



ISLAMIC RELIEF SOUTH AFRICA NPC

[Registration number: 2004/025107/08]

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023



Islamic Relief South Africa NPC
(Registration number 2004/025107/08)
Annual financial statements
for the year ended 31 December 2023

These annual financial statements were prepared by:
Eduard Nel
Professional Accountant (SA)

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act
No. 71 of 2008.

Issued 25 March 2024

Islamic Relief South Africa NPC

(Registration number: 2004/025107/08)

Annual Financial Statements for the year ended 31 December 2023

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Provision of poverty relief and humanitarian assistance
Directors	Abu - El - Magd, Mohamed Ali El - Alf, Mohammed Omar El - Bendary, Ahmad Esmat El - Zayat, Ibrahim Farouk Osman, Muhammad Ameen, Khadija Ismail, Zaheerah
Registered office	396 Imam Haron Road Landsdowne Cape Town Western Cape 7780
Business address	396 Imam Haron Road Landsdowne 7780
Postal address	396 Imam Haron Road Landsdowne 7780
Bankers	Standard Bank First National Bank
Auditors	SizweNtsalubaGobodo Grant Thornton Inc. Registered Auditors
Company registration number	2004/025107/08
Tax reference number	9450/136/16/4
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act No. 71 of 2008.
Preparer	The annual financial statements were independently compiled by: Eduard Nel Professional Accountant (SA)
Issued	25 March 2024

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Directors' Responsibilities and Approval

The directors are required by the Companies Act No. 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual 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 annual financial statements.

The annual 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 directors set 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 annual 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 next 12 months to 31 December 2024 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.

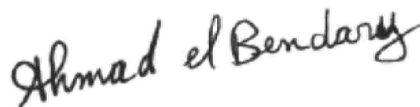
The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 6 - 8.

The annual financial statements set out on pages 10 to 24, which have been prepared on the going concern basis, were approved by the board of directors on 25 March 2024 and were signed on its behalf by:

Approval of annual financial statements



Abu - El - Magd, Mohamed Ali



EI - Bendary, Ahmad Esmat

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Annual Financial Statements for the year ended 31 December 2023

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Islamic Relief South Africa NPC for the year ended 31 December 2023.

1. Incorporation

The company was incorporated on 07 September 2004 and obtained its certificate to commence business on the same day.

2. Nature of business

Islamic Relief South Africa NPC was incorporated in South Africa with interests in the humanitarian assistance sector. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act No. 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

The company recorded a surplus for the year ended 31 December 2023 of R29,984,237; (2022 deficit; R(8,148,302)).

Restricted project funds pertain to funds collected towards specific Islamic Relief programmes and projects, and relate to obligations that Islamic Relief South Africa carry forward to be discharged in 2024.

Unrestricted project funds are general funds not confined to any specific project.

4. Insurance and risk management

The company follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control program, which is carried out in conjunction with the company's insurance brokers. All risks are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

5. Directors

The directors in office at the date of this report are as follows:

Directors	Position	Nationality	
Abu - El - Magd, Mohamed Ali	Chairperson	Egypt	
El - Alf, Mohammed Omar		United Kingdom	
El - Bendary, Ahmad Esmat		United States of America	
El - Zayat, Ibrahim Farouk		Germany	
Osman, Muhammad		South Africa	
Ameen, Khadija		South Africa	
Ismail, Zaheerah		South Africa	Appointed 12 August 2023

6. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

7. 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 2023 the company's investment in property, plant and equipment amounted to R10,963,616 (2022:R11,048,402), of which R1,075,552 (2022: R1,789,013) was added in the current year through additions.

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Annual Financial Statements for the year ended 31 December 2023

Directors' Report

8. Special resolutions

No special resolutions, the nature of which might be significant to the directors in their appreciation of the state of affairs of the company were made by the company during the period covered by this report.

9. 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.

10. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

11. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act No. 71 of 2008.

12. Litigation statement

The company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The company is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

13. Terms of appointment of the auditors

SizweNtsalubaGobodo Grant Thornton Inc. were appointed as the company's auditors at the general meeting held on 18 November 2023. Included in profit for the year is the agreed auditor's remuneration of R216,000. Interested parties wishing to inspect a copy of the terms on which the company's auditors is appointed and remunerated may do so by contacting the Company Secretary.

