

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

**(NPO REGISTRATION NO. 102-843-NPO)**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2018**

Annual Financial Statements for the year ended 31 December 2018

## General Information

**Country of incorporation and domicile** South Africa

**Nature of business and principal activities** The company is a 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'.

**Directors** The following directors held office for the year under review:-

M Msimang  
AL Brown  
A Hassim  
DH Lewis

S Mbete  
T Leoka  
Dr M Qobo  
F Cachalia

**Legal form** Non Profit Company with members

**Registration numbers** Company registration K2011/118829/08  
NPO registration 102-843-NPO

**Registered office and business address**  
87 De Korte Street  
Johannesburg  
2001

**Website address** [corruptionwatch.org.za](http://corruptionwatch.org.za)

**Principal Bankers** Standard Bank of South Africa Limited

**Preparer** The annual financial statements were internally prepared by L Ntambw.

**Level of assurance** These annual financial statements have been audited independently in compliance with the MOI and the Companies Act of South Africa.

**(NPO REGISTRATION NO. 102-843-NPO)**

**INDEX TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>Contents</b>	<b>Page</b>
Directors' responsibilities and approval	1
Independent auditor's report	2 - 3
Directors' report	4
Statement of financial position	5
Statement of comprehensive income	6
Statement of changes in reserves	7
Statement of cash flows	8
Notes to the annual financial statements	9 - 19

(NPO REGISTRATION NO. 102-843-NPO)

## DIRECTORS' RESPONSIBILITIES AND APPROVAL

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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.

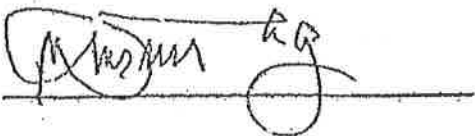
The directors are of the opinion, based on the information and explanations given by management, that the system of internal controls provides reasonable assurance that the financial records may be relied on for the presentation of the financial statements. However, any system of internal financial control 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 31<sup>st</sup> December 2019 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 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 pages 2 to 3.

The financial statements set out on pages 4 to 19, which have been prepared on the going concern basis, were approved by the board of directors on the 19<sup>th</sup> March 2019 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)**

P O BOX 32707  
 BRAAMFONTEIN  
 2017  
 SOUTH AFRICA

TEL (011) 403 3835

FAX (011) 339 7762

### Unqualified Opinion

We have audited the financial statements of Corruption Watch (RF) NPC set out on pages set out on pages 4 to 19, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the financial year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements fairly present, in all material respects, the financial position of Corruption Watch (RF) NPC as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with its accounting policies, International Financial Accounting Standards for Small and Medium - sized Entities and the Companies Act of South Africa.

### Basis for Unqualified 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 Company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), together with the ethical requirements that are relevant to our audit of financial statements in South Africa. We have fulfilled our other ethical requirements in accordance with these requirements and the IRBA Code. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

Without qualifying our opinion above, we draw attention to the following matter :

1. As explained in note 1.11 to the financial statements, the management of the company allocates project related expenses against grant income on the basis of budgets and its assessment as to which project has incurred the expense concerned. We have relied on management's allocations of such costs, and the resultant accrual or deferral of grant income on the basis set out in note 1.11, for the purposes of our audit.

### Other Information

The Board of Directors is responsible for the other information, which comprises the Report of the Directors, set out on page 4.

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

## **Responsibilities of Management and Those Charged With Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with their accounting policies, the International Financial Reporting Standards for Small and Medium - sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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. We have communicated with those charged with governance on all relationships and other matters, which may reasonably be thought to bear on our independence and, where applicable, related safeguards.



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

**Johannesburg**  
**22 March 2019**

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

**(NPO REGISTRATION NO. 102-843-NPO)**

**REPORT OF THE DIRECTORS FOR THE  
YEAR ENDED 31 DECEMBER 2018**

Your board of directors presents its report, together with the audited financial statements of the company for the financial year ended 31 December 2018.

**NATURE OF ACTIVITIES**

The company is a 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 R102,477 (2017:R59,960).

**DIRECTORS**

The following directors served during the year under review :-

M Msimang (Chairperson)	T Leoka
AL Brown	Dr M Qobo
A Hassim	F Cachalia (appointed 10 October 2018)
S Mbete	CME O'Regan (resigned 25 June 2018)
DH Lewis (Executive Director)	V Pikoli (resigned 25 June 2018)

The charges to the Board members have been accepted at Board level, but are still in the process of being updated at the Companies and Intellectual Property Commission (CIPC).

