

ACTION LESOTHO, MAPUTSOE, LESOTHO
(Registration number A2010/56)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

ACTION LESOTHO, MAPUTSOE, LESOTHO

Financial Statements for the year ended 31 December 2015

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 - 10
Notes to the Financial Statements	11 - 13
The following supplementary information does not form part of the financial statements and is unaudited:	
Detailed Income Statement	14 - 15
Detailed income statements	16 - 17

ACTION LESOTHO, MAPUTSOE, LESOTHO

Financial Statements for the year ended 31 December 2015

BOARD OF DIRECTORS' RESPONSIBILITIES AND APPROVAL

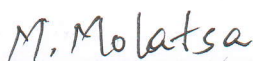
The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements 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 International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

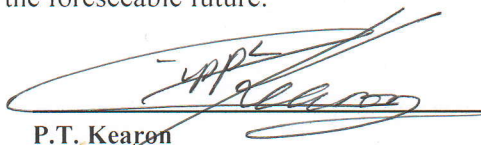
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards 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 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.



M.E. Molatsa



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 13, which comprise the statement of financial position as at 31 December 2015, 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 International Financial Reporting Standard for Small and Medium-sized Entities, 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 qualified 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.

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 Desember 2015, and it's financial performance for the year then ended in accordance with the International Financial Reporting Standard for Small and medium-sized Entities.

Other matter

We draw attention to the fact that supplementary information set out on pages 14 to 17 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.



Marais Crowther CA(SA) Inc
Registered Auditors

16 May 2016

BLOEMFONTEIN

P.O. Box 29514, Danhof, 9310

T: +27 51 430 0006

F: +27 51 430 0057

E: admin@marcrow.co.za

BETHLEHEM

P.O. Box 221, Bethlehem, 9700

T: +27 58 303 5696

F: +27 58 303 3023

E: admin@marcrow.co.za

FICKSBURG

P.O. Box 331, Ficksburg, 9730

T: +27 51 933 3870

F: +27 51 933 4312

E: admin@marcrow.co.za

ACTION LESOTHO, MAPUTSOE, LESOTHO

Financial Statements for the year ended 31 December 2015

Board of Directors' Report

The directors have pleasure in submitting their report on the financial statements of ACTION LESOTHO, MAPUTSOE, LESOTHO and its associates for the year ended 31 December 2015.

1. Nature of business

ACTION LESOTHO, MAPUTSOE, 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

M.E. Molatsa

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 2015 the company's investment in property, plant and equipment amounted to L680 551 (2014:L676 453), of which L84 482 (2014: L153 656) 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

Action Lesotho
Po Box 765
Maputsoe 350
Lesotho

ACTION LESOTHO, MAPUTSOE, LESOTHO

Financial Statements for the year ended 31 December 2015

Statement of Financial Position as at 31 December 2015

	Note(s)	2015 L	2014 L
Assets			
Non-Current Assets			
Property, plant and equipment	2	680 551	676 453
Current Assets			
Inventories	3	21 510	52 021
Cash and cash equivalents	4	253 227	102 326
		274 737	154 347
Total Assets		955 288	830 800
Equity and Liabilities			
Equity			
Retained income		953 331	830 800
Liabilities			
Current Liabilities			
Trade and other payables	5	1 957	-
Total Equity and Liabilities		955 288	830 800

ACTION LESOTHO, MAPUTSOE, LESOTHO
Financial Statements for the year ended 31 December 2015
STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2015 L	2014 L
Revenue from trading activities		149 049	161 412
Cost of sales		(36 511)	(3 914)
Income from trading activities		112 538	157 498
Other income		1 763 780	1 420 440
Operating expenses		(1 753 787)	(1 557 982)
Operating surplus		122 531	19 956
Surplus for the year		122 531	19 956
Other comprehensive income		-	-
Total comprehensive income for the year		122 531	19 956

ACTION LESOTHO, MAPUTSOE, LESOTHO

Financial Statements for the year ended 31 December 2015

Statement of Changes in Equity

	Retained income L	Total equity L
Balance at 01 January 2014	810 844	810 844
Surplus for the year	19 956	19 956
Other comprehensive income	-	-
Total comprehensive income for the year	19 956	19 956
Balance at 01 January 2015	830 800	830 800
Surplus for the year	122 531	122 531
Other comprehensive income	-	-
Total comprehensive income for the year	122 531	122 531
Balance at 31 December 2015	953 331	953 331
Note(s)		