14. Date of authorisation for issue of annual financial statements

The annual financial statements have been authorised for issue by the directors on 25 March 2024. No authority was given to anyone to amend the annual financial statements after the date of issue.

SNG Grant Thornton

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To the Directors of Islamic Relief South Africa NPC

Qualified Opinion

We have audited the annual financial statements of Islamic Relief South Africa NPC set out on pages 10 to 24, which comprise the statement of financial position as at 31 December 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Islamic Relief South Africa NPC as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis for Qualified Opinion

In common with similar organisations, it is not feasible for the entity to institute accounting controls over cash and collections from donations prior to initial entry in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond receipts actually recorded.

We, therefore were unable to verify the completeness of cash donations, totalling R9,755,942 (4.88% of total revenue), as disclosed in note 12.

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) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Islamic Relief South Africa NPC Annual Financial Statements for the year ended 31 December 2023”, which includes the Directors’ Report as required by the Companies Act of South Africa. 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 an audit opinion or 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 have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about whether all cash donations were recorded. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with 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 the directors determine 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, the directors are responsible for assessing the entity’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 the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

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 judgement 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 entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 entity'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 entity 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.

We communicate with the directors 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.

PDaver

Piloshini Daver Rampersadh CA (SA)
SizweNtsalubaGobodo Grant Thornton Inc.
Director
Registered Auditor

Date: 26 March 2024

Block A, Century Falls
32 Century Boulevard
Century City

Practitioner's Compilation Report

To the Management of Islamic Relief South Africa NPC

We have compiled the annual financial statements of Islamic Relief South Africa NPC, as set out on pages 10 - 24, based on information you have provided. These annual financial statements comprise the statement of financial position of Islamic Relief South Africa NPC as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These annual financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these annual financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.



Eduard Nel
Professional Accountant (SA)

25 March 2024

Cape Town

CDP Accountants (Pty) Ltd 2014/270979/07 Tax Practitioners: PR-0090465 PR-0018438	60 Meath Street, Oakdale, Bellville, 7530	TEL: 021 914 0416 INTNL: +27 21 914 0416 CELL: 084 418 4381 EMAIL: eduard@cdpcasa.co.za
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Directors: Charl du Plessis CA (SA), Registered Auditor; Eduard Nel Professional Accountant (SA)

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Annual Financial Statements for the year ended 31 December 2023

Statement of Financial Position as at 31 December 2023

Figures in Rand	Note	2023	2022
Assets			
Non-Current Assets			
Property, plant and equipment	2	10,963,616	11,048,402
Other financial assets	3	26,240	26,240
		10,989,856	11,074,642
Current Assets			
Inventories	5	557,065	37,265
Trade and other receivables	6	1,730,761	920,113
Prepayments	4	28,950	24,950
Cash and cash equivalents	7	55,495,690	26,754,679
		57,812,466	27,737,007
Total Assets		68,802,322	38,811,649
Equity and Liabilities			
Equity			
Retained income		65,182,922	35,198,685
Liabilities			
Non-Current Liabilities			
Other financial liabilities	9	371,401	1,598,612
Current Liabilities			
Trade and other payables	11	1,591,515	954,515
Provisions	10	1,656,484	1,059,837
		3,247,999	2,014,352
Total Liabilities		3,619,400	3,612,964
Total Equity and Liabilities		68,802,322	38,811,649

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2023	2022
Revenue	12	199,892,390	170,950,389
Direct expenses	13	(160,442,872)	(171,284,363)
Gross surplus/(deficit)		39,449,518	(333,974)
Other income	14	174,588	188,770
Operating expenses		(13,793,077)	(11,819,731)
Operating surplus/(deficit)		25,831,029	(11,964,935)
Profit share	16	4,194,542	3,904,243
Finance costs	17	(41,334)	(87,610)
Surplus/(Deficit) for the year		29,984,237	(8,148,302)
Other comprehensive income		-	-
Total comprehensive (deficit)/surplus for the year		29,984,237	(8,148,302)

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Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 January 2022	43,346,987	43,346,987
Deficit for the year	(8,148,302)	(8,148,302)
Other comprehensive income	-	-
Total comprehensive deficit for the year	(8,148,302)	(8,148,302)
Balance at 01 January 2023	35,198,685	35,198,685
Surplus for the year	29,984,237	29,984,237
Other comprehensive income	-	-
Total comprehensive surplus for the year	29,984,237	29,984,237
Balance at 31 December 2023	65,182,922	65,182,922
Note	8	

