

**South African Hajj and Umrah Council  
Annual Financial Statements  
for the year ended 31 March 2010**

**Stenekamp and Mohamed Inc.  
Chartered Accountants (S.A.)  
Issued 24 March 2011**

# South African Hajj and Umrah Council

Annual Financial Statements for the year ended 31 March 2010

## General Information

---

<b>Country of incorporation and domicile</b>	South Africa
<b>National Executive Committee</b>	Sheikh Thafiek Najjaar (President) Ebrahim E Vawda (1st Deputy President) Shaheen A Essop (2nd Deputy President) Ebrahim Ismail (Secretary General) Moulana Abdul Fattaag Carr (Assistant Secretary) Imam Hashim Salie (Treasurer) Farouk Adams (Assistant Treasurer)
<b>Registered office</b>	12 Bonanza Street Selby Johannesburg 2001
<b>Business address</b>	12 Bonanza Street Selby Johannesburg 2001
<b>Bankers</b>	Habib Overseas Bank Limited First National Bank Limited
<b>Auditors</b>	Stenekamp and Mohamed Inc. Chartered Accountants (S.A.) Registered Auditors



# South African Hajj and Umrah Council

Annual Financial Statements for the year ended 31 March 2010

## National Executive Committee's Responsibilities and Approval

---

The National Executive Committee are required 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 council 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 judgments and estimates.

The National Executive committee acknowledge that they are ultimately responsible for the system of internal financial control established by the council and place considerable importance on maintaining a strong control environment. To enable the National Executive Committee to meet these responsibilities, the National Executive Committee 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 council and all employees are required to maintain the highest ethical standards in ensuring the council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the council is on identifying, assessing, managing and monitoring all known forms of risk across the council. While operating risk cannot be fully eliminated, the council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The National Executive Committee 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.

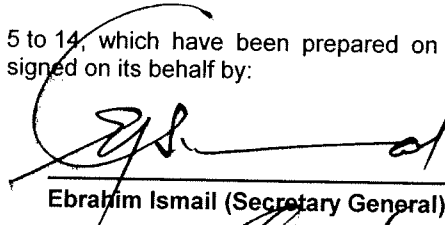
The National Executive committee have reviewed the council's cash flow forecast for the year to 31 March 2011 and, in the light of this review and the current financial position, they are satisfied that the council has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the council's annual financial statements. The annual financial statements have been examined by the council's external auditors and their report is presented on page 4.

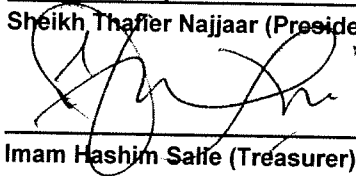
The annual financial statements set out on pages 5 to 14, which have been prepared on the going concern basis, were approved by the board on 26 January 2011 and were signed on its behalf by:



Sheikh Thafiq Najjaar (President)



Ebrahim Ismail (Secretary General)

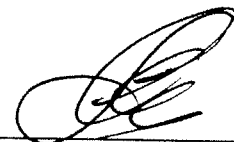


Imam Hashim Salle (Treasurer)



Farouk Adams (Assistant Treasurer)

Rondebosch



## **Independent Auditors' Report**

**To the National Executive Committee of South African Hajj and Umrah Council**

We have audited the annual financial statements of South African Hajj and Umrah Council, which comprise the statement of financial position as at 31 March 2010, and 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 notes, and the National Executive Committee's report as set out on pages 5 to 13.

### **Committee's Responsibility for the Annual Financial Statements**

The council's National Executive Committee are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these annual 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual 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 annual 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 annual financial statements.

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

### **Other matter**

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 14 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

*Stenekamp and Mohamed Inc.*

**Stenekamp and Mohamed Inc.  
Registered Auditors**

**24 March 2011**

# South African Hajj and Umrah Council

Annual Financial Statements for the year ended 31 March 2010

## National Executive Committee's Report

---

The National Executive Committee submit their report for the year ended 31 March 2010.

### 1. Review of activities

#### Main business and operations

The council is engaged in facilitating South African Muslim pilgrims going for hajj with relevant Saudi Arabian Authorities. To manage and supervise the hajj operators delivering services during hajj. To ensure compliance with agreed protocols with Saudi Arabian Authorities, accreditation of hujjaaj for hajj and operates principally in South Africa and Saudi Arabia.

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

### 2. 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 annual financial statements have been prepared on a liquidation basis. This basis presumes that all assets will be realised and liabilities settled within the following financial year.

### 3. Events after the reporting period

The national executive committee are not aware of any matter or circumstance arising since the end of the financial year.

