SOUTH AFRICAN HAJJ AND UMRAH COUNCIL

Also known as

SAHUC

Annual Financial Statements

for the year ended 31 March 2021

Index

The reports and statements set out below comprise the annual financial statements presented to the Board of SAHUC:

The supplementary information presented does not form part of the annual financial statements and is unaudited:

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	The organisation is a volunteer based Public Benefit Organisation which is engaged in facilitating the travel of Hujaaj to the Kingdom of Saudi Arabia. The organisation is required to ensure compliance of muslim pilgrims going for Hajj in terms of agreements entered into with the Saudi Arabian Ministry of Hajj as well as compliance with the laws governing these agreements
BOARD	Shaheen Essop (President) Adam Macheso (First Deputy President) Ismail Kholvadia (Second Deputy President) Moaaz Casoo (Secretary General) Hassan Faried Choonara (Assistant Secretary General) Asif Essop (Treasurer) Bilal Saloojee (Assistant Treasurer) Moosa Seedat Mohammed Groenewald Riaad Fataar (Regional Chairperson - Western Cape) Mohammed Hassan Ameer (Regional Chairperson - KZN) Abdul Rahman Dajee (Regional Chairperson - Gauteng) Yusuf Cassim (Appointed 26 September 2020) Sedick Steenkamp (Resigned 13 August 2020)
REGISTERED OFFICES	Cape Town Office Melofin Building 92 Old Klipfontein Road Athlone Tel: 010 020 7400 Fax: 086 459 7364 Email: sahucsg@sahuc.org.za Durban Office The NMJ Islamic Centre 37/41 Mountain View Road Roseglen Durban 4000 Tel: 010 020 7400 Fax: 086 459 7364 Email: sahucsg@sahuc.org.za

General Information

	Johannesburg Office Second Floor, South Section Saley House Fordsburg Johannesburg Tel: 010 020 7400 Fax: 086 459 7364 Email: sahucsg@sahuc.org.za
BANKERS	First National Bank Limited Albaraka Bank Limited Saudi Arabia British Bank (Previously known as Alawal Bank Saudi Arabia)
INCOME TAX REGISTRATION NUMBER	9078046241
PBO NUMBER	930060856
LEVEL OF ASSURANCE	These financIal statements have been audited in compliance with the applicable requirements of the International Auditing Standards
INDEPENDENT AUDITORS	Turning Point Consulting Southern Africa Inc. Office 9, West Riding Offices 50 West Riding Row Sherwood Durban 4000
PREPARER	The annual financial statements have been compiled internally by Bilal Saloojee CA(SA)
WEBSITE	www.sahuc.org.za
EMAIL ADDRESS	sahucsg@sahuc.org.za

Board of SAHUC's Responsibilities and Approval

The Board of SAHUC is 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 satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the organisation, and explain the transactions and financial position of the business of the organisation at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the organisation and supported by reasonable and prudent judgements and estimates.

The Board of SAHUC acknowledges that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable the board to meet these responsibilities, the Board of SAHUC 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 organisation and all employees are required to maintain the highest ethical standards in ensuring the organisations business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board of SAHUC is 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the Board of SAHUC has no reason to believe that the organisation will not be a going concern in the foreseeable future. The financial statements support the viability of the organisation.

The financial statements have been audited by the independent auditing firm, Turning Point Consulting Southern Africa Inc. , who have been given unrestricted access to all financial records and related data, including minutes of all meetings. The board believes that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' unqualified audit report is presented on page 6 to 8.

The annual financial statements as set out on pages 4 to 5 and 9 to 24 were approved by the Board of SAHUC on 13 September 2021 and were signed on its behalf by:

Shaheen Essop (President)

Asif Essop (Treasurer)

Board of SAHUC's Report

The Board presents their report for the year ended 31 March 2021.

