

ACTION LESOTHO
(Registration number A2010/56)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

ACTION LESOTHO

Financial Statements for the year ended 31 December 2013

INDEX

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

Index	Page
Board of directors' Responsibilities and Approval	2
Independent Auditors' Report	3
Board of Directors' Report	4
Statement of Financial Position	5
Statement of Comprehensive Income	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Accounting Policies	9
Notes to the Financial Statements	10 - 11

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

Detailed Income Statement	12 - 13
Detailed income statements	14 - 16

ACTION LESOTHO

Financial Statements for the year ended 31 December 2013

BOARD OF DIRECTORS' RESPONSIBILITIES AND APPROVAL

The 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 directors 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 directors to meet these responsibilities, the board of directors 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 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 directors have reviewed the company's cash flow forecast for the year to 31 December 2013 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.



T.L. Mankoe



P.T. Kearon

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 11, which comprise the statement of financial position as at 31 December 2013, 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.

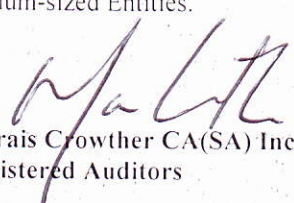
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 2013, 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

24 March 2014

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24 March 2014
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ACTION LESOTHO

Financial Statements for the year ended 31 December 2013

Board of Directors' Report

The directors have pleasure in submitting their report on the financial statements of ACTION LESOTHO and its associates for the year ended 31 December 2013.

1. Nature of business

ACTION LESOTHO was incorporated in Lesotho with interests in providing humanitarian assistance in Lesotho and as such is involved in various projects in the the non - profit sectors. The company 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. Review of financial results and activities

The financial statements have been prepared in accordance with audit standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these 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:

Directors

T.L Mankoe

P.T. Kearon

There have been no changes to the directorate for the period under review.

4. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

At 31 December 2013 the company's investment in property, plant and equipment amounted to L583 004 (2012:L591 610), of which L38 182 (2012: L328 280) was added in the current year through additions.

5. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Secretary

The company secretary is David Buttimer.

Business address

32 The Mall
Tralee
Co Kerry
Ireland

ACTION LESOTHO

Financial Statements for the year ended 31 December 2013

Statement of Financial Position as at 31 December 2013

	Note(s)	2013 L	2012 L
Assets			
Non-Current Assets			
Property, plant and equipment	2	583 004	591 610
Current Assets			
Inventories	3	55 935	16 230
Cash and cash equivalents	4	171 905	70 603
		227 840	86 833
Total Assets		810 844	678 443
Equity and Liabilities			
Equity			
Retained income		810 844	678 443
Total Equity and Liabilities		810 844	678 443

ACTION LESOTHO

Financial Statements for the year ended 31 December 2013

STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2013 L	2012 L
Revenue from trading activities		94 556	45 056
Closing stock		32 705	16 230
Income from trading activities		127 261	61 286
Other income		1 391 584	1 071 300
Operating expenses		(1 386 444)	(816 297)
Operating surplus		132 401	316 289
Ha Mapele Community Centre repairs and maintenance		-	(52 398)
Surplus for the year		132 401	263 891
Other comprehensive income		-	-
Total comprehensive income for the year		132 401	263 891

ACTION LESOTHO

Financial Statements for the year ended 31 December 2013

Statement of Changes in Equity

	Retained income L	Total equity L
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 01 January 2013	678 443	678 443
Surplus for the year	132 401	132 401
Other comprehensive income	-	-
Total comprehensive income for the year	132 401	132 401
Balance at 31 December 2013	810 844	810 844
Note(s)		

ACTION LESOTHO

Financial Statements for the year ended 31 December 2013

Statement of Cash Flows

	Note(s)	2013 L	2012 L
Cash flows from operating activities			
Cash receipts from Action Lesotho - Ireland		1 298 834	1 034 817
Cash paid to suppliers and employees		(1 159 348)	(766 476)
Cash generated from operations	5	139 486	268 341
Net cash from operating activities		139 486	268 341
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(38 182)	(328 280)
Total cash movement for the year		101 304	(59 939)
Cash at the beginning of the year		70 603	130 540
Total cash at end of the year	4	171 907	70 601

ACTION LESOTHO

Financial Statements for the year ended 31 December 2013

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 period.