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Statement of Cash Flows

Figures in Rand	Notes	2023	2022
Cash flows from operating activities			
Cash generated from (used in) operations	18	27,134,193	(10,939,040)
Profit share		4,194,542	3,904,243
Finance costs		(41,334)	(87,610)
Net cash from operating activities		31,287,401	(7,122,407)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1,076,157)	(1,789,013)
Proceeds from sale of property, plant and equipment	2	607	-
Net cash from investing activities		(1,075,550)	(1,789,013)
Cash flows from financing activities			
Repayments of other financial liabilities		(1,470,840)	(1,262,885)
Total cash movement for the year		28,741,011	(10,174,305)
Cash and cash equivalents at the beginning of the year		26,754,679	36,928,984
Total cash at end of the year	7	55,495,690	26,754,679

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Annual Financial Statements for the year ended 31 December 2023

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act No. 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

The company reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date.

Impairment testing

The company reviews and tests the carrying value of property, plant and equipment, when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

An item of property, plant and equipment 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.

Property, plant and equipment is initially measured at cost.

Cost includes 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.

The initial estimate of the costs of dismantling and removing an asset and restoring the site on which it is located is also included in the cost of property, plant and equipment, when such dismantling, removal and restoration is obligatory.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

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Accounting Policies

1.2 Property, plant and equipment (continued)

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	30 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	3-5 years
IT equipment	Straight line	3 years
Computer software	Straight line	2 years

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

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount.

Where major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to the components and they are depreciated separately over each component's useful life.

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. They are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

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Accounting Policies

1.3 Financial instruments (continued)

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit or loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

1.4 Tax

Current tax assets and liabilities

The company has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act. The organisation's receipts and accruals are therefore exempt from income tax in terms of section 10(a)(cN) of the Act, and as a result no provision has been made for income tax.

1.5 Inventories

This pertains to donations in kind. A nominal value (R10) is attached to second hand items for measurement per the accounting records. Brand new items received are measured at the lowest retail cost or invoice value and are used in accordance with Islamic Relief South Africa's programmes implementation efforts. High value items are aligned with the lowest market value available.

1.6 Impairment of assets

The company assesses at each reporting date whether there is any indication that any asset may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in surplus or loss.

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

The following benefits are offered to all Islamic Relief employees; a fixed, monthly retirement benefit in addition to a standard medical insurance package across the board as well as a data/mobile allowance that is fully subsidized by the entity.

1.8 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

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Accounting Policies

1.8 Provisions and contingencies (continued)

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

1.9 Revenue

Revenue: primarily comprises income from donations. It is recognised upon receipt of cash and cash equivalents at the amount received. Unrestricted funds: all donations are deemed unrestricted unless specifically stated by the donor.

Unrestricted funds: comprise the accumulated surplus or deficit on the financial statements which are available for use at the discretion of the directors of Islamic Relief South Africa in furtherance of the objectives of the charity.

Restricted funds: these pertain to contributions that are assigned by the donor or the terms of the appeal specified by a particular project or country. The donations derived from them will be allocated and utilized in accordance with the specified purpose.

Investment income: this comprises of profit generated from funds held in Islamic Relief South Africa's bank accounts.

In Kind donations: this pertains to donations in kind. A nominal value is attached to second hand items for measurement per the accounting records. Brand new items received are measured at the lowest retail cost or invoice value and are used in accordance with Islamic Relief South Africa's programmes implementation efforts. High value items are aligned with the lowest market value available. The outcome of the transaction can be estimated reliably when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

1.10 Finance costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.11 Foreign exchange

Foreign currency transactions

Exchange differences arising on monetary items are recognised in surplus or loss in the period in which they arise.

All transactions in foreign currencies are initially recorded in Rand, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in surplus or loss.

1.12 Direct expenditure

Islamic Relief's direct expenses comprises 3 main cost categories, i.e Operating Expenses, Local Programmes and International Programmes.

Operating Expenses constitute all fund development and communications related costs incurred in generating donation income applicable to the entity. In addition to direct support for vulnerable people, Islamic Relief invests in fundraising to support further income generation for the communities we serve.

