

**GROUNDUP NEWS NPC  
(REGISTRATION NUMBER 2020/428260/08)**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE 9 MONTHS ENDED 28 FEBRUARY 2021**

**GROUNDUP NEWS NPC**  
(Registration number: 2020/428260/08)  
Annual Financial Statements for the 9 months ended 28 February 2021

**GENERAL INFORMATION**

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| <b>Country of incorporation and domicile</b>       | South Africa   |
| <b>Nature of business and principal activities</b> | Independent publisher of human rights news   |
| <b>Directors</b>                                   | T R August<br>E Cameron<br>N Geffen<br>P P Malinga<br>R P Mgwaba<br>T Ntongana<br>A M Quintal  |
| <b>Registered office</b>                           | Suite 08 South Block<br>Tannery Park<br>23A Belmont Road<br>Rondebosch<br>7700   |
| <b>Business address</b>                            | Suite 08 South Block<br>Tannery Park<br>23A Belmont Road<br>Rondebosch<br>7700   |
| <b>Company registration number</b>                 | 2020/428260/08   |
| <b>Non profit organisation number</b>              | 254-625NPO   |
| <b>Public benefit organisation number</b>          | 930071956  |
| <b>Preparer</b>                                    | The annual financial statements were independently compiled by:<br>H Adam CA(SA)<br>ECS Accounting Inc.                                  |
| <b>Level of assurance</b>                          | These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa. |
| <b>Auditor</b>                                     | Nexia SAB&T<br>Chartered Accountants (SA)<br>Registered Auditors   |
| <b>Published</b>                                   | _____  |

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## **DIRECTORS' RESPONSIBILITIES AND APPROVAL**

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The directors are required by the Companies Act of South Africa, 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 9 months 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 and the requirements of the Companies Act of South Africa. The external auditors are engaged to express an independent opinion on the financial statements.

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

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

The directors are satisfied that the company has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and his report is presented on pages 4 to 5.

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

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**N Geffen**

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**P P Malinga**

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**Date**

## **INDEPENDENT AUDITOR'S REPORT**

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### **TO THE DIRECTORS OF GROUNDUP NEWS NPC**

#### **Opinion**

We have audited the financial statements of GroundUp News NPC set out on pages 7 to 14, which comprise the statement of financial position as at 28 February 2021, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the 9 months then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of GroundUp News NPC as at 28 February 2021, and its financial performance and cash flows for the 9 months then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing. 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other information**

The directors are responsible for the other information. The other information comprises the Directors' Responsibilities and Approval statement, the Directors' Report as required by the Companies Act of South Africa, the Detailed Income Statement and the Schedule of Funding. 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 on the information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **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 the International Financial Reporting Standard 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 company'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 company 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 International Standards on Auditing 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 International Standards on Auditing, 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 company'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 company'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 company 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.

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**Nexia SAB&T**  
**Registered Auditors**

**Per**  
**Director**

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**Date**  
**Cape Town**

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## **DIRECTORS' REPORT**

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The directors have pleasure in submitting their report on the annual financial statements of GroundUp News NPC for the 9 months ended 28 February 2021.

### **1. Incorporation**

The company was incorporated on 10 June 2020 and obtained its certificate to commence business on the same day.

### **2. Nature of business**

GroundUp News NPC ('GroundUp') is a South African NGO that publishes news relating to human rights stories across South Africa.

Registered as a standalone company in June 2020, GroundUp operated as a project of Community Media Trust NPC (Registration number: 1998/021731/08) from April 2012 to February 2021, when funds on hand were transferred to 'GroundUp News NPC'.

### **3. Review of financial results and activities**

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

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

### **4. Directors**

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

| <b>Directors</b> | <b>Changes</b>            |
|------------------|---------------------------|
| T R August       | Appointed 13 January 2022 |
| E Cameron        | Appointed 10 June 2020    |
| N Geffen         | Appointed 10 June 2020    |
| P P Malinga      | Appointed 13 January 2022 |
| R P Mgwaba       | Appointed 13 January 2022 |
| T Ntongana       | Appointed 10 June 2020    |
| A M Quintal      | Appointed 10 June 2020    |

### **5. Events after the reporting period**

In the subsequent financial year, property, plant and equipment to the value of R69 658 was transferred from Community Media Trust NPC to GroundUp News NPC.

