

**South African Hajj and Umrah Council
Financial statements
for the year ended 31 March 2008**

**Stenekamp and Mohamed Inc.
Chartered Accountants (S.A.)
Registered Auditor
Issued 09 May 2009**

South African Hajj and Umrah Council

Financial Statements for the year ended 31 March 2008

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Independent Auditor's Report

To the members of South African Hajj and Umrah Council

We have audited the financial statements of South African Hajj and Umrah Council, which comprise the balance sheet as at 31 March 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the national executive committees' report, as set out on pages 6 to 13.

National Executive Committees' Responsibility for the Financial Statements

The council's national executive committee are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

Auditor's 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 organisations, it is not feasible for the South African Hajj and Umrah Council to institute accounting controls over cash collections from fees prior to the initial entry of the collection in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

No provision for income taxation and value added tax have been made as the organisation is operating as an organisation not for gain and the process to register has been initiated.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of South African Hajj and Umrah Council as at 31 March 2009, and its financial performance and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice.

Supplementary Information

Without qualifying our opinion, we draw your attention to the fact that the supplementary information set out on page 15 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.

Stenekamp and Mohamed Inc.

Stenekamp and Mohamed Inc.
Registered Auditor

09 May 2009

South African Hajj and Umrah Council

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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 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 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 South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice 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 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 2009 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 financial statements. The financial statements have been examined by the council's external auditors and their report is presented on page 3.

The financial statements set out on pages 6 to 14, which have been prepared on the going concern basis, were approved by the board on 09 May 2009 and were signed on its behalf by:


Moulana Ighsaan Hendricks (President)


Shaheed A Essop (Secretary-General)


Imam Hashim Salle (Treasurer)

Rondebosch

09 May 2009

South African Hajj and Umrah Council

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National Executive Committee's Report

The national executive committee submit their report for the year ended 31 March 2008.

1. Review of activities

Main business and operations

The council is engaged in to facilitate 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.

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

2. Going concern

The 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.

3. Post balance sheet events

From an Islamic perspective the council may not receive interest or utilise interest to defray expenses. However, as interest is a reality of the South African System, any interest received is or will be dispensed of within the greater society in which we live as decided by the national executive committee. The national executive committee are not aware of any other 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

Moulana Ighsaan Hendricks (President)
Ebrahim E Vawda (1st Deputy President)
Mustapha Murudker (2nd Deputy President)
Shaheen A Essop (Secretary-General)
Moulana Abdul Fattaag Carr (Assistant Secretary)
Imam Hashim Salie (Treasurer)
Akhtar Thokan (Assistant Treasurer)

5. Auditors

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

South African Hajj and Umrah Council

Financial Statements for the year ended 31 March 2008

Balance Sheet

Figures in Rand	Note(s)	2008	2007
Assets			
Non-Current Assets			
Property, plant and equipment	2	72,369	95,682
Current Assets			
Trade and other receivables		15,455	15,455
Cash and cash equivalents		1,086,149	320,322
		1,101,604	335,777
Total Assets		1,173,973	431,459
Equity and Liabilities			
Equity			
Accumulated surplus		1,164,842	335,743
Liabilities			
Current Liabilities			
Trade and other payables		9,131	95,716
Total Equity and Liabilities		1,173,973	431,459

South African Hajj and Umrah Council

Financial Statements for the year ended 31 March 2008

Income Statement

Figures in Rand	Note(s)	2008	2007
Revenue		2,947,800	1,984,400
Other income		22,020	-
Operating expenses		(2,195,333)	(2,703,473)
Operating surplus (deficit)	3	774,487	(719,073)
Investment revenue	4	54,612	30,568
Surplus (deficit) for the year		829,099	(688,505)

South African Hajj and Umrah Council

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Statement of Changes in Equity