Local Programmes Costs relate to expenditures associated with implementing domestic projects and reaching local beneficiaries/right holders nationally.

International Programmes Costs relate to expenditures relevant to implementing global projects and reaching beneficiaries/right holders abroad.

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Figures in Rand

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2. Property, plant and equipment

	2023			2022		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Land	3,306,261	-	3,306,261	3,306,261	-	3,306,261
Buildings	6,429,362	(1,062,386)	5,366,976	6,429,362	(848,074)	5,581,288
Furniture and fixtures	214,016	(74,740)	139,276	144,362	(55,341)	89,021
Motor vehicles	1,927,248	(909,358)	1,017,890	1,784,604	(734,940)	1,049,664
Office equipment	872,116	(563,125)	308,991	720,021	(380,580)	339,441
IT equipment	1,731,941	(988,031)	743,910	1,251,603	(742,379)	509,224
Computer software	208,537	(128,225)	80,312	208,537	(35,034)	173,503
Total	14,689,481	(3,725,865)	10,963,616	13,844,750	(2,796,348)	11,048,402

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals and scrapping's - cost	Other changes, movements	Depreciation	Closing balance
Land	3,306,261	-	-	-	-	3,306,261
Buildings	5,581,288	-	-	-	(214,312)	5,366,976
Furniture and fixtures	89,021	73,337	(2)	-	(23,080)	139,276
Motor vehicles	1,049,664	275,978	(1)	-	(307,751)	1,017,890
Office equipment	339,441	154,745	(2)	-	(185,193)	308,991
IT equipment	509,224	571,492	-	605	(337,411)	743,910
Computer software	173,503	-	-	-	(93,191)	80,312
	11,048,402	1,075,552	(5)	605	(1,160,938)	10,963,616

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals and scrapping's - cost	Other changes, movements	Depreciation	Closing balance
Land	1,479,081	-	-	1,827,180	-	3,306,261
Buildings	7,494,402	-	-	(1,827,180)	(85,934)	5,581,288
Furniture and fixtures	66,916	41,988	(6)	-	(19,877)	89,021
Motor vehicles	253,991	1,011,647	(1)	-	(215,973)	1,049,664
Office equipment	288,955	220,982	(3)	-	(170,493)	339,441
IT equipment	475,893	328,015	(22)	-	(294,662)	509,224
Computer software	1	186,381	-	-	(12,879)	173,503
	10,059,239	1,789,013	(32)	-	(799,818)	11,048,402

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
2. Property, plant and equipment (continued)		
Details of properties		
Administrative building 1		
The property was purchased on 24 June 2010 and is situated at Erf 231, Copesville, Pietermaritzburg, KwaZulu Natal, measuring 440 square metres under Deeds of Transfer T000019401/2010.		
- Land - 1 January 2022	148,995	148,995
- Buildings - 1 January 2022	166,005	166,005
	315,000	315,000
Administrative building 2		
The property was purchased on 7 February 2019 and is situated at Erf 59743, Lansdowne, Cape Town, Western Cape, measuring 544 square metres under Deeds of Transfer T16323/1949.		
- Land - 1 January 2022	1,276,139	1,276,139
- Buildings - 1 January 2022	5,188,596	5,188,596
	6,464,735	6,464,735
Administrative building 3		
The property was purchased on 11 March 2020 and is situated at Portion 44, Erf 808, Brickfield, Sherwood, Durban, measuring 836 square metres under Deeds of Transfer T12553/1973.		
- Land - 1 January 2022	1,881,128	1,881,128
- Buildings - 1 January 2022	1,074,760	1,074,760
	2,955,888	2,955,888
The property at Erf 59743, Lansdowne, Cape Town is encumbered and given as security for the loan granted by Islamic Relief Worldwide as referenced in note 9. The property is not permitted to be disposed of nor is the company permitted to secure additional facilities against the property in favour of a third party.		
Registers with details of land and buildings are available for inspection at the registered office of the company.		
3. Other financial assets		
At cost		
Shares in Amaanat Investment Holding Limited	26,240	26,240
Non-current assets		
At amortised cost	26,240	26,240
4. Prepayments		
RAM24 Eid festival	28,950	-
Eid shopping festival 2023	-	24,950
	28,950	24,950
5. Inventories		
Merchandise	347,350	37,265
Emergency relief stock	209,715	-
	557,065	37,265

