

**CORRUPTION WATCH (RF) NPC
REGISTRATION NO.K2011/118829/08**

(NPO REGISTRATION NO. 102-843-NPO)

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2014**

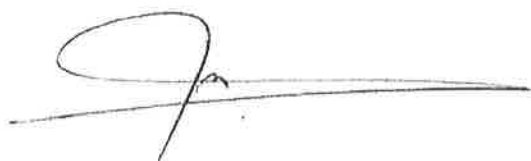
**CORRUPTION WATCH (RF) NPC
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FOR THE YEAR ENDED 31 DECEMBER 2014**

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**The annual financial statements
have been compiled by :**



L. Ntambw

CORRUPTION WATCH (RF) NPC
REGISTRATION NO.K2011/118829/08

(NPO REGISTRATION NO. 102-843-NPO)

DIRECTORS' RESPONSIBILITIES AND APPROVAL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 year then ended, in conformity with its accounting policies. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards 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 controls 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 out 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 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 controls provides reasonable assurance that the financial records may be relied on for the presentation 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 year to 31st December 2015 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.

Although the board of directors is primarily responsible for the financial affairs of the company, it is supported by the company's external auditors.

The external auditors are responsible for independently reviewing 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 pages 2 and 3.

The financial statements set out on pages 4 to 18, which have been prepared on the going concern basis, were approved by the board of directors on the 26th March 2015 and were signed on its behalf by:





INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS

**CORRUPTION WATCH (RF) NPC
REGISTRATION NO.K2011/118829/08**

(NPO REGISTRATION NO. 102-843-NPO)

Report on the financial statements

We have audited the accompanying financial statements of Corruption Watch (RF) NPC, which comprise the directors' report, statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 4 to 18.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and the fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium - sized Entities, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error ; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Unqualified Opinion

In our opinion, these financial statements fairly present, in all material respects, the financial position of Corruption Watch (RF) NPC as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium - sized Entities, and in the manner required by the Companies Act of South Africa.

A handwritten signature in black ink, appearing to read 'Douglas & Velcich', with a long horizontal flourish extending to the right.

Douglas & Velcich
Chartered Accountants (S.A.)
Registered Accountants and Auditors

Johannesburg
26 March 2015

**CORRUPTION WATCH (RF) NPC
REGISTRATION NO.K2011/118829/08**

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**REPORT OF THE DIRECTORS FOR THE
YEAR ENDED 31 DECEMBER 2014**

Your board of directors presents its report, together with the audited financial statements of the company for the financial year ended 31 December 2014.

NATURE OF ACTIVITIES

The company is a new civil society initiative which contributes to reducing corruption in South Africa. Corruption Watch focuses on the abuse of public resources (and we also deal with abuse of union resources and charitable resources which are donated by the public).

Corruption Watch contributes to reducing corruption in two ways:

- Firstly, by encouraging people to **resist** corruption
- Secondly, by helping to make the policy, social and political environment in South Africa less conducive to corruption.

The core business of Corruption Watch (CW) was described in the pre-launch period as 'gathering, analysis and dissemination of information that will enable citizens and their organised representatives, as well as public sector agencies and institutions, to combat corruption'.

RESULTS

The results for the year are fully disclosed in the attached financial statements.

POST FINANCIAL POSITION EVENTS

No material fact or circumstance has occurred between the financial position date and the date of the audit report.

EQUIPMENT

During the year under review, the company acquired equipment costing R150,598 (2013:R163,188).

DIRECTORS

The following directors served during the year under review :-

ZW Vavi	A Hassim
M Msimang	ME Metcalfe
CME O'Regan	AL Brown
V Dubula - Majola	E Mashinini
DH Lewis	V Pilkoli
Archbishop WN Ndungane	

OFFICER

DH Lewis

AUDITORS

Douglas and Velcich were retained as auditors for the year under review.