**OFFICER**

DH Lewis

**AUDITORS**

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

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

**(NPO REGISTRATION NO. 102-843-NPO)**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

	Note	2018 R	2017 R
<b>ASSETS</b>		<b>3 368 135</b>	<b>4 337 471</b>
<b>Non current assets</b>		<b>664 163</b>	<b>689 636</b>
Equipment	3	173 137	191 235
Investments	4	491 026	498 401
<b>Current assets</b>		<b>2 703 972</b>	<b>3 647 835</b>
Accounts receivable	5	315 550	405 109
Investments	4	55 149	2 052 944
Cash and cash equivalents	6	2 333 273	1 189 782
<b>Total assets</b>		<b>3 368 135</b>	<b>4 337 471</b>
<b>RESERVES AND LIABILITIES</b>		<b>3 368 135</b>	<b>4 337 471</b>
<b>Reserves</b>		<b>900 422</b>	<b>2 908 846</b>
Accumulated surplus		184 364	166 266
Equipment fund		173 137	191 235
Sustainability fund		542 921	2 551 345
<b>Current liabilities</b>		<b>2 467 713</b>	<b>1 428 625</b>
Accounts payable	7	178 776	292 214
Deferred income	8	2 200 666	1 084 101
Provision for leave pay	9	88 271	52 310
<b>Total reserves and liabilities</b>		<b>3 368 135</b>	<b>4 337 471</b>

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

**(NPO REGISTRATION NO. 102-843-NPO)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 R	2017 R
<b>INCOME</b>		<b>15 441 794</b>	<b>18 568 983</b>
Grants and donations	10	15 340 488	18 355 441
Interest received	11	86 443	199 825
Profit on refund from insurance		-	11 745
Sundry income		14 863	1 972
<b>EXPENDITURE</b>		<b>17 545 048</b>	<b>18 015 585</b>
Assets expensed directly		10 348	-
Audit fees		77 103	51 958
Bank charges		54 911	37 513
Communication costs		86 676	74 333
Consulting fees		90 400	128 809
Depreciation	3	120 575	135 298
Director's emoluments	12	291 530	298 574
Fundraising costs		192 885	314 849
Insurance		64 042	57 865
Interest and penalties		6 526	8 970
Office supplies		116 220	91 753
Printing and stationery		10 412	7 204
Programme costs	12/13	13 814 043	14 687 621
Provision for irrecoverable VAT		(110 795)	(162 910)
Rent, parking, water and electricity		197 695	163 109
Repairs and maintenance		1 839	10 043
Salaries, wages and contributions		2 312 148	1 947 303
Staff training and welfare		108 170	63 081
Travel and accommodation		100 320	100 212
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>		<b>(2 103 254)</b>	<b>553 398</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>94 830</b>	<b>51 345</b>
Interest and dividends received on investment		113 608	52 944
Fair value adjustment on investment		(18 778)	(1 599)
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME</b>		<b>(2 008 424)</b>	<b>604 743</b>

(NPO REGISTRATION NO. 102-843-NPO)

STATEMENT OF CHANGES IN RESERVES FOR  
THE YEAR ENDED 31 DECEMBER 2018

	Accumulated Surplus R	Equipment Fund R	Sustainability Fund R	Total R
<b>Balance at 31 December 2016</b>	<b>597 513</b>	<b>266 573</b>	<b>1 440 017</b>	<b>2 304 103</b>
<b>Total comprehensive income</b>	<b>553 398</b>	<b>-</b>	<b>51 345</b>	<b>604 743</b>
Surplus for the year	553 398	-	-	553 398
Interest and dividends received on investment	-	-	52 944	52 944
Fair value adjustment on investment	-	-	(1 599)	(1 599)
Transfer (to) equipment fund	(59 960)	59 960	-	-
Acquisition during the year	(59 960)	59 960	-	-
Depreciation during the year	135 298	(135 298)	-	-
Transfer (to) sustainability fund	(1 059 983)	-	1 059 983	-
<b>Balance at 31 December 2017</b>	<b>166 266</b>	<b>191 235</b>	<b>2 551 345</b>	<b>2 908 846</b>
<b>Total comprehensive (loss)/income</b>	<b>(2 103 254)</b>	<b>-</b>	<b>94 830</b>	<b>(2 008 424)</b>
(Deficit) for the year	(2 103 254)	-	-	(2 103 254)
Interest and dividends received on investment	-	-	113 608	113 608
Fair value adjustment on investment	-	-	(18 778)	(18 778)
Transfer (to) equipment fund	(102 477)	102 477	-	-
Acquisition during the year	(102 477)	102 477	-	-
Depreciation during the year	120 575	(120 575)	-	-
Transfer from sustainability fund	2 103 254	-	(2 103 254)	-
<b>Balance at 31 December 2018</b>	<b>184 364</b>	<b>173 137</b>	<b>542 921</b>	<b>900 422</b>