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Figures in Rand	2023	2022
6. Trade and other receivables		
Trade receivables	(11,543)	236,513
Staff loans	156,022	174,400
Deposits	54,489	84,596
VAT	1,489,293	424,604
Accrued income	42,500	-
	1,730,761	920,113
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	4,260	2,917
Bank balances	55,491,430	26,751,762
	55,495,690	26,754,679
8. Accumulated surplus		
Incorporated within the accumulated surplus, are funds that have been committed to 2023 projects that continue to be underway and extended into 2024 as well as new projects expected to commence in the 2024 financial year.		
Restricted project funds	37,496,476	12,207,156
Unrestricted project funds	16,001,234	13,382,147
General reserves	11,685,212	9,609,382
	65,182,922	35,198,685
9. Other financial liabilities		
At amortised cost		
Islamic Relief Worldwide	371,401	1,598,612
The loan bears no interest. Profit share is charged at 4% per annum, and is payable quarterly in advance. Capital appreciation is paid quarterly in arrears. The loan is repayable within 5 years. The loan is denominated in British Pounds Sterling to the value of £15,672 on 31 December 2023. The loan is secured over property at Erf 59743, Lansdowne, Cape Town by the company agreeing to register a mortgage as per the loan agreement.		
Non-current liabilities		
At amortised cost	371,401	1,598,612

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Annual Financial Statements for the year ended 31 December 2023

Notes to the Annual Financial Statements

Figures in Rand 2023 2022

10. Provisions

Reconciliation of provisions - 2023

	Opening balance	Additions	Reversed during the year	Closing balance
Provisions for leave pay	859,837	842,144	(859,837)	842,144
Audit fee provision	200,000	216,000	(200,000)	216,000
Provision for programs expenses	-	598,340	-	598,340
	1,059,837	1,656,484	(1,059,837)	1,656,484

Reconciliation of provisions - 2022

	Opening balance	Additions	Reversed during the year	Closing balance
Provisions for leave pay	660,415	859,837	(660,415)	859,837
Audit fee provision	99,500	200,000	(99,500)	200,000
	759,915	1,059,837	(759,915)	1,059,837

Net provisions

11. Trade and other payables

Trade payables	1,425,372	471,256
Other accrued expenses	166,143	483,259
	1,591,515	954,515

12. Revenue

Direct deposits donations	175,658,040	160,900,076
Cash donations	9,755,942	6,746,699
Donations in kind	14,478,408	3,303,614
	199,892,390	170,950,389

13. Cost of sales

Direct expenses

Operating expenses	17,080,049	14,078,802
Local programmes	59,111,099	49,899,807
International programmes	84,251,724	107,305,754
	160,442,872	171,284,363

14. Other income

Profit on sale of assets and liabilities	602	-
Profit on exchange differences	-	166,442
Insurance claims	148,023	9,450
Sundry income	25,963	12,878
	174,588	188,770

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
15. Auditor's remuneration		
Fees	216,000	200,000
16. Investment revenue		
Profit share		
Bank	4,194,542	3,904,243
17. Finance costs		
Finance cost on Islamic Finance Agreement (non interest bearing) - Islamic Relief Worldwide	41,334	87,610
18. Cash generated from (used in) operations		
Surplus before taxation	29,984,237	(8,148,302)
Adjustments for:		
Depreciation, amortisation, impairments and reversals of impairments	1,160,938	799,818
(Profit) loss on sale of assets and liabilities	(602)	32
Loss (profit) on foreign exchange differences	243,629	(166,442)
Movement in provisions	596,647	299,921
Movement in IKD included in profit or loss	-	322,009
Profit share - investment	-	(3,904,243)
Investment income	(4,194,542)	-
Finance costs	41,334	87,610
Changes in working capital:		
(Increase) decrease in inventories	(519,800)	-
(Increase) decrease in trade and other receivables	(810,648)	453,265
(Increase) decrease in prepayments	(4,000)	2,655,517
Increase (decrease) in trade and other payables	637,000	(3,338,225)
	27,134,193	(10,939,040)

19. Contingencies

Litigation is in process against the company relating to a dispute with a creditor who alleges that the company has defaulted on payments and is seeking damages of R 767,322. The company's attorneys and management consider the likelihood of the action against the company being successful as unlikely as per failure to submit a copy of the agreement concluded between Islamic Relief and the third party as well as failure to furnish proof of services rendered for which the third party claims payment to.