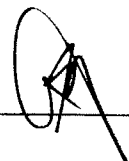
### 4. National Executive Committee

The national executive committee of the council during the year and to the date of this report are as follows:

Name	Nationality	Changes
Sheikh Thafier Najjaar (President)	South African	Elected 26 May 2009
Ebrahim E Vawda (1st Deputy President)	South African	Re-elected 26 May 2009
Shaheen A Essop (2nd Deputy President)	South African	Elected 26 May 2009
Ebrahim Ismail (Secretary General)	South African	Elected 26 May 2009
Moulana Abdul Fattaag Carr (Assistant Secretary General)	South African	Elected 26 May 2009
Imam Hashim Salie (Treasurer)	South African	Elected 26 May 2009
Farouk Adams (Assistant Treasurer)	South African	Resigned 14 May 2010

### 5. Auditors

Stenekamp and Mohamed Inc. will continue in office for the next financial period.



# South African Hajj and Umrah Council

Annual Financial Statements for the year ended 31 March 2010

## Statement of Financial Position

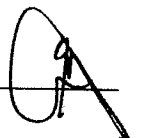
Figures in Rand	Note(s)	2010	2009
<b>Assets</b>			
Non-Current Assets			
Property, plant and equipment	2	43,079	55,217
Current Assets			
Trade and other receivables	3	4,000	-
Cash and cash equivalents	4	2,377,665	1,797,676
		<u>2,381,665</u>	<u>1,797,676</u>
<b>Total Assets</b>		<u>2,424,744</u>	<u>1,852,893</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated surplus		2,340,321	1,792,893
<b>Liabilities</b>			
Current Liabilities			
Trade and other payables	5	84,423	60,000
<b>Total Equity and Liabilities</b>		<u>2,424,744</u>	<u>1,852,893</u>

# South African Hajj and Umrah Council

Annual Financial Statements for the year ended 31 March 2010

## Statement of Comprehensive Income

Figures in Rand	Note(s)	2010	2009
Revenue		3,577,001	3,900,200
Other income		28,348	7,880
Operating expenses		(3,061,019)	(3,339,537)
<b>Operating surplus</b>	6	<b>544,330</b>	<b>568,543</b>
Investment revenue	7	3,098	59,507
<b>Surplus for the year</b>		<b>547,428</b>	<b>628,050</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>547,428</b>	<b>628,050</b>



# South African Hajj and Umrah Council

Annual Financial Statements for the year ended 31 March 2010

## Statement of Changes in Equity

Figures in Rand	Accumulated surplus
<b>Balance at 01 April 2008</b>	<b>1,164,843</b>
Changes in equity	
Total comprehensive income for the year	628,050
Total changes	<u>628,050</u>
<b>Balance at 01 April 2009</b>	<b>1,792,893</b>
Changes in equity	
Total comprehensive income for the year	547,428
Total changes	<u>547,428</u>
<b>Balance at 31 March 2010</b>	<b><u>2,340,321</u></b>



# South African Hajj and Umrah Council

Annual Financial Statements for the year ended 31 March 2010

## Statement of Cash Flows

Figures in Rand	Note(s)	2010	2009
<b>Cash flows from operating activities</b>			
Cash generated from operations	9	576,891	652,021
Interest income		3,098	59,507
<b>Net cash from operating activities</b>		<b>579,989</b>	<b>711,528</b>
<b>Total cash movement for the year</b>			
Cash at the beginning of the year		579,989	711,528
		1,797,676	1,086,148
<b>Total cash at end of the year</b>	4	<b>2,377,665</b>	<b>1,797,676</b>



# South African Hajj and Umrah Council

Annual Financial Statements for the year ended 31 March 2010

## Accounting Policies

---

### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. 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, except for the changes set out in note 10 First-time adoption of the International Financial Reporting Standard for Small and Medium-sized Entities.

#### 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.

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.

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

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	Depreciation rate
Furniture and fixtures	16,67% reducing balance method
Office equipment	20,00% reducing balance method
IT equipment	33,33% reducing balance method

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economical benefits is depreciated separately over its useful life.

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 Financial instruments

##### Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

---



# South African Hajj and Umrah Council

Annual Financial Statements for the year ended 31 March 2010

## Accounting Policies

---

### 1.3 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

### 1.4 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

### 1.5 Revenue

Gross revenue comprises mainly of registration levies which are accounted for on the cash basis.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

### 1.6 Translation of foreign currencies

#### Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

# South African Hajj and Umrah Council

Annual Financial Statements for the year ended 31 March 2010

## Notes to the Annual Financial Statements

Figures in Rand

2010

2009

### 2. Property, plant and equipment

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land and buildings	30,691	(19,396)	11,295	30,691	(17,136)	13,555
Office equipment	87,470	(66,415)	21,055	87,470	(61,901)	25,569
IT equipment	122,076	(111,347)	10,729	122,076	(105,983)	16,093
<b>Total</b>	<b>240,237</b>	<b>(197,158)</b>	<b>43,079</b>	<b>240,237</b>	<b>(185,020)</b>	<b>55,217</b>