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 2013

NOTES TO THE FINANCIAL STATEMENTS

	2013 L	2012 L
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2. PROPERTY, PLANT AND EQUIPMENT

	2013			2012		
	Cost / Valuation	Accumulated depreciation and impairments	Carrying value	Cost / Valuation	Accumulated depreciation and impairments	Carrying value
Furniture and equipment	67 715	(8 608)	59 107	29 532	(2 508)	27 024
Phukalla site	330 167	-	330 167	330 167	-	330 167
Plant and machinery	196 592	(36 462)	160 130	196 592	(6 973)	189 619
Motor vehicles	56 000	(22 400)	33 600	56 000	(11 200)	44 800
Total	650 474	(67 470)	583 004	612 291	(20 681)	591 610

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2013

	Opening balance	Additions	Depreciation	Total
Phukalla site	330 167	-	-	330 167
Furniture and equipment	27 024	38 182	(6 099)	59 107
Motor vehicles	44 800	-	(11 200)	33 600
Machinery	189 619	-	(29 489)	160 130
	591 610	38 182	(46 788)	583 004

ACTION LESOTHO

Financial Statements for the year ended 31 December 2013

NOTES TO THE FINANCIAL STATEMENTS

	2013 L	2012 L
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2. Property, plant and equipment (continued)**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
Plant and machinery	-	196 592	(6 973)	189 619
	284 011	328 280	(20 681)	591 610

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	103 286
- Tool shed	45 025	45 025
	330 167	330 167

3. INVENTORIES

Livestock on hand	55 935	16 230
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4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	22 098	13 659
Bank balances	149 807	56 944
	171 905	70 603

5. CASH GENERATED FROM OPERATIONS

Profit before taxation	132 401	263 891
ADJUSTMENTS FOR:		
Depreciation and amortisation	46 790	20 680
CHANGES IN WORKING CAPITAL:		
Inventories	(39 705)	(16 230)
	139 486	268 341

ACTION LESOTHO

Financial Statements for the year ended 31 December 2013

DETAILED INCOME STATEMENT

	Note(s)	2013 L	2012 L
Revenue			
Produce of Farm		76 632	29 818
Charges for Milling		17 924	15 238
		94 556	45 056
Opening stock		(16 230)	-
Purchases		(7 000)	-
Closing stock		55 935	16 230
		32 705	16 230
Income from trading activities		127 261	61 286
Other income			
Direct aid from Action Lesotho - Ireland		1 298 834	1 034 817
Donations received		17 985	-
Parish organisation project		-	13 538
Rental income		3 446	-
Sale of LMC products		69 271	-
Sundry income		2 048	22 945
		1 391 584	1 071 300
Expenses (Refer to page 13)		(1 386 444)	(816 297)
Operating surplus		132 401	316 289
Capital expenditure re-classified as current expenditure		-	(52 398)
Surplus for the year		132 401	263 891

ACTION LESOTHO

Financial Statements for the year ended 31 December 2013

DETAILED INCOME STATEMENT

	Note(s)	2013 L	2012 L
Operating expenses			
Administration and management fees		(37 647)	-
Agricultural projects		(989)	(38 303)
Auctions		(469)	-
Auditors remuneration		(10 260)	-
Bank charges		(6 563)	(5 785)
Central overheads for general manager		(7 404)	(26 745)
Central overheads for management consultant		(272)	(15 461)
Central overheads for project manager		(5 193)	(18 597)
Consultant's expenses		(93 801)	(91 391)
Depreciation, amortisation and impairments		(46 790)	(20 680)
Education expenses		(1 277)	(6 723)
Employee costs		(269 720)	(209 433)
Enterprise and income support		(326 160)	-
Enterprise development		-	(51 731)
Humanitarian relief		(277 331)	(179 068)
Importation and declaration fee		(3 234)	(7 469)
Insurance		(28 793)	-
Interpol fee		-	(150)
Lease rentals on operating lease		-	(13 400)
Licences		(26)	(13)
Motor vehicle expenses		(50 468)	-
Municipal expenses		(7 036)	(1 800)
Operating expenses for community development		(6 122)	(52 036)
Packaging		(2 780)	(1 060)
Petrol and repairs		(32 426)	(32 684)
Printing and stationery		(22 498)	(2)
Protective clothing		(1 622)	(960)
Repairs and maintenance		(23 446)	(278)
Running expenses		(33 421)	-
Seed and fertiliser		(63 008)	(37 532)
Silage		(1 200)	(550)
Telephone and fax		(1 313)	(361)
Tollgate		-	(399)
Training		(20 718)	-
Transport and freight		(4 457)	(3 686)
		(1 386 444)	(816 297)