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

**(NPO REGISTRATION NO. 102-843-NPO)**

**STATEMENT OF CASH FLOWS FOR THE  
YEAR ENDED 31 DECEMBER 2018**

	<b>Note</b>	<b>2018 R</b>	<b>2017 R</b>
<b>Cash flows from operating activities</b>			
Cash receipts from funders and donors		16 471 916	17 030 468
Cash paid to programmes, suppliers and employees		(17 412 391)	(17 619 672)
<b>Cash (utilised in) operations</b>	<b>16</b>	<b>(940 475)</b>	<b>(589 204)</b>
Interest received	<b>11</b>	86 443	199 825
<b>Net cash (outflow) from operating activities</b>		<b>(854 032)</b>	<b>(389 379)</b>
<b>Cash flows (utilised in) investing activities</b>			
		<b>1 997 523</b>	<b>(2 548 215)</b>
Acquisition of equipment, at cost	<b>3</b>	(102 477)	(59 960)
Funds invested during the year	<b>4</b>	(1 000 000)	(2 500 000)
Funds withdrawn from investments	<b>4</b>	3 100 000	-
Proceeds from insurance due to theft		-	11 745
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1 143 491</b>	<b>(2 937 594)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>1 189 782</b>	<b>4 127 376</b>
<b>Cash and cash equivalents at end of year</b>	<b>6</b>	<b>2 333 273</b>	<b>1 189 782</b>

(NPO REGISTRATION NO. 102-843-NPO)

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 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	4 years

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

(NPO REGISTRATION NO. 102-843-NPO)

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2018 (Continued)**

**ACCOUNTING POLICIES (Continued)**

**1.2 EQUIPMENT (Continued)**

The gain or loss arising from the derecognising of an item of equipment is included in profit or loss 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.

**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 :-

**Investments**

Investments in financial assets are initially recognised at cost. Subsequently, financial assets are re-measured at fair value through profit and loss.

**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.

(NPO REGISTRATION NO. 102-843-NPO)

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2018 (Continued)**

**ACCOUNTING POLICIES (Continued)**

**1.5 EQUIPMENT FUND**

An equipment fund is maintained to separate from accumulated funds the funding of non-current assets, which are not available for the short term funding of operations.

The fund is maintained at a value equal to the carrying value of equipment in the statement of financial position. Depreciation and profits or losses on disposal are charged against operating income each year and adjusted 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**

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.

**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.

(NPO REGISTRATION NO. 102-843-NPO)

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2018 (Continued)**

**ACCOUNTING POLICIES (Continued)**

**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 medical aid contributions), 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.

(NPO REGISTRATION NO. 102-843-NPO)

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2018 (Continued)**

**2. FINANCIAL RISK MANAGEMENT**

**2.1 Financial risk factors**

The company's activities could expose it to a variety of financial risks: market risk (including fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by the trustees, who evaluate financial risks.

*(a) Market risk*

The company is exposed to currency risk to the extent that some grants are denominated in foreign currency. The company however does not operate internationally and therefore its exposure to any foreign exchange risk is limited. Management regularly reviews the relevant rates of exchange and amends budgets if necessary.

*(b) 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.

*(c) Liquidity risk*

Using cash flow forecasting, management maintains adequate levels of cash to fund ongoing obligations.

*(d) Cash flow and fair value interest rate risk*

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

(NPO REGISTRATION NO. 102-843-NPO)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2018 (Continued)

3. EQUIPMENT

	Computer equipment R	Office equipment R	Office furniture R	Total R
<b>31 December 2018</b>				
<b>Net book value - 1 January 2018</b>				
At cost	133 794	27 697	29 744	191 235
Accumulated depreciation	1 346 180	44 874	192 285	1 583 339
Additions during the year	(1 212 386)	(17 177)	(162 541)	(1 392 104)
Depreciation for the year	102 477	-	-	102 477
	(106 306)	-	(14 269)	(120 575)
<b>Net book value - 31 December 2018</b>	<b>129 965</b>	<b>27 697</b>	<b>15 475</b>	<b>173 137</b>
At cost	1 448 657	44 874	192 285	1 685 816
Accumulated depreciation	(1 318 692)	(17 177)	(176 810)	(1 512 679)
<b>31 December 2017</b>				
<b>Net book value - 1 January 2017</b>				
At cost	215 926	27 697	22 950	266 573
Accumulated depreciation	1 323 580	44 874	168 225	1 536 679
Additions during the year	(1 107 654)	(17 177)	(145 275)	(1 270 106)
Depreciation for the year	35 900	-	24 060	59 960
Asset stolen during the year	(118 032)	-	(17 266)	(135 298)
	-	-	-	-
At cost	(13 300)	-	-	(13 300)
Accumulated depreciation	13 300	-	-	13 300
<b>Net book value - 31 December 2017</b>	<b>133 794</b>	<b>27 697</b>	<b>29 744</b>	<b>191 235</b>
At cost	1 346 180	44 874	192 285	1 583 339
Accumulated depreciation	(1 212 386)	(17 177)	(162 541)	(1 392 104)