1. Review of activities

Main business and operations

The principal activity of the organisation is the organisation is a volunteer based Public Benefit Organisation which is engaged in facilitating the travel of Hujaaj to the Kingdom of Saudi Arabia. The organisation is required to ensure compliance of muslim pilgrims going for Hajj in terms of agreements entered into with the Saudi Arabian Ministry of Hajj as well as compliance with the laws governing these agreements.

Other related services include:

• to accredit pilgrims that intend going to Hajj, provide medical and other services during the Hajj period; and

• to supervise the Hajj operators delivering services to the South African pilgrims during the period of Hajj.

The organisation operates principally in the Republic of South Africa and the Republic of Saudi Arabia.

There were no major changes to the nature of the organisations business from the prior year, however, due to the COVID19 global pandemic, there was no Hajj for the South African pilgrims during 2020 (Hajj 1441) which has impacted the operating results of the organisation as no accreditation fees were earned.

In prior periods the organisation was not registered for Value added taxes (VAT) despite rendering taxable services. During the current financial year, the organisation has commenced the process of registering for VAT and has quantified the potential obligation to SARS for the period 1 March 2006 to 31 March 2021.

The organisation has engaged the services of a VAT specialist for performing the computation, registration, submission of all VAT returns and the voluntary disclosure programme (VDP) application. The estimated net vat liability owing to SARS for the period 1 March 2006 to 31 March 2021 of R 2,202,383 has been recorded as an expense in the 2021 annual financial statements. The estimated liability has been computed based on the apportionment method, however, management is also exploring an alternate method of computing the potential obligation. The estimated obligation has been recorded as provision in the annual financial statements. At the date of sign off, the alternate computation has not been finalised and accordingly a provision has been raised based on the apportionment method.

Interest amounting to R 1,739,132 has been computed on the outstanding vat and has been recorded as an expense in the 2021 annual financial statements and included in note 14.

The organisation also has a potential estimated liability of R 842 795 relating to penalties that will be raised by SARS. As the organisation will be submitting a VDP application, the estimated penalty has not been recorded as an expense as there is a probability that this will be waived by SARS. The estimated penalty has been disclosed as a contingent liability in the 2021 annual financial statements (refer note 17).

The operating results and statement of financial position of the organisation are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

The Board believes that the organisation has adequate financial resources to continue in operation for the forseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Board has satisfied themselves that the organisation is in a sound financial position and that it has sufficient facilities to meet its forseeable cash requirements. The Board is not aware of any new material changes that may adversely impact the organisation except for the impact of COVID19. The Board is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the organisation.

Board of SAHUC's Report

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

The Board is not aware of any other material event which occurred after the reporting date and up to the date of the report.

4. Board

The board of the organisation during the year and to the date of this report are as follows:

Shaheen Essop (President)
Adam Macheso (First Deputy President)
Ismail Kholvadia (Second Deputy President)
Moaaz Casoo (Secretary General)
Hassan Faried Choonara (Assistant Secretary General)
Asif Essop (Treasurer)
Bilal Saloojee (Assistant Treasurer)
Moosa Seedat
Mohammed Groenewald
Riaad Fataar (Regional Chairperson - Western Cape)
Mohammed Hassan Ameer (Regional Chairperson - KZN)
Abdul Rahman Dajee (Regional Chairperson - Gauteng)
Yusuf Cassim (Appointed 26 September 2020)
Sedick Steenkamp (Resigned 13 August 2020)

5. Independent Auditors

Turning Point Consulting Southern Africa Inc. were the independent auditors for the year under review.

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farida@tpcsa.co.za

Turning Point Consulting
Southern Africa Inc.
2015/011380/21
Practice No. 945126

Independent Auditor's Report

To the Board and Members of South African Hajj and Umrah Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of South African Hajj and Umrah Council set out on pages 9 to 23, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year 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 South African Hajj and Umrah Council as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Basis for Opinion

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 organisation 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 opinion.

Other Information

The board is responsible for the other information. The other information comprises the information included in the document titled "South African Hajj and Umrah Council Annual Financial Statements for the year ended 31 March 2021", which includes the Board of SAHUC's Report, and the supplementary information set out on page 24. 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. We have nothing to report in this regard.