**CORRUPTION WATCH (RF) NPC
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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	2014 R	2013 R
ASSETS		7 544 009	7 587 684
Non current assets		231 822	463 080
Equipment	3	231 822	463 080
Current assets		7 312 187	7 124 604
Accounts receivable	4	477 764	202 420
Cash and cash equivalents	5	6 834 423	6 922 184
Total assets		7 544 009	7 587 684
RESERVES AND LIABILITIES		7 544 009	7 587 684
Reserves		1 330 134	961 352
Accumulated surplus		414 777	498 272
Equipment fund		231 822	463 080
Sustainability fund		683 535	-
Current liabilities		6 213 875	6 626 332
Accounts payable	6	215 944	472 359
Deferred income	7	5 676 223	5 836 267
Provision for leave pay	8	321 708	317 706
Total reserves and liabilities		7 544 009	7 587 684

**CORRUPTION WATCH (RF) NPC
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 R	2013 R
INCOME		14 755 090	12 921 914
Grants and donations	9	14 142 524	12 244 185
Donations in kind		86 680	520 080
Consulting fees		291 275	-
Interest received	11	234 611	157 649
EXPENDITURE		14 004 452	12 692 357
Assets expensed directly		1 560	11 152
Audit fees		32 333	25 928
Bank charges		17 691	13 336
Communication costs		77 750	292 395
Consulting fees		42 982	18 421
Director's emoluments	12	1 002 590	916 263
Equipment lease and maintenance		5 903	2 597
Insurance		16 144	28 215
Interest and penalties		36 743	-
Office supplies		104 568	35 397
Printing and stationery		19 031	44 979
Programme costs		5 170 104	4 565 815
Recruitment costs		33 541	68 900
Relocation costs		176 133	-
Rent, parking, water and electricity		134 907	585 454
Repairs and maintenance		11 792	7 345
Salaries, wages and contributions		6 876 832	5 930 109
Staff training and welfare		83 573	12 637
Travel and accommodation		160 275	133 414
SURPLUS FOR THE YEAR		750 638	229 557

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STATEMENT OF CHANGES IN RESERVES FOR
THE YEAR ENDED 31 DECEMBER 2014

	Accumulated Surplus R	Equipment Fund R	Sustainability Fund R	Total R
Balance at 31 December 2012	423 109	633 807	-	1 056 916
Surplus for the year	229 557	-	-	229 557
Transfer to equipment fund	(154 394)	154 394	-	-
Acquisition during the year	(163 188)	163 188	-	-
Proceeds from disposal of assets	8 794	(8 794)	-	-
Profit on replacement of stolen asset	-	5 787	-	5 787
Depreciation during the year	-	(330 908)	-	(330 908)
Balance at 31 December 2013	498 272	463 080	-	961 352
Surplus for the year	750 638	-	-	750 638
Transfer to equipment fund	(150 598)	150 598	-	-
Acquisition during the year	(150 598)	150 598	-	-
Depreciation during the year	-	(381 856)	-	(381 856)
Transfer to sustainability fund	(683 535)	-	683 535	-
Balance at 31 December 2014	414 777	231 822	683 535	1 330 134

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**STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 31 DECEMBER 2014**

	Note	2014 R	2013 R
Cash flows from operating activities			
Cash receipts from funders and donors		14 360 435	14 135 237
Cash paid to programmes, suppliers and employees		(14 532 209)	(12 200 495)
Cash (utilised in)/generated from operations	14	(171 774)	1 934 742
Interest received	11	234 611	157 649
Net cash inflow from operating activities		62 837	2 092 391
Cash flows (utilised in) investing activities			
Acquisition of equipment, at cost	3	(150 598)	(163 188)
Proceeds from disposal		-	8 794
Net (decrease)/increase in cash and cash equivalents		(87 761)	1 937 997
Cash and cash equivalents at beginning of year		6 922 184	4 984 187
Cash and cash equivalents at end of year	5	6 834 423	6 922 184

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

ACCOUNTING POLICIES

1. The financial statements have been prepared in accordance with International Financial Reporting Standards for Small, Medium - sized Entities and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, except for financial instruments, and incorporate the following principal accounting policies set out below.