#### Reconciliation of property, plant and equipment - 2010

	Opening balance	Depreciation	Total
Furniture and fixtures	13,555	(2,260)	11,295
Office equipment	25,569	(4,514)	21,055
IT equipment	16,093	(5,364)	10,729
	<b>55,217</b>	<b>(12,138)</b>	<b>43,079</b>

#### Reconciliation of property, plant and equipment - 2009

	Opening balance	Depreciation	Total
Furniture and fixtures	16,267	(2,712)	13,555
Office equipment	31,962	(6,393)	25,569
IT equipment	24,140	(8,047)	16,093
	<b>72,369</b>	<b>(17,152)</b>	<b>55,217</b>

### 3. Trade and other receivables

Trade receivables

4,000 -

### 4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances		
Saudi Riyals on hand	2,021,058	1,442,454
	356,607	355,222
	<b>2,377,665</b>	<b>1,797,676</b>

### 5. Trade and other payables

Accrued expenses  
Accrued audit fees

84,423 -  
- 60,000  
**84,423 60,000**

### 6. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Depreciation on property, plant and equipment	12,138	17,152
Employee costs	193,545	171,741

# South African Hajj and Umrah Council

Annual Financial Statements for the year ended 31 March 2010

## Notes to the Annual Financial Statements

Figures in Rand	2010	2009
<b>7. Investment revenue</b>		
Interest revenue		
Bank	3,098	59,507
<b>8. Auditors' remuneration</b>		
Fees	25,650	60,000
<b>9. Cash generated from operations</b>		
Surplus before taxation	547,428	628,050
<b>Adjustments for:</b>		
Depreciation and amortisation	12,138	17,152
Interest received	(3,098)	(59,507)
<b>Changes in working capital:</b>		
Trade and other receivables	(4,000)	15,455
Trade and other payables	24,423	50,871
	<b>576,891</b>	<b>652,021</b>

### 10. First-time adoption of the International Financial Reporting Standards for Small and Medium-sized Entities.

The entity has applied the International Financial Reporting Standard for Small and Medium-sized Entities, for the first time for the 2010 year end. On principle this standard has been applied retrospectively and the 2009 comparatives contained in these annual financial statements differ from those published in the annual financial statements published for the year ended 31 March 2009. The standard gives certain mandatory exemptions from this principle, and certain optional exemptions which have been detailed below. All adjustments were made to the opening comparative statement of financial position.

The date of transition was 01 April 2008 and the effect of the transition was as follows.

#### Reconciliation of equity at 01 April 2008 (Date of transition to the new standard)

	As reported under previous GAAP	IFRS for SME
Property, plant and equipment	43,709	43,709
Trade and other receivables	4,000	4,000
Cash and cash equivalents	2,377,665	2,377,665
<b>Total current assets</b>	<b>2,381,665</b>	<b>2,381,665</b>
Trade and other payables	58,773	58,773
<b>Total assets less total liabilities</b>	<b>2,366,601</b>	<b>2,366,601</b>
Retained earnings	2,365,971	2,365,971

# South African Hajj and Umrah Council

Annual Financial Statements for the year ended 31 March 2010

## Detailed Income Statement

Figures in Rand	Note(s)	2010	2009
<b>Revenue</b>			
Levies		3,577,001	3,900,200
<b>Other income</b>			
Disciplinary		-	6,800
Interest received	7	3,098	59,507
Islamic finance profit share		28,348	1,080
		<b>31,446</b>	<b>67,387</b>
<b>Operating expenses</b>			
Airport staff expenses		38,878	45,284
Auditors' remuneration	8	25,650	60,000
Bad debts		-	15,455
Bank charges		14,114	3,073
Cleaning		-	600
Commission paid		12,799	31,368
Computer expenses		13,291	7,251
Depreciation		12,138	17,152
Employee costs		193,545	171,741
Interest dispensed		120,000	-
Legal expenses		2,850	4,434
Meeting expenses		274,219	173,603
Mission expenses		1,928,786	2,402,359
Office expenses		-	12,925
Postage, printing and stationery		2,670	9,546
Rent, electricity and water		131,540	165,160
Repairs and maintenance		2,378	7,457
Roadshow Hajj		60,133	68,119
Software development		128,918	78,734
Telephone and fax		99,110	65,276
		<b>3,061,019</b>	<b>3,339,537</b>
<b>Surplus for the year</b>		<b>547,428</b>	<b>628,050</b>