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

### **6. 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 ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding of the ongoing operations of the company.

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**STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2021**

| Figures in Rand                       | Note(s) | 2021             |
|---------------------------------------|---------|------------------|
| <b>Assets</b>                         |         |                  |
| <b>Current Assets</b>                 |         |                  |
| Receivables                           | 2       | 157              |
| Cash and cash equivalents             | 3       | 4 192 544        |
|                                       |         | <u>4 192 701</u> |
| <b>Total Assets</b>                   |         | <u>4 192 701</u> |
| <b>Reserves and Liabilities</b>       |         |                  |
| <b>Reserves</b>                       |         |                  |
| Accumulated funds                     |         | 1 618 338        |
| <b>Liabilities</b>                    |         |                  |
| <b>Current Liabilities</b>            |         |                  |
| Deferred income                       | 4       | 2 574 363        |
| <b>Total Reserves and Liabilities</b> |         | <u>4 192 701</u> |



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**STATEMENT OF COMPREHENSIVE INCOME**

| Figures in Rand                                    | Note(s) | 9 months<br>ended<br>28 February<br>2021 |
|--|---------|--|
| Other income                                       | 5       | 1 618 136                                |
| Operating expenses                                 |         | (212)                                    |
| <b>Operating surplus</b>                           |         | <b>1 617 924</b>                         |
| Interest income                                    | 6       | 414                                      |
| <b>Surplus before taxation</b>                     |         | <b>1 618 338</b>                         |
| Taxation   | 7       | -  |
| <b>Surplus for the 9 months</b>                    |         | <b>1 618 338</b>                         |
| Other comprehensive income                         |         | -  |
| <b>Total comprehensive income for the 9 months</b> |         | <b>1 618 338</b>                         |

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**STATEMENT OF CHANGES IN ACCUMULATED FUNDS**

| Figures in Rand                    | Accumulated<br>funds |
|------------------------------------|----------------------|
| <b>Balance at 10 June 2020</b>     | -                    |
| Surplus for the 9 months           | 1 618 338            |
| <b>Balance at 28 February 2021</b> | <b>1 618 338</b>     |

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**STATEMENT OF CASH FLOWS**

| Figures in Rand                             | Note(s) | 9 months<br>ended<br>28 February<br>2021 |
|---|---------|--|
| <b>Cash flows from operating activities</b> |         |  |
| Cash receipts                               |         | 4 192 342                                |
| Cash paid to suppliers and employees        |         | (212)                                    |
| Cash generated from operations              | 8       | 4 192 130                                |
| Interest income                             |         | 414                                      |
| <b>Net cash from operating activities</b>   |         | <b>4 192 544</b>                         |
| <b>Total cash movement for the 9 months</b> |         | <b>4 192 544</b>                         |
| <b>Total cash at end of the 9 months</b>    | 3       | <b>4 192 544</b>                         |

## **ACCOUNTING POLICIES**

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### **1. Basis of preparation and summary of significant accounting policies**

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 in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. 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 Rand.

#### **1.1 Significant judgements and sources of estimation uncertainty**

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Management did not make any significant judgements in the process of applying the entity's accounting policies, nor did they make estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

#### **1.2 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 surplus or deficit) 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 cash and cash equivalents. Those debt instruments which meet the criteria in section 11.8(b) of the standard, 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 deficit is recognised immediately in surplus or deficit.

#### **1.3 Income**

The majority of funds received are from specific funders and are governed by individual agreements between each funder and the company. Income is recognised to the extent that expenditure has been incurred.

Other income comprises smaller donations in monetary form or kind, typically given by individuals, which are not governed by grant agreements. These are recognised when received.

Interest income is recognised using the effective interest rate.