1.1 SIGNIFICANT JUDGEMENTS

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

1.2 EQUIPMENT

The cost of an item of tangible assets 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.

Costs include costs incurred initially to acquire an item of tangible assets 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 tangible assets, the carrying amount of the replaced part is derecognised.

Any capital costs of less than R7,000 are expensed directly to profit or loss, as per the guidelines provided by SARS.

Tangible assets are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all tangible assets other than freehold land, to write down the cost, less residual value, by equal instalments over their useful lives as follows:

Item	Useful life
Computer equipment	3 years
Office equipment	3 years
Office furniture	6 years

The depreciation charge for each period is recognised in equipment fund, unless it is included in the carrying amount of another asset.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2014 (Continued)**

ACCOUNTING POLICIES (Continued)

1.2 EQUIPMENT (Continued)

The gain or loss arising from the derecognising of an item of equipment is included in the equipment fund when the item is derecognised. The gain or loss arising from the derecognising of an item of equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

This is deviation from IAS 16, which requires that all asset purchases are capitalised and depreciated, through profit or loss. This deviation has been resolved by raising an equipment fund as discussed in note 1.5.

1.3 FINANCIAL INSTRUMENTS

Measurement

Financial instruments carried on the statement of financial position include bank balances, accounts receivable and accounts payable. Financial instruments are initially measured at cost as at trade date, which includes transaction costs. Subsequent to initial recognition, the following instruments are measured as set out below :-

Accounts receivable

Accounts receivable is stated at cost less provision for impairment losses.

Cash and cash equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk in change in value.

Cash and cash equivalents are measured at fair value.

Accounts payable

Accounts payable which are short - term obligation, are stated at their nominal value.

1.4 IMPAIRMENT

The carrying amounts of assets are reviewed at financial position date to determine whether there is any indication of impairment. If there is such indication, the assets are written down to the estimated recoverable amounts. The recoverable amount is the higher of the net selling price and the value in use.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2014 (Continued)**

ACCOUNTING POLICIES (Continued)

1.5 EQUIPMENT FUND

In order that operating reserves reflect assets available to the operations of the organisation, an equipment fund is maintained to separate out the funding of such assets.

The mechanism whereby this fund is maintained at a value equal to the carrying value of such assets in the statement of financial position is that an amount equal to the cost of assets acquired be charged against operating income each year and credited to the fund.

Depreciation, and profits and losses on disposal are adjusted annually against the fund.

1.6 PROVISIONS

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

1.7 LEASES AS LESSEE

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value on the the minimum lease payments.

The discount rate used in calculating the present value of the minimum lease payment is the effective interest rate.

Any initial direct costs are added to the amount recognised as an asset.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

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

1.8 REVENUE RECOGNITION

Income from grants is brought to account in the financial period to which it relates.

All other income is brought to account as and when received.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
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ACCOUNTING POLICIES (Continued)

1.9 INTEREST INCOME

Interest is brought to account as and when received.

1.10 EXPENDITURE

Expenditure is accounted for on the accrual basis of accounting.

1.11 PROJECT ACCOUNTING AND EXPENSE ALLOCATION

In terms of its contractual obligations to donors, the company's policy is to allocate project expenses that are clearly identifiable as such, directly against project funds. Indirect and shared costs are apportioned on the basis of management estimates.

Accrued and deferred grant income is based on the balance of the project fund after taking into account the direct, indirect and shared costs as described above. The unexpended surplus of the project fund is deferred to the following year or the deficit is accrued in the year under review.