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
20. Related parties		
Relationships		
Common directors		Islamic Relief Worldwide - United Kingdom
Common trustees		Orphan's Endowment Waqf Fund
Islamic Relief global affiliates		Islamic Relief Canada Islamic Relief USA
Related party balances		
Loan accounts - Owing (to) by related parties		
Islamic Relief Worldwide - United Kingdom	(371,401)	(1,598,612)
Orphan's Endowment Waqf Fund	(4,650)	(32,000)
Related party transactions		
Donations received from related parties		
Islamic Relief Worldwide - United Kingdom	17,987,117	11,458,585
Islamic Relief Canada	3,716,545	5,562,931
Islamic Relief USA	4,504,900	-
Orphans Endowment Waqf Fund	122,000	-
Distributions of donations to related parties		
Islamic Relief Worldwide - United Kingdom	(71,046,183)	(104,739,622)
Islamic Relief Worldwide - donations in kind	(13,205,540)	-
Operational expenses to related parties		
Islamic Relief Worldwide - United Kingdom	160,955	163,988

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Annual Financial Statements for the year ended 31 December 2023

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21. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements, should the need arise. At the latest Board of Directors meeting, on 17 February 2024, and having assessed the financial performance of the last quarter, the directors are satisfied that the entity will continue to operate for the next 12 months. Having considered budgeted expectations and business plans for the foreseeable future, the going concern assumption is clearly supported. The directors are not aware of any additional material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

22. 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.

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Detailed Income Statement

Figures in Rand		2023	2022
Revenue			
Donation income		185,413,982	167,646,775
Donations in kind		14,478,408	3,303,614
	12	199,892,390	170,950,389
Direct expenses			
Operating expenses		17,080,049	14,078,802
Local programmes		59,111,099	49,899,807
International programmes		84,251,724	107,305,754
	13	(160,442,872)	(171,284,363)
Gross surplus/(deficit)		39,449,518	(333,974)
Other income			
Recoveries		148,023	9,450
Other income		25,963	12,878
Gains on disposal of assets		602	-
Profit on exchange differences		-	166,442
		174,588	188,770
Expenses (Refer to page 26)		(13,793,077)	(11,819,731)
Operating surplus		25,831,029	(11,964,935)
Profit share	16	4,194,542	3,904,243
Finance costs	17	(41,334)	(87,610)
		4,153,208	3,816,633
Surplus (deficit) for the year		29,984,237	(8,148,302)

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Annual Financial Statements for the year ended 31 December 2023

Detailed Income Statement

Figures in Rand		2023	2022
Overhead expenses			
Accounting fees		(96,882)	(72,046)
Assessment rates & municipal charges		(211,742)	-
Auditors remuneration	15	(216,000)	(200,000)
Bank charges		(1,377,374)	(951,520)
Cleaning		(57,227)	(29,207)
Computer expenses		(720,718)	(578,315)
Consulting and professional fees		(96,241)	(154,241)
Consumables		(16,760)	(40,265)
Depreciation, amortisation and impairments		(1,160,938)	(799,818)
Employee costs		(6,218,431)	(5,312,073)
Insurance		(280,615)	(238,356)
Lease rentals on operating lease		(433,923)	(584,673)
Legal expenses		(114,200)	(114,163)
Levies		-	(58,391)
Loss on exchange differences		(243,629)	-
Loss on sale of assets and liabilities		-	(32)
Meetings and directors costs		(729,375)	(353,542)
Motor vehicle expenses		(147,362)	(166,751)
Postage		(21,355)	(12,954)
Printing and stationery		(120,484)	(92,808)
Repairs and maintenance		(296,543)	(763,756)
Secretarial fees		(2,200)	(1,800)
Security		(33,778)	(44,624)
Staff welfare		(182,697)	(65,671)
Subscriptions		(268,157)	(360,777)
Telephone and fax		(282,990)	(363,838)
Training		(76,357)	(174,058)
Travel - local		(103,432)	(65,250)
Utilities		(283,667)	(220,802)
		(13,793,077)	(11,819,731)



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