the period of the leases.

**2. PROPERTY, PLANT AND EQUIPMENT**

	Equipment	Furniture & Fittings	Computer Equipment	Leasehold Improvement	Total
<b>Carrying Value at Beginning of year</b>	<b>204 791</b>	<b>6 254</b>	<b>69 135</b>	<b>8 306</b>	<b>288 486</b>
Cost	430 304	210 122	820 175	45 234	1 505 835
Accumulated Depreciation	(225 513)	(203 868)	(751 040)	(36 928)	(1 217 349)
Additions	83 538	212 458	56 709	-	352 705
Assets written off	-	-	-	-	-
Cost	-	-	(267 392)	-	(267 392)
Accumulated depreciation	-	-	267 392	-	267 392
Assets disposed	-	-	(24 982)	-	(24 982)
Cost	-	-	(143 433)	-	(143 433)
Accumulated depreciation	-	-	118 451	-	118 451
Depreciation	(163 114)	(25 664)	(73 630)	(8 305)	(270 713)
<b>Carrying Value at end of the year</b>	<b>125 215</b>	<b>193 048</b>	<b>27 232</b>	<b>1</b>	<b>345 496</b>
Gross carrying value	513 842	422 580	466 059	45 234	1 447 715
Accumulated Depreciation	(388 627)	(229 532)	(438 827)	(45 233)	(1 102 219)

**National Economic Development and Labour Council  
Notes to the Annual Financial Statements (continued)  
for the year ended 31 March 2001**

	<b>2001</b>	<b>2000</b>
	<b>R</b>	<b>R</b>
<b>3. BANK AND FUNDS ON CALL</b>		
Bank and cash on call comprises		
Current account	877 017	20 797
Funds on call	786 929	329 180
	<u>1 663 946</u>	<u>349 977</u>
<b>4 CONSTITUENCY CAPACITY FUNDS</b>		
<b>4.1 Community constituency</b>		
Balance at beginning of year	(18 271)	24 799
Grant received	300 000	240 000
Utilised	(219 995)	(283 070)
Balance at end of year	<u>61 734</u>	<u>(18 271)</u>
<b>4.2 Labour constituency</b>		
Balance at beginning of year	240 000	570 405
Grant received	300 000	240 000
Utilised	(990)	(570 405)
Balance at end of year	<u>539 010</u>	<u>240 000</u>
<b>4.3 Business</b>		
Balance at beginning of year	336 892	216 892
Grant received	150 000	120 000
Utilised	-	-
Balance at end of year	<u>486 892</u>	<u>336 892</u>
<b>TOTAL CONSTITUENCY CAPACITY FUNDS</b>	<u><b>1 087 636</b></u>	<u><b>558 621</b></u>

**National Economic Development and Labour Council  
Notes to the Annual Financial Statements (continued)  
for the year ended 31 March 2001**

	<b>2001 R</b>	<b>2000 R</b>
<b>5 PROJECT FUNDS</b>		
<b>5.1 Job summit</b>		
Balance at beginning	387 034	387 034
Received during the year	-	-
Travelling Expenses	-	-
Venue & Refreshments	-	-
Balance at end of year	<u>387 034</u>	<u>387 034</u>
<b>5.2 Masakhane Fund</b>		
Balance at beginning of year	36 314	(46)
Grant received –Department of Constitutional Development	-	1 193 169
Interest received	276	1 171
Utilised	<u>(36 590)</u>	<u>(1 157 980)</u>
Balance at end of year	<u>-</u>	<u>36 314</u>
<b>TOTAL PROJECT FUNDS</b>	<u><b>387 034</b></u>	<u><b>423 348</b></u>

<b>6. GRANT RECEIVED</b>		
Department of Labour	<u>6 729 000</u>	<u>6 500 000</u>

**7. OPERATING EXPENDITURE INCLUDE THE FOLLOWING:**

Auditors Remuneration		
Fees	32 000	30 000
Accounting fee	13 200	-
Depreciation	270 713	395 530
Staff costs	2 343 475	2 224 706
Meeting and events	420 868	222 048
National summit	<u>155 110</u>	<u>109 792</u>
Other meetings	<u>265 758</u>	<u>112 256</u>
Bad debts	237 078	-
Amounts written off in respect of expenditure paid on behalf of other organisations and projects which are irrecoverable.		

**8. COMPARATIVE FIGURES**

Comparative amounts have been reclassified to conform to the current year's presentation.

**National Economic Development and Labour Council**  
**DETAILED INCOME STATEMENT**  
**for the year ended 31 March 2001**

	<b>2001</b>	<b>2000</b>
	<b>R</b>	<b>R</b>
<b>GRANTS RECEIVED</b>	6 729 000	6 500 000
Community constituency	300 000	240 000
Labour constituency	300 000	240 000
Business constituency	150 000	120 000
Operational expenses	5 979 000	5 900 000
<b>OTHER INCOME</b>	127 664	157 455
Interest received	95 410	112 938
Profit on disposal of fixed assets	32 254	44 517
	<u>6 856 664</u>	<u>6 657 455</u>
<b>LESS:EXPENSES</b>	6 389 814	5 030 314
Advertising	44 282	8 534
Auditors remuneration		
Fees	32 000	30 000
Other services	13 200	-
Bank charges	10 166	23 155
Bad debts	237 078	-
Depreciation	270 713	395 530
Equipment rentals	37 325	36 789
Forensic Investigations	112 630	-
Insurance	25 323	25 183
Loss on disposal of fixed assets	-	8 281
Meetings and events	420 868	222 048
Postage and courier	141 542	140 351
Printing and stationery	149 229	115 091
Professional fees	3 619	23 623
Rental paid	603 879	524 494
Repairs and maintenance	61 976	39 091
Research and publications	400 138	302 771
Regional Service Council levies	2 330	-
Salaries and wages	2 380 869	2 224 706
Staff training	55 425	2 495
Subscriptions	11 801	5 235
Sundry expenses	18 431	11 275
Telephone	272 595	252 034
Travel and accommodation	1 084 395	639 628
<b>SURPLUS FOR THE YEAR</b>	<u><u>466 850</u></u>	<u><u>1 627 141</u></u>