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

(NPO REGISTRATION NO. 102-843-NPO)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2018 (Continued)

	2018 R	2017 R
<b>4. INVESTMENTS</b>		
<b>STANLIB Unit trusts</b>		
Balance at beginning of the year	2 052 944	-
Funds invested during the year	1 000 000	2 000 000
Funds withdrawn during the year	(3 100 000)	-
Interest and dividends received and reinvested	113 608	52 944
Fair value adjustment	(11 403)	-
<b>Balance at end of year</b>	<b>55 149</b>	<b>2 052 944</b>
<b>Standard Bank - Quantum Plus SA Investment</b>		
Balance at beginning of the year	498 401	-
Funds invested during the year	-	500 000
Fair value adjustment	(7 375)	(1 599)
<b>Balance at end of year</b>	<b>491 026</b>	<b>498 401</b>
<b>Total investments</b>	<b>546 175</b>	<b>2 551 345</b>
<b>5. ACCOUNTS RECEIVABLE</b>		
Lease and telephone deposits	104 720	1 400
Prepaid expenses	-	32 721
Sundry receivables	66 640	-
VAT receivable	144 190	481 783
Less : provision for irrecoverable VAT	-	(110 795)
	<b>315 550</b>	<b>405 109</b>
<b>6. CASH AND CASH EQUIVALENTS</b>		
Current account	691 903	185 106
Marketlink accounts	413 219	469 192
Money market account	1 221 188	532 757
Petty cash	6 963	2 727
	<b>2 333 273</b>	<b>1 189 782</b>
<b>7. ACCOUNTS PAYABLE</b>		
Accruals	-	118 837
Sundry creditors	178 776	173 377
	<b>178 776</b>	<b>292 214</b>

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

**(NPO REGISTRATION NO. 102-843-NPO)**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2018 (Continued)**

	2018 R	2017 R
<b>8. DEFERRED INCOME</b>		
Anglo Gold Ashanti Chairman's Fund	244 733	-
Claude Leon Foundation	152 296	-
GiZ	-	72 502
The Joffe Charitable Trust	-	49 262
The Mary Oppenheimer & Daughters Foundation	486 931	-
Oppenheimer Memorial Trust	-	61 258
Open Society Foundation for South Africa	1 164 204	648 905
Raith Foundation	152 500	27 900
Transparency International	-	224 274
	<b>2 200 666</b>	<b>1 084 101</b>
<b>9. PROVISION FOR LEAVE PAY</b>		
Balance at beginning of the year	52 310	374 401
Additions during the year	599 165	513 097
(Utilised) during the year	(563 204)	(835 188)
	<b>88 271</b>	<b>52 310</b>
<b>10. GRANTS AND DONATIONS</b>		
Anglo Gold Ashanti Chairman's Fund	55 267	-
Received	300 000	-
Deferred to 2019	(244 733)	-
Claude Leon Foundation	1 097 704	1 250 000
Received	1 250 000	1 250 000
Deferred to 2019	(152 296)	-
Claude Leon Foundation - special project	-	80 000
Deferred to 2017	-	80 000
DG Murray Trust	400 000	-
Received	400 000	-
The ELMA Foundation	2 000 000	-
Received	2 000 000	-
The Ford Foundation	1 823 728	2 013 552
Received	1 823 728	2 013 552
Freedom House	-	359 874
Received	-	359 874
GiZ	328 480	27 498
Received	255 978	100 000
Deferred to 2018	72 502	(72 502)
Heinrich Boell Stiftung	300 000	315 001
Received	300 000	309 502
Deferred to 2017	-	5 499
Hivos	-	94 167
Received	-	94 167
<b>Balance carried forward</b>	<b>6 005 178</b>	<b>4 140 092</b>

