

ACTION LESOTHO
(Registration number A2010/56)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

ACTION LESOTHO

Financial Statements for the year ended 31 December 2012

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The reports and statements set out below comprise the financial statements presented to the board:

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The following supplementary information does not form part of the financial statements and is unaudited:

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BOARD OF DIRECTORS' RESPONSIBILITIES AND APPROVAL

The board of directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the . The external auditors are engaged to express an independent opinion on the financial statements.

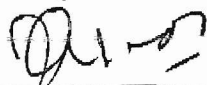
The financial statements are prepared in accordance with the and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The board of director's acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the board of director's to meet these responsibilities, they sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

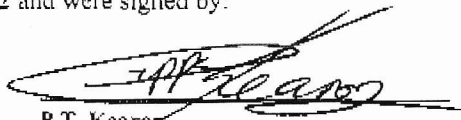
The board of directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The 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 page 3.

The financial statements set out on pages 4 to 14, which have been prepared on the going concern basis, were approved by two of the directors on 28 May 2012 and were signed by:



T.L. Mankoe



P.T. Keaton

Independent Auditors' Report

To the board of director's of ACTION LESOTHO

We have audited the financial statements of ACTION LESOTHO, as set out on pages 5 to 12, which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Board of director's Responsibility for the Financial Statements

The board's director's are responsible for the preparation and fair presentation of these financial statements in accordance with the , and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' 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. Those 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether, due to fraud or error. In making those risk assessments, the auditor considers internal control 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.

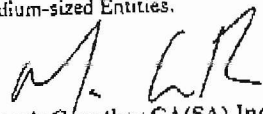
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with similar company's the other income apart from the financial aid from Ireland prior to initial entry of the collections in the accounting records could not be verified by us. The prior year figures were materially mistated. Where possible these have been rectified but we could not determine the overall impact of these misstatements.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis of Qualified opinion paragraph, the financial statements present fairly in all material aspects, the financial position of ACTION LESOTHO as at 31 December 2012, and it's financial performance for the year then ended in accordance with the International Financial Reporting Standard for Small and medium-sized Entities.


Marais Crowther CA(SA) Inc
Registered Auditors

28-May 2012

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Marais Crowther CA (SA) Incorporated / Ingelyf | Reg. No.: 1993/003117/21

DIRECTORS / DIREKTEURE: R.P. Brussow CA (SA), K. Hulse CA (SA), E.C.M. Opperman CA (SA), D.F. Strauss CA (SA), G. van Rensburg CA (SA), CFP

www.marcrow.co.za

 CA(SA)
SOUTH AFRICAN ASSOCIATION
OF CHARTERED ACCOUNTANTS

ACTION LESOTHO

Financial Statements for the year ended 31 December 2012

BOARD OF DIRECTOR'S REPORT

The directors submit their report for the year ended 31 December 2012.

1. Review of activities

Main business and operations

The company is engaged in providing humanitarian assistance in Lesotho and as such is involved in various projects and operates principally in Lesotho.

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Events after the reporting period

The board of director's are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the financial statements.

3. Directors

The board of director's comprise of eleven volunteers who oversee the project from Ireland. Two of these volunteers will sign the statements of the company and are as follows:

Name

T.L Mankoe

P.T. Kearon

4. Secretary

The secretary of the company is David Buttimer of:

Business address

32 The Mall
Tralee
Co Kerry
Ireland

ACTION LESOTHO

Financial Statements for the year ended 31 December 2012

Statement of Financial Position as at 31 December 2012

	Note(s)	2012 L	2011 L
Assets			
Non-Current Assets			
Property, plant and equipment	2	591 610	284 011
Current Assets			
Inventories	3	16 230	-
Cash and cash equivalents	4	70 603	130 540
		86 833	130 540
Total Assets		678 443	414 551
Equity and Liabilities			
Equity			
Retained income		678 443	414 552
Liabilities			
Current Liabilities			
Trade and other payables		-	(1)
Total Equity and Liabilities		678 443	414 551

ACTION LESOTHO

Financial Statements for the year ended 31 December 2012

STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2012 L	2011 L
Revenue from trading activities		45 056	-
Closing stock		16 230	-
Income from trading activities		61 286	-
Other income		1 071 300	1 026 435
Operating expenses		(816 297)	(462 574)
Operating surplus		316 289	563 861
Ha Maqele Community Centre repairs and maintenance		(52 398)	(207 026)
Surplus for the year		263 891	356 835
Other comprehensive income		-	-
Total comprehensive income for the year		263 891	356 835