ACTION LESOTHO, MAPUTSOE, LESOTHO

Financial Statements for the year ended 31 December 2015

Statement of Cash Flows

	Note(s)	2015 L	2014 L
Cash flows from operating activities			
Cash receipts from Action Lesotho - Ireland		1 686 277	1 410 151
Cash paid to suppliers and employees		(1 450 894)	(1 326 074)
Cash generated from operations	6	235 383	84 077
Net cash from operating activities		235 383	84 077
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(84 482)	(153 656)
Total cash movement for the year		150 901	(69 579)
Cash at the beginning of the year		102 326	171 905
Total cash at end of the year	4	253 227	102 326

ACTION LESOTHO, MAPUTSOE, LESOTHO

Financial Statements for the year ended 31 December 2015

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, 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.

1.3 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and

ACTION LESOTHO, MAPUTSOE, LESOTHO

Financial Statements for the year ended 31 December 2015

Accounting Policies

1.3 Revenue (continued)

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

ACTION LESOTHO, MAPUTSOE, LESOTHO

Financial Statements for the year ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS

	2015 L	2014 L
--	-----------	-----------

2. PROPERTY, PLANT AND EQUIPMENT

	2015			2014		
	Cost / Valuation	Accumulated depreciation and impairments	Carrying value	Cost / Valuation	Accumulated depreciation and impairments	Carrying value
Furniture and equipment	130 457	(38 109)	92 348	92 715	(20 474)	72 241
Phukalla site	393 223	-	393 223	393 223	-	393 223
Plant and machinery	243 332	(104 379)	138 953	196 592	(65 950)	130 642
Motor vehicles	121 600	(65 573)	56 027	121 600	(41 253)	80 347
Total	888 612	(208 061)	680 551	804 130	(127 677)	676 453

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2015

	Opening balance	Additions	Depreciation	Total
Phukalla site	393 223	-	-	393 223
Furniture and equipment	72 241	37 742	(17 635)	92 348
Motor vehicles	80 347	-	(24 320)	56 027
Machinery	130 642	46 740	(38 429)	138 953
	676 453	84 482	(80 384)	680 551

ACTION LESOTHO, MAPUTSOE, LESOTHO

Financial Statements for the year ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS

	2015 L	2014 L
--	-----------	-----------

2. PROPERTY, PLANT AND EQUIPMENT (continued)**RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2014**

	Opening balance	Additions	Depreciation	Total
Phukalla site	330 167	63 056	-	393 223
Furniture and equipment	59 107	25 000	(11 866)	72 241
Motor vehicles	33 600	65 600	(18 853)	80 347
Plant and machinery	160 130	-	(29 488)	130 642
	583 004	153 656	(60 207)	676 453

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	166 342	166 342
- Tool shed	45 025	45 025
	393 223	393 223

3. INVENTORIES

Livestock	17 000	52 021
Maize	4 510	-
	21 510	52 021

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	61 050	19 565
Bank balances	192 177	82 761
	253 227	102 326

5. TRADE AND OTHER PAYABLES

LRA - Pay As You Earn (PAYE)	1 957	-
------------------------------	-------	---

ACTION LESOTHO, MAPUTSOE, LESOTHO

Financial Statements for the year ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS

	2015 L	2014 L
6. CASH GENERATED FROM OPERATIONS		
Profit before taxation	122 531	19 956
ADJUSTMENTS FOR:		
Depreciation and amortisation	80 383	60 208
CHANGES IN WORKING CAPITAL:		
Inventories	30 512	3 913
Trade and other payables	1 957	-
	235 383	84 077

ACTION LESOTHO, MAPUTSOE, LESOTHO

Financial Statements for the year ended 31 December 2015

DETAILED INCOME STATEMENT

	Note(s)	2015 L	2014 L
Revenue			
Produce of Farm		129 307	137 373
Charges for Milling		19 742	24 039
		149 049	161 412
Opening stock		(52 021)	(55 935)
Purchases		(6 000)	-
Closing stock		21 510	52 021
		(36 511)	(3 914)
Income from trading activities		112 538	157 498
Other income			
Direct aid from Action Lesotho - Ireland		1 686 277	1 410 151
Donations received		39 000	-
Rental income		-	8 864
Sale of LMC products		36 453	-
Sundry income		2 050	1 425
		1 763 780	1 420 440
Expenses (Refer to page 15)		(1 753 787)	(1 557 982)
Surplus for the year		122 531	19 956