ACTION LESOTHO

Financial Statements for the year ended 31 December 2013

DETAILED INCOME STATEMENTS**1. FARMING**

	2013	2012
Auctions	(469)	-
Bankcharges	(2 220)	(1 248)
Closing stock	55 935	-
Cost of sales	(7 000)	16 230
Fuel and repairs	(32 426)	(32 684)
Importation and declaration fee	(3 234)	(7 469)
Interpol fee	-	(150)
Licenses	(26)	(13)
Livestock expenses	(11 105)	-
Livestock sales	1 500	-
Opening stock	(16 230)	-
Packaging	(2 780)	(1 060)
Printing and stationery	(127)	(2)
Produce sales	75 132	29 818
Protective clothing	(1 622)	(960)
Seed and fertilizer	(63 008)	(37 532)
Silage	(1 200)	(550)
Telephone and postage	(1 313)	(361)
Tools and tollgate	(1 064)	(3 686)
Tractor hire	2 966	-
Vehicle expenses	(21 803)	-
Wages	(7 531)	(4 960)
Water and electricity	(3 996)	-
Profit/(loss) from farming	(41 621)	(44 627)

2. MILL

	2013	2012
Grain sales	17 924	15 238
Parish organization project	-	13 538
Wages	(5 960)	(4 960)
Rental	-	(13 400)
Bankcharges	(1 335)	(1 248)
Electricity	(3 040)	(1 800)
Tollgate	-	(399)
Repairs and maintenance	(430)	(278)
Printing and stationery	(31)	-
Profit/(loss) from Mill	7 128	6 691

ACTION LESOTHO

Financial Statements for the year ended 31 December 2013

DETAILED INCOME STATEMENTS

3. EDUCATION

	2013	2012
Grant L. Kompfi	-	(511)
Grant M. Bambin	-	(4 110)
Grant L. Tometsi	-	(1 200)
Grant S. Kompfi	-	(870)
M. Sekota	(1 277)	-
Grant T. Letsoko	-	(32)
Bankcharges	(129)	(100)
Profit/(loss) from education	(1 406)	(6 823)

ACTION LESOTHO

Financial Statements for the year ended 31 December 2013

DETAILED INCOME STATEMENTS**4. GENERAL ACTIVITIES**

	2013	2012
Direct aid from Action Lesotho - Ireland	1 298 834	1 034 817
Vehicle fund	-	-
Donations received	17 985	-
Rent received	480	-
Sale of LMC products	69 271	-
Impact and waterville	-	-
Sundry income	2 048	22 945
Central overheads for project manager	(5 193)	(18 597)
Operating costs for community development	(6 122)	(52 036)
Humanitarian relief	(77 746)	(179 068)
Agricultural projects	(989)	(38 303)
Enterprise development	-	(51 731)
Central overheads for management consultant	(272)	(15 461)
Wages	-	(199 513)
Central overheads for general manager	(7 404)	(26 745)
Consultant's expenses	(93 801)	(91 391)
Bank charges	(2 879)	(3 190)
Admin overheads	(37 647)	-
Running expenses	(33 421)	-
Insurance	(28 793)	-
Motor vehicle expenses	(28 665)	-
Printing and stationery	(22 339)	-
Rental	-	-
Salaries and wages	(256 229)	-
Loantsang	(29 689)	-
Lepoqong	(34 955)	-
Nyene	-	-
Sponsorship	(17 183)	-
Malimpho feeding program	(117 759)	-
Transport	(3 393)	-
Other enterprise support	-	-
Other humanitarian relief	-	-
Depreciation	(46 790)	(20 680)
LMC expenses	(315 055)	-
Audit fees	(10 260)	-
Education and training	(20 718)	-
Profit/(loss) from general activities	191 316	361 047

5. CAPITAL EXPENDITURE RE-CLASSIFIED AS CURRENT EXPENDITURE

	2013	2012
Ha Mapele Community Centre	-	(52 398)