ACTION LESOTHO

Financial Statements for the year ended 31 December 2012

Statement of Changes in Equity

	Retained income L	Total equity L
Opening balance as previously reported	50 861	50 861
Adjustments		
Prior period error	6 856	6 856
Balance at 01 January 2011 as restated	57 717	57 717
Surplus for the year	356 835	356 835
Other comprehensive income	-	-
Total comprehensive income for the year	356 835	356 835
Balance at 01 January 2012	414 552	414 552
Surplus for the year	263 891	263 891
Other comprehensive income	-	-
Total comprehensive income for the year	263 891	263 891
Balance at 31 December 2012	678 443	678 443

Note(s)

ACTION LESOTHO

Financial Statements for the year ended 31 December 2012

STATEMENT OF CASH FLOWS

	Note(s)	2012 L	2011 L
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Action Lesotho - Ireland		1 034 817	1 026 435
Cash paid to suppliers and employees		(766 475)	(669 600)
Cash generated from operations	5	268 342	356 835
Net cash from operating activities		268 342	356 835
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(328 280)	(277 155)
Total cash movement for the year		(59 938)	79 680
Cash at the beginning of the year		130 540	50 860
Total cash at end of the year	4	70 602	130 540

ACTION LESOTHO

Financial Statements for the year ended 31 December 2012

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the , and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Lesotho Lotis.

These accounting policies are consistent with the previous year.

1.1 Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Craft centre an wool store	Unlimited
Grain store	Unlimited
Phukalla site	Unlimited
Machinery and tool shed building	Unlimited
Furniture and equipment	6 years
Plant and machinery	6 years
Motorvehicles	5 years

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.2 Inventories

Stock is valued at market value.

ACTION LESOTHO

Financial Statements for the year ended 31 December 2012

NOTES TO THE FINANCIAL STATEMENTS

	2012 L	2011 L
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2. PROPERTY, PLANT AND EQUIPMENT

	2012			2011		
	Cost / Valuation	Accumulated depreciation and impairments	Carrying value	Cost / Valuation	Accumulated depreciation and impairments	Carrying value
Furniture and equipment	29 532	(2 508)	27 024	9 367	-	9 367
Phukalla site	330 167	-	330 167	218 644	-	218 644
Plant and machinery	196 592	(6 973)	189 619	-	-	-
Motor vehicles	56 000	(11 200)	44 800	56 000	-	56 000
Total	612 291	(20 681)	591 610	284 011	-	284 011

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2012

	Opening balance	Additions	Depreciation	Total
Phukalla site	218 644	111 523	-	330 167
Furniture and equipment	9 367	20 165	(2 508)	27 024
Motor vehicles	56 000	-	(11 200)	44 800
Machinery	-	196 592	(6 973)	189 619
	284 011	328 280	(20 681)	591 610

ACTION LESOTHO

Financial Statements for the year ended 31 December 2012

NOTES TO THE FINANCIAL STATEMENTS

	2012 L	2011 L
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2. PROPERTY, PLANT AND EQUIPMENT (continued)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2011

	Opening balance	Additions	Total
Phukalla site	6 856	211 788	218 644
Furniture and equipment	-	9 367	9 367
Motor vehicles	-	56 000	56 000
	6 856	277 155	284 011

DETAILS OF PROPERTIES

PHUKALLA SITE

The site was bought cash with funds from Ireland.

- Purchase price	175 000	175 000
- Additions to land	6 856	6 856
- Fencing	103 286	36 788
- Tool shed	45 025	-
	330 167	218 644

3. INVENTORIES

Livestock on hand	16 230	-
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4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	13 659	7 461
Bank balances	56 944	123 079
	70 603	130 540

5. CASH GENERATED FROM OPERATIONS

Profit before taxation	263 891	356 835
ADJUSTMENTS FOR:		
Depreciation and amortisation	20 680	-
CHANGES IN WORKING CAPITAL:		
Inventories	(16 230)	-
Trade and other payables	1	-
	268 342	356 835

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NOTES TO THE FINANCIAL STATEMENTS

	2012 L	2011 L
6. PRIOR PERIOD ERRORS		
Capital expenditure was expenses instead of being capitalised in prior years.		
One bank account was never recorded.		
The correction of the error(s) results in adjustments as follows:		
STATEMENT OF FINANCIAL POSITION		
Property, plant and equipment	-	284 011
Cash and cash equivalents	-	11 853
Opening retained earnings	-	(6 856)
PROFIT OR LOSS		
Direct aid from Action Lesotho - Ireland	-	(11 853)
Capital expenditure	-	(277 155)

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DETAILED INCOME STATEMENT

	Note(s)	2012 L	2011 L
Charges for Milling		15 238	-
Produce of Farm		29 818	-
Revenue		45 056	-
Closing stock		16 230	-
Income from trading activities		61 286	-
Other income			
Direct aid from Action Lesotho - Ireland		1 034 817	954 215
Parish organisation project		13 538	-
Sundry income		22 945	6 052
Vehicle fund		-	66 168
		1 071 300	1 026 435
Expenses (Refer to page 14)		(816 297)	(462 574)
Operating surplus		316 289	563 861
Capital expenditure re-classified as current expenditure		(52 398)	(207 026)
Surplus for the year		263 891	356 835
Other comprehensive income		-	-
Total comprehensive income for the year		263 891	356 835