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

**(NPO REGISTRATION NO. 102-843-NPO)**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2018 (Continued)**

	2018 R	2017 R
<b>10. GRANTS AND DONATIONS (Continued)</b>		
<b>Balance brought forward</b>	<b>6 005 178</b>	<b>4 140 092</b>
The Joffe Charitable Trust	49 262	483 571
Received	-	532 833
Deferred to 2018	49 262	(49 262)
The Mary Oppenheimer & Daughters Foundation	263 069	750 000
Received	750 000	750 000
Deferred to 2019	(486 931)	-
Millennium Trust	2 000 000	2 645 000
Received	2 000 000	2 645 000
Naspers Limited	-	700 000
Oppenheimer Memorial Trust	61 258	1 109 267
Received	-	675 000
Deferred to 2017	-	495 525
Deferred to 2018	61 258	(61 258)
Open Society Foundation for South Africa	1 134 701	2 004 696
Received	1 650 000	1 995 000
Deferred to 2017	-	658 601
Deferred to 2018	648 905	(648 905)
Deferred to 2019	(1 164 204)	-
Raith Foundation	1 125 400	2 032 065
Received	1 250 000	1 500 000
Deferred to 2017	-	559 965
Deferred to 2018	27 900	(27 900)
Deferred to 2019	(152 500)	-
Sigrid Rausing Trust	1 685 760	1 643 602
Received	1 685 760	1 643 602
Social Justice Initiative	-	43 406
Deferred to 2017	-	43 406
Transparency International	1 041 090	1 100 283
Received	924 400	756 507
Deferred to 2017	-	568 050
Deferred to 2018	224 274	(224 274)
Refunded to donor	(107 584)	-
Yellowwoods Social Investments	-	600 000
Seriti Commission	150 000	-
ZAPS	750 000	-
Others	1 074 771	1 103 459
	<b>15 340 488</b>	<b>18 355 441</b>
<b>Total summary</b>		
Received	16 564 636	17 028 496
Deferred to 2017	-	2 411 046
Deferred to 2018	1 084 102	(1 084 101)
Deferred to 2019	(2 200 666)	-
Refunded to donor	(107 584)	-
	<b>15 340 488</b>	<b>18 355 441</b>

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

**(NPO REGISTRATION NO. 102-843-NPO)**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
 THE YEAR ENDED 31 DECEMBER 2018 (Continued)**

	<b>2018 R</b>	<b>2017 R</b>
<b>11. NET INTEREST RECEIVED</b>		
Interest earned - marketlink account	<u><b>86 443</b></u>	<u><b>199 825</b></u>

**12. DIRECTOR'S EMOLUMENTS**

Executive director - DH Lewis	<u><b>1 438 406</b></u>	<u><b>1 406 602</b></u>
-------------------------------	-------------------------	-------------------------

The portion of the director's emoluments related to programme costs of R1,166,119 (2016 : R1,108,028) has been allocated to the relevant programme costs reflected in note 13.

**13. PROGRAMME COSTS**

Campaigns	1 019 535	1 504 192
Communication	5 308 409	5 228 107
Legal policy and investigation	3 214 886	3 744 727
Research	493 554	549 281
Stakeholder management	<u>3 777 659</u>	<u>3 661 314</u>
	<u><b>13 814 043</b></u>	<u><b>14 687 621</b></u>

**14. COMMITMENTS**

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

Payable within one year	827 878	129 561
Payable thereafter	<u>1 103 838</u>	<u>-</u>
	<u><b>1 931 716</b></u>	<u><b>129 561</b></u>

**15. 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.

(NPO REGISTRATION NO. 102-843-NPO)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2018 (Continued)

	2018 R	2017 R
<b>16. CASH (UTILISED IN) OPERATIONS</b>		
(Deficit)/surplus for the year	(2 103 254)	553 398
Adjustment:		
Interest received	(86 443)	(199 825)
Profit on refund from insurance	-	(11 745)
Depreciation	120 575	135 298
Increase/(decrease) in deferred income	1 116 565	(1 326 945)
Increase/(decrease) in provision for leavepay	35 961	(322 091)
<b>Operating (deficit) before working capital changes</b>	<b>(916 596)</b>	<b>(1 171 910)</b>
<b>Changes in working capital</b>	<b>(23 879)</b>	<b>582 706</b>
Decrease in accounts receivable	89 559	840 381
(Decrease) in accounts payable	(113 438)	(257 675)
<b>Cash (utilised in) operations</b>	<b>(940 475)</b>	<b>(589 204)</b>

**17. RELATED PARTIES**

Director's emoluments

refer notes 12/13

**18. 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 2019.