## **ACCOUNTING POLICIES**

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### **1.4 Foreign exchange**

#### **Foreign currency transactions**

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

All transactions in foreign currencies are initially recorded in South African 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 deficit.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

|  | 9 months<br>ended<br>28 February<br>2021 |
|--|--|
| <hr/>  |  |
| Figures in Rand  |  |
| <hr/>  |  |
| <b>2. Receivables</b>  |  |
| Value-added tax  | 157                                      |
|  | <hr/>                                    |
| <b>3. Cash and cash equivalents</b>  |  |
| Cash and cash equivalents consist of:  |  |
| Bank balances  | 4 192 544                                |
|  | <hr/>                                    |
| <b>4. Deferred income</b>  |  |
| Deferred income consists of:   |  |
| <b>Funder / Project</b>  |  |
| Bertha Foundation  | 550 000                                  |
| Cameron Schrier Foundation   | 1 500 003                                |
| Free Press Unlimited   | 218 746                                  |
| Millennium Trust   | 172 548                                  |
| Sigrid Rausing Trust   | 133 066                                  |
|  | <hr/>                                    |
|  | <b>2 574 363</b>                         |
|  | <hr/>                                    |
| Funding received is recognised to the extent that expenditure has been incurred. Deferred income is recognised for funds received that were unspent at year end.   |  |
| <b>5. Other income</b>   |  |
| Ad hoc contracts and fees earned   | 1 618 136                                |
|  | <hr/>                                    |
| <b>6. Interest income</b>  |  |
| Bank   | 414                                      |
|  | <hr/>                                    |
| <b>7. Taxation</b>   |  |
| The company is a public benefit organisation duly registered in terms of s30(3) of the South African Income Tax Act. Accordingly the receipts and accruals derived in the furtherance of its public benefit activities is exempt from income tax in terms of s10(1)(cN). |  |
| <b>8. Cash generated from operations</b>   |  |
| Surplus before taxation  | 1 618 338                                |
| <b>Adjustments for:</b>  |  |
| Interest received  | (414)                                    |
| <b>Changes in working capital:</b>   |  |
| Receivables  | (157)                                    |
| Deferred income  | 2 574 363                                |
|  | <hr/>                                    |
|  | <b>4 192 130</b>                         |
|  | <hr/>                                    |

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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|                 |  |
|-----------------|--|
|                 | 9 months<br>ended<br>28 February<br>2021 |
| Figures in Rand |  |

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**9. Directors' remuneration**

No emoluments were paid from the accounts of GroundUp News NPC to the directors or any individuals holding a prescribed office during the 9 months. Nathan Geffen was remunerated from accounts managed by Community Media Trust NPC.

**10. Comparative figures**

No comparative figures have been presented as these are the first annual financial statements of the company.

**11. Events after the reporting period**

In the subsequent financial year, property, plant and equipment to the value of R69 658 was transferred from Community Media Trust NPC to GroundUp News NPC.

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

**12. 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 ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company.

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**DETAILED INCOME STATEMENT**

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|                                  | 9 months<br>ended<br>28 February<br>2021 |
|----------------------------------|--|
| Figures in Rand                  |  |
| <b>Other income</b>              |  |
| Ad hoc contracts and fees earned | 1 618 136                                |
| Interest received                | 414                                      |
|                                  | <u>1 618 550</u>                         |
| <b>Operating expenses</b>        |  |
| Bank charges                     | 212                                      |
| <b>Surplus for the 9 months</b>  | <u>1 618 338</u>                         |



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**SCHEDULE OF FUNDING**

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**1. Schedule of funding - 2021**

|                            | <b>Amount<br/>received<br/>2021</b> | <b>Deferred<br/>income 2021</b> | <b>Accrued<br/>income 2021</b> | <b>Recognised<br/>income 2021</b> |
|----------------------------|-------------------------------------|---------------------------------|--------------------------------|-----------------------------------|
| Bertha Foundation          | 550 000                             | (550 000)                       | -                              | -                                 |
| Cameron Schrier Foundation | 1 500 003                           | (1 500 003)                     | -                              | -                                 |
| Free Press Unlimited       | 218 746                             | (218 746)                       | -                              | -                                 |
| Millennium Trust           | 172 548                             | (172 548)                       | -                              | -                                 |
| Sigrid Rausing Trust       | 133 066                             | (133 066)                       | -                              | -                                 |
|                            | <b>2 574 363</b>                    | <b>(2 574 363)</b>              | -                              | -                                 |