ACTION LESOTHO, MAPUTSOE, LESOTHO

Financial Statements for the year ended 31 December 2015

DETAILED INCOME STATEMENT

	Note(s)	2015 L	2014 L
Operating expenses			
Agricultural projects		100 459	101 780
Auctions		3 125	2 193
Auditors remuneration		13 000	17 000
Bank charges		5 751	5 950
Central overheads		32 559	58 259
Expenses of in-country representative		77 939	100 732
Depreciation, amortisation and impairments		80 383	60 208
Employee costs		400 892	330 036
Enterprise development and income support		199 520	146 470
Children's programs		173 640	96 682
Humanitarian relief		185 218	166 604
Importation and declaration fee		5 566	2 540
Insurance		28 463	27 814
Rent of apartment		38 458	50 095
Licences		25	55
Municipal expenses		6 119	6 670
Operating expenses for community development centre		67 973	8 861
Packaging		3 383	3 108
Petrol and repairs		41 288	42 364
Printing and stationery		22 906	30 296
Protective clothing		30	1 267
Repairs and maintenance		506	9 668
Running expenses		20 790	20 235
Seed and fertiliser		11 611	65 766
Silage		700	-
Telephone and fax		968	1 374
Enterprise development - education and training		53 231	64 154
Transport and motor vehicle expenses		179 284	137 801
		1 753 787	1 557 982

ACTION LESOTHO, MAPUTSOE, LESOTHO

Financial Statements for the year ended 31 December 2015

DETAILED INCOME STATEMENTS**1. FARMING**

	2015	2014
Produce sales	122 807	137 373
Livestock sales	6 500	-
Tractor hire	-	7 824
Opening stock	(52 021)	(55 935)
Purchases	(6 000)	-
Closing stock	21 510	52 021
Donations received	6 000	-
Auctions	(3 125)	(2 193)
Bank charges	(1 550)	(1 471)
Fuel and repairs	(41 288)	(42 364)
Wages	(22 196)	(11 991)
Packaging	(3 384)	(3 108)
Licences	(25)	(55)
Telephone and postage	(968)	(1 374)
Protective clothing	(30)	(1 267)
Tools and tollgate	(6 664)	(16 133)
Importation and declaration fee	(5 566)	(2 540)
Seed and fertilizer	(11 611)	(65 766)
Silage	(700)	-
Printing and stationery	(112)	(295)
Vehicle expenses	(2 421)	(7 801)
Repairs and maintenance	-	(8 612)
Livestock expenses	(10 442)	(15 791)
Water and electricity	(1 919)	(2 370)
Profit/(loss) from farming	(13 205)	(41 848)

2. MILL

	2015	2014
Charges for milling grain	19 742	24 039
Wages	(10 724)	(8 449)
Bank charges	(1 550)	(1 471)
Electricity	(4 200)	(4 300)
Repairs and maintenance	(506)	(1 056)
Printing and stationery	-	(19)
Profit/(loss) from Mill	2 762	8 744

ACTION LESOTHO, MAPUTSOE, LESOTHO

Financial Statements for the year ended 31 December 2015

DETAILED INCOME STATEMENTS

3. GENERAL ACTIVITIES

	2015	2014
Direct aid from Action Lesotho - Ireland	1 686 277	1 410 151
Donations received	33 000	-
Rent received	-	1 040
Sale of LMC products	36 453	-
Sundry income	2 050	1 425
Central overheads	(32 559)	(58 259)
Operating costs for community development centre	(67 973)	(8 861)
Agricultural projects	(100 459)	(101 780)
Expenses of in-country representative	(77 939)	(100 732)
Bank charges	(2 652)	(3 008)
Running expenses	(20 790)	(20 235)
Insurance	(28 463)	(27 814)
Printing and stationery	(22 794)	(29 982)
Rent of apartment	(38 458)	(50 095)
Salaries and wages	(367 969)	(309 596)
Children's programs	(173 640)	(96 682)
Malimpho feeding program	(181 394)	(137 434)
Other humanitarian relief	(3 824)	(29 170)
Transport and motor vehicle expenses	(170 199)	(113 867)
Depreciation	(80 383)	(60 208)
Enterprise development - aid to LMC companies	(189 079)	(130 679)
Audit fees	(13 000)	(17 000)
Enterprise development - education and training	(53 231)	(64 154)
Profit/(loss) from general activities	132 974	53 060