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DETAILED INCOME STATEMENT

	Note(s)	2012 L	2011 L
Operating expenses			
Administration and management fees		-	(334)
Agricultural projects		(38 303)	-
Bank charges		(5 785)	-
Central overheads for general manager		(26 745)	-
Central overheads for management consultant		(15 461)	-
Central overheads for project manager		(18 597)	-
Consultant's expenses		(91 391)	-
Depreciation, amortisation and impairments		(20 680)	-
Education expenses		(6 723)	-
Employee costs		(209 433)	(116 730)
Enterprise and income support		-	(38 992)
Enterprise development		(51 731)	-
Humanitarian Relief		(179 068)	(163 476)
Importation and declaration fee		(7 469)	-
Insurance		-	(23 703)
Interpol fee		(150)	-
Lease rentals on operating lease		(13 400)	(39 600)
Licences		(13)	-
Motor vehicle expenses		-	(2 495)
Operating costs for community development		(52 036)	-
Packaging		(1 060)	-
Petrol and repairs		(32 684)	-
Printing and stationery		(2)	(5 930)
Protective clothing		(960)	-
Repairs and maintenance		(278)	-
Running expenses		-	(71 314)
Seed and fertiliser		(37 532)	-
Silage		(550)	-
Telephone and fax		(361)	-
Transport and freight		(3 686)	-
Travel - local		(399)	-
Utilities		(1 800)	-
		(816 297)	(462 574)

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Financial Statements for the year ended 31 December 2012

DETAILED INCOME STATEMENTS

1. FARMING

	2012	2011
Produce sales	29 818	-
Closing stock	16 230	-
Fuel and repairs	(32 684)	-
Wages	(4 960)	-
Bankcharges	(1 248)	-
Packaging	(1 060)	-
Licenses	(13)	-
Telephone and postage	(361)	-
Protective clothing	(960)	-
Tools and tollgate	(3 686)	-
Interpol fee	(150)	-
Importation and declaration fee	(7 469)	-
Seed and fertilizer	(37 532)	-
Silage	(550)	-
Printing and stationery	(2)	-
Profit/(loss) from farming	(44 627)	-

2. MILL

	2012	2011
Grain sales	15 238	-
Parish organization project	13 538	-
Wages	(4 960)	-
Rental	(13 400)	-
Bankcharges	(1 248)	-
Electricity	(1 800)	-
Tollgate	(399)	-
Repairs and maintenance	(278)	-
Profit/(loss) from Mill	6 691	-

3. EDUCATION

	2012	2011
Grant L. Kompfi	(511)	-
Grant M. Bambin	(4 110)	-
Grant L. Tometsi	(1 200)	-
Grant S. Kompfi	(870)	-
Grant T. Letsoko	(32)	-
Bankcharges	(100)	-
Profit/(loss) from education	(6 823)	-

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Financial Statements for the year ended 31 December 2012

DETAILED INCOME STATEMENTS**4. GENERAL ACTIVITIES**

	2012	2011
Direct aid from Action Lesotho - Ireland	1 034 817	681 461
Vehicle fund	-	66 168
Impact and waterville	-	272 754
Sundry income for centre's	22 945	6 052
Central overheads for project manager	(18 597)	-
Operating costs for community development	(52 036)	-
Humanitarian relief	(179 068)	-
Agricultural projects	(38 303)	-
Enterprise development	(51 731)	-
Central overheads for management consultant	(15 461)	-
Wages	(199 513)	-
Central overheads for general manager	(26 745)	-
Consultant's expenses	(91 391)	-
Bank charges	(3 190)	-
Admin overheads	-	(334)
Running expenses	-	(71 314)
Insurance	-	(23 703)
Motor vehicle expenses	-	(2 495)
Printing and stationery	-	(5 930)
Rental	-	(39 600)
Salaries and wages	-	(116 730)
Loantsang	-	(38 917)
Lepoqong	-	(27 754)
Nyene	-	(30 295)
Sponsorship	-	(42 509)
Malimpho feeding program	-	(53 437)
Other enterprise support	-	(8 697)
Other humanitarian relief	-	(859)
Depreciation	(20 680)	-
Profit/(loss) from general activities	361 047	563 861

5. CAPITAL EXPENDITURE RE-CLASSIFIED AS CURRENT EXPENDITURE

	2012	2011
Grain store	-	(14 126)
Ha Masele Community Centre	(52 398)	(26 933)
Nyene Craft centre	-	(165 967)
Profit/(loss) from capital expenditure	(52 398)	(207 026)