1.12 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 paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employee renders service that increases their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

2. MEMBERS' GUARANTEE

In terms of the Memorandum of Association, members guarantee to each contribute R2,00 in the event of the company being wound up. At the statement of financial position date, the guarantee value amounted to R14.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2014 (Continued)

3. EQUIPMENT

31 December 2014

	Computer equipment R	Office equipment R	Office furniture R	Total R
Net book value - 1 January 2014	410 910	2 169	50 001	463 080
At cost	968 686	4 990	110 688	1 084 364
Accumulated depreciation	(557 776)	(2 821)	(60 687)	(621 284)
Additions during the year	112 494	-	38 104	150 598
Depreciation for the year	(346 413)	(1 664)	(33 779)	(381 856)
Net book value - 31 December 2014	176 991	505	54 326	231 822
At cost	1 081 180	4 990	148 792	1 234 962
Accumulated depreciation	(904 189)	(4 485)	(94 466)	(1 003 140)

31 December 2013

	Computer equipment R	Office equipment R	Office furniture R	Total R
Net book value - 1 January 2013	552 301	3 833	77 673	633 807
At cost	813 397	4 990	110 688	929 075
Accumulated depreciation	(261 096)	(1 157)	(33 015)	(295 268)
Additions during the year	163 188	-	-	163 188
Disposal during the year	(3 007)	-	-	(3 007)
At cost	(7 899)	-	-	(7 899)
Accumulated depreciation	4 892	-	-	4 892
Depreciation for the year	(301 572)	(1 664)	(27 672)	(330 908)
Net book value - 31 December 2013	410 910	2 169	50 001	463 080
At cost	968 686	4 990	110 688	1 084 364
Accumulated depreciation	(557 776)	(2 821)	(60 687)	(621 284)

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
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	2014 R	2013 R
4. ACCOUNTS RECEIVABLE		
Lease and telephone deposits	78 220	42 118
Prepaid expenses	20 362	16 170
Staff study loans	-	4 217
VAT receivable	379 182	139 915
	477 764	202 420
5. CASH AND CASH EQUIVALENTS		
Current account	212 354	589 474
Marketlink account	5 607 141	5 906 579
Money market account	1 012 848	424 168
Petty cash	2 080	1 963
	6 834 423	6 922 184
6. ACCOUNTS PAYABLE		
Accruals	199 435	472 359
Sundry creditors	16 509	-
	215 944	472 359
7. DEFERRED INCOME		
The Atlantic Philanthropies	225 697	1 418 087
Aveng	293 570	-
The Bertha foundation	974 156	1 095 186
Claude Leon Foundation	251 514	203 878
Heinrich Boell Stiftung	667	-
Hivos - MAGI	867 494	523 648
Millennium Trust - 2	1 081 978	1 139 417
Oppenheimer Memorial Trust	550 495	522 973
Open Society Foundation	-	557 723
Open Society Institute	729 773	-
Raith Foundation	350 879	375 355
South African Breweries	350 000	-
	5 676 223	5 836 267
8. PROVISION FOR LEAVE PAY		
Balance at beginning of the year	317 706	169 112
Additions during the year	579 587	384 799
(Utilised) during the year	(575 585)	(236 205)
	321 708	317 706

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
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	2014 R	2013 R
9. GRANTS AND DONATIONS		
Andrew Roberts Memorial	-	200 000
Received	-	200 000
Atlantic Philanthropies	2 918 087	1 124 467
Received	1 500 000	1 500 000
Deferred to 2013	-	1 042 554
Deferred to 2014	1 418 087	(1 418 087)
Atlantic Philanthropies	176 303	-
Received	402 000	-
Deferred to 2015	(225 697)	-
Aveng	39 430	333 000
Received	333 000	333 000
Deferred to 2015	(293 570)	-
The Bertha Foundation	1 121 030	1 654 814
Received	1 000 000	1 250 000
Deferred to 2013	-	1 500 000
Deferred to 2014	1 095 186	(1 095 186)
Deferred to 2015	(974 156)	-
Claude Leon Foundation	1 202 364	1 186 214
Received	1 250 000	1 250 000
Deferred to 2013	-	140 092
Deferred to 2014	203 878	(203 878)
Deferred to 2015	(251 514)	-
The Ford Foundation	692 006	1 236 937
Received	692 006	1 236 937
The Ford Foundation	689 920	-
Received	689 920	-
Heinrich Boell Stiftung	236 334	-
Received	237 001	-
Deferred to 2015	(667)	-
Heinrich Boell Stiftung	-	160 000
Received	-	160 000
Hivos	164 709	-
Received	1 032 203	-
Deferred to 2015	(867 494)	-
Hivos - MAGI	523 648	585 067
Received	-	599 661
Deferred to 2013	-	509 054
Deferred to 2014	523 648	(523 648)
Balance carried forward	7 763 831	6 480 499