Figures in Rand	Total equity
Balance at 01 April 2006	1,024,248
Changes in equity	
Deficit for the year	(688,505)
Total changes	(688,505)
Balance at 01 April 2007	335,743
Changes in equity	
Surplus for the year	829,099
Total changes	829,099
Balance at 31 March 2008	1,164,842

South African Hajj and Umrah Council

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Cash Flow Statement

Figures in Rand	Note(s)	2008	2007
Cash flows from operating activities			
Cash generated from (used in) operations	5	711,216	(693,761)
Interest income		54,612	30,568
Net cash from operating activities		765,828	(663,193)
Total cash movement for the year		765,828	(663,193)
Cash at the beginning of the year		320,322	983,515
Total cash at end of the year		1,086,150	320,322

South African Hajj and Umrah Council

Financial Statements for the year ended 31 March 2008

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

The cost of 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 trust; and
- the cost of the item can be measured reliably.

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.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

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

1.2 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the council becomes a party to the contractual provisions of the instruments.

The council classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value.

Trade and other payables

Trade payables are initially measured at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

South African Hajj and Umrah Council

Financial Statements for the year ended 31 March 2008

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.

Any contingent rents are expensed in the period they are incurred.

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.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.5 Revenue

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

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

South African Hajj and Umrah Council

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Notes to the Financial Statements

Figures in Rand

2008

2007

2. Property, plant and equipment

	2008			2007		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	30,691	(14,424)	16,267	30,691	(11,171)	19,520
IT equipment	122,076	(97,936)	24,140	122,076	(85,866)	36,210
Office equipment	87,470	(55,508)	31,962	87,470	(47,518)	39,952
Total	240,237	(167,868)	72,369	240,237	(144,555)	95,682

Reconciliation of property, plant and equipment - 2008

	Opening Balance	Depreciation	Total
Furniture and fixtures	19,520	(3,253)	16,267
IT equipment	36,210	(12,070)	24,140
Office equipment	39,952	(7,990)	31,962
	95,682	(23,313)	72,369

Reconciliation of property, plant and equipment - 2007

	Opening Balance	Depreciation	Total
Furniture and fixtures	23,424	(3,904)	19,520
IT equipment	54,314	(18,104)	36,210
Office equipment	49,940	(9,988)	39,952
	127,678	(31,996)	95,682

3. Operating surplus (deficit)

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

Depreciation on property, plant and equipment	23,314	31,996
Employee costs	175,168	219,451

4. Investment revenue

Interest revenue		
Bank	54,612	30,568

5. Cash generated from (used in) operations

Surplus (deficit) before taxation	829,099	(688,505)
Adjustments for:		
Depreciation and amortisation	23,314	31,996
Interest received	(54,612)	(30,568)
Changes in working capital:		
Trade and other receivables	-	10,200
Trade and other payables	(86,585)	(16,884)
	711,216	(693,761)

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Detailed Income statement

Figures in Rand	Note(s)	2008	2007
Revenue			
Levies		2,947,800	1,984,400
Other income			
Disciplinary		22,000	-
Donations		20	-
Interest received	4	54,612	30,568
		76,632	30,568
Operating expenses			
Accounting fees		2,000	7,000
Advertising		-	26,452
Airport staff expenses		61,000	1,020
Bank charges		3,580	3,318
Computer expenses		-	6,908
Courier services		1,337	5,700
Depreciation, amortisation and impairments		23,314	31,996
Employee costs		175,168	219,451
Insurance		-	2,835
Meeting expenses		141,343	145,023
Mission expenses		1,483,271	1,920,834
Motor vehicle expenses		-	3,789
Office expenses		4,500	26,254
Postage, printing and stationery		21,806	12,479
Preliminary expenses		-	3,950
Rent, electricity and water		147,189	80,823
Repairs and maintenance		15,294	-
Software development		20,620	94,520
Staff welfare		-	6,525
Telephone and fax		94,911	104,596
		2,195,333	2,703,473
Surplus (deficit) for the year		829,099	(688,505)