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
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	2014 R	2013 R
9. GRANTS AND DONATIONS (Continued)		
Balance brought forward	7 763 831	6 480 499
Millennium Trust - 2	1 557 439	1 010 583
Received	1 500 000	1 500 000
Deferred to 2013	-	650 000
Deferred to 2014	1 139 417	(1 139 417)
Deferred to 2015	(1 081 978)	-
Oppenheimer Memorial Trust	522 477	57 027
Received	550 000	580 000
Deferred to 2014	522 973	(522 973)
Deferred to 2015	(550 496)	-
Open Society Foundation	438 299	1 454 958
Received	-	1 750 000
Deferred to 2013	-	262 681
Deferred to 2014	557 723	(557 723)
Refund to donor	(119 424)	-
Open Society Institute	328 476	-
Received	1 058 249	-
Deferred to 2015	(729 773)	-
Raith Foundation	1 524 476	1 485 559
Received	1 500 000	1 500 000
Deferred to 2013	-	360 914
Deferred to 2014	375 355	(375 355)
Deferred to 2015	(350 879)	-
Sigrid Rausing Trust	1 734 870	1 384 990
Received	1 734 870	1 384 990
South African Breweries	-	350 000
Received	350 000	350 000
Deferred to 2015	(350 000)	-
Others	272 656	20 569
	14 142 524	12 244 185

10. COMMITMENTS

The company has the following commitments in respect of agreements over office premises and photocopier as follows:

Payable within one year	387 628	189 869
Payable thereafter	143 583	-
	531 211	189 869

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2014 (Continued)**

	2014 R	2013 R
11. NET INTEREST RECEIVED		
Interest earned - marketlink account	<u>234 611</u>	<u>157 649</u>
12. DIRECTOR'S EMOLUMENTS		
Executive director - DH Lewis	<u>1 002 590</u>	<u>916 263</u>
13. TAXATION		
No provision has been made for taxation as the company has qualified for exemption from income tax as a public benefit organisation under section 10(1)(cN) as read with section 30 of the Income Tax Act.		
14. CASH (UTILISED IN)/GENERATED FROM OPERATIONS		
Surplus for the year	750 638	229 557
Adjustment:		
Interest received	(234 611)	(157 649)
(Decrease)/increase in deferred income	(160 044)	1 370 972
Increase in provision for leavepay	4 002	148 594
Operating surplus before working capital changes	<u>359 985</u>	<u>1 591 474</u>
Changes in working capital	(531 759)	343 268
(Increase)/decrease in accounts receivable	(275 344)	31 477
(Decrease)/increase in accounts payable	(256 415)	311 791
Cash (utilised in)/generated from operations	<u>(171 774)</u>	<u>1 934 742</u>

15. RELATED PARTIES

Director's emoluments

refer note 12

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2014 (Continued)**

16. GOING CONCERN

The existence of the company is dependent on the continued support of its donors, by way of grants. Should the grants be withdrawn it is highly unlikely that the company will be able to continue as a going concern. Donors have agreed to continue supporting the company in 2015.

17. FINANCIAL RISK

17.1 Currency risk

The company is exposed to currency risk to the extent that some grants are received by the company in foreign currency. Management regularly reviews the relevant rates of exchange and amends budgets if necessary.

17.2 Interest rate risk

The company has minimal exposure to interest rate risk as surplus funds are invested in local interest - bearing accounts.

17.3 Credit risk

The company's credit risk is attributable to accounts receivable, accrued income and liquid funds. The credit risk on liquid funds is limited because the counter party is a bank with credit rating assigned by international credit-rating agencies. The company has no significant credit risk arising from its receivables or accrued income in the current year.

17.4 Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained to cover anticipated expenditure.