Responsibilities of the Board for the Financial Statements

The board is 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 for such internal control as the board s 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 board is responsible for assessing the organisation'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 board either intend to liquidate the organisation 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 organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board s.
- Conclude on the appropriateness of the board s' 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 organisation'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 organisation 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 board s 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.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Turning Point Consulting Southern Africa Inc. have been the auditors of South African Hajj and Umrah Council for the last year.

Turning Point Consulting Southern Africa Inc.

Turning Point Consulting Southern Africa Inc

Per: FB Lavangee
Director / Partner
Chartered Accountant (SA)
13 September 2021

Statement of Financial Position

Figures in R	Notes	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment	3	1,396,859	1,556,318
Intangible assets	4	266,487	31,359
		1,663,346	**1,587,677**
Current Assets			
Trade and other receivables	5	1,580,063	1,762,997
Cash and cash equivalents	6	14,936,200	20,719,598
		16,516,263	**22,482,595**
Total Assets		**18,179,609**	**24,070,272**
Reserves and Liabilities			
Reserves			
Revaluation reserve	7	-	150,000
Retained earnings		14,318,981	18,918,521
		14,318,981	**19,068,521**
Non-Current Liabilities			
Deferred revenue	8	19,661	4,982,000
Current Liabilities			
Provisions	9	3,824,648	-
Trade and other payables	10	16,319	19,751
		3,840,967	**19,751**
Total Reserves and Liabilities		**18,179,609**	**24,070,272**

Statement of Comprehensive Income

Figures in R	Notes	2021	2020
Revenue	11	516,942	8,831,507
Other income		7,500	731,705
Operating costs		(3,968,662)	(4,969,171)
Operating (deficit) / surplus	12	**(3,444,220)**	**4,594,041**
Finance income	13	583,812	855,372
Finance costs	14	(1,739,132)	(245)
(Deficit) / surplus for the year		**(4,599,540)**	**5,449,168**

Statement of Changes in Reserves

Figures in R	Revaluation Reserve	Accumulated surplus	Total
Balance at 1 March 2019	300,000	13,469,353	13,769,353
Realisation of reserves	(150,000)	-	(150,000)
Total comprehensive income for the year			
Surplus for the year	-	5,449,168	5,449,168
Total comprehensive income for the year	-	5,449,168	5,449,168
Balance at 31 March 2020	**150,000**	**18,918,521**	**19,068,521**
Balance at 1 April 2020	150,000	18,918,521	19,068,521
Realisation of reserves	(150,000)	-	(150,000)
Total comprehensive income for the year			
Deficit for the year	-	(4,599,540)	(4,599,540)
Total comprehensive income for the year	-	(4,599,540)	(4,599,540)
Balance at 31 March 2021	**-**	**14,318,981**	**14,318,981**

Statement of Cash Flows

Figures in R	Notes	2021	2020
Cash flows (used in) / from operating activities			
(Deficit) / surplus for the year		(4,599,540)	5,449,168
Adjustments for:			
Finance costs	14	1,739,132	245
Amortisation of intangible assets		20,117	15,680
Depreciation of tangible assets		110,178	24,904
Finance income	13	(583,812)	(855,372)
Deferred revenue		(4,962,339)	572,200
Operating cash flow before working capital changes		(8,276,264)	5,206,825
Working capital changes			
Decrease / (increase) in trade and other receivables		182,934	(514,143)
Increase in trade and other payables		3,821,216	17,231
Net cash flows (used in) / from operations		(4,272,114)	4,709,913
Finance income	13	583,812	855,372
Finance costs	14	(1,739,132)	(245)
Net cash flows (used in) / from operating activities		**(5,427,434)**	**5,565,040**
Cash flows used in investing activities			
Property, plant and equipment acquired	3	(100,719)	(1,382,947)
Intangible assets acquired	4	(255,245)	-
Net cash flows used in investing activities		**(355,964)**	**(1,382,947)**
Net (decrease) / increase in cash and cash equivalents		(5,783,398)	4,182,093
Cash and cash equivalents at beginning of the year		20,719,598	16,537,505
Cash and cash equivalents at end of the year	6	**14,936,200**	**20,719,598**

Accounting Policies

1. General information

South African Hajj and Umrah Council is a non-profit organisation.

2. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

The preparation of annual financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. No areas involving a higher degree of judgement or complexity, nor areas where assumptions and estimations are significant to the financial statements were noted.

2.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the organisation's activities. Revenue is shown net of value-added tax, returns, and discounts.

The organisation recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the organisation's activities, as described below:

2.1.1 Hajj registration fees

As the registration fee is non-refundable, it is recognised as revenue upon receipt of the funds.

2.1.2 Accreditation fees - Operators

These are recognised on an accrual basis. The accreditation fee is refundable in the event of hajj being cancelled, as was the case in the 2021 financial year. Accreditation fees received in advance are recognised as deferred revenue and is credited to the statement of comprehensive income once the performance condition is met and the revenue recognition criteria are met.

2.1.3 Accreditation fees - Hujaaj

These are recognised on an accrual basis. The accreditation fee is refundable in the event of hajj being cancelled, as was the case in the 2021 financial year. Accreditation fees received in advance are recognised as deferred revenue and is credited to the statement of comprehensive income once the performance condition is met and the revenue recognition criteria are met.

2.1.4 Interest income

Interest income is recognised using the effective interest rate method.

Accounting Policies

2.2 Income taxes

The organisation has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act, (the Act) and the receipts and accruals are exempt from income tax in terms of section 10(1)(cN) of the Act.

2.3 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. Buildings are not depreciated. The following rates are used for the depreciation of property, plant and equipment:

Furniture and fittings	6 years
Office equipment	5 years
IT equipment	3 years

The Hajj registry system is not depreciated over a useful life, however, R 150 000 is released as a realisation of reserves annually.

2.4 Intangible assets

2.4.1 Trademarks and new hajj registry software

Trademarks are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.

The new hajj registry computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 10 years. Amortisation is only recognised once the software is available for use. During the 2021 financial period, the software is currently under development and accordingly no amortisation has been recognised.

Amortisation is provided to write down the intangible assets, on a straight line basis as follows:

Trademarks	20.00%
Hajj Registry Software	10.00%

The residual value, amortisation period and amortisation method for intangible assets are reassessed when there is an indication that there is a change from the previous estimate.

2.4.2 Research and development cost

All research and development costs are recognised as an expense unless they form part of the cost of another asset that meets the recognition criteria.

Accounting Policies

2.5 Impairment of non-current assets

At each balance sheet date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If the fair value less costs to sell of an asset (or group of assets) is estimated to be less than its carrying amount, the carrying amount of the asset (or group of assets) is reduced to its fair value less costs to sell. An impairment loss is recognised immediately in profit or loss.

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

2.6 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. For lease agreements that are under 12 months, the rental has been recorded at the amount paid.

2.7 Trade and other receivables

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the organisation will not be able to collect all amounts due according to the original terms of the receivables.

2.8 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

2.9 Deferred revenue

Hajj accreditation fees received before the revenue recognition criteria are satisfied are included in current liabilities as deferred income and are credited to the statement of comprehensive income once the performance condition is met and the revenue recognition criteria are satisfied.

Deferred revenue are measured at the fair value of the asset received or receivable.

2.10 Employee benefit obligations

2.10.1 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.

Accounting Policies

2.11 Trade and other payables

Trade and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method.

2.12 Provisions

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 passage of time is recognised as interest expense.

2.13 Finance costs

Finance costs are recognised on the basis of the effective interest rate method.

2.14 Foreign exchange

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

At the 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 the profit or loss in the period in which they arise.

Notes to the Annual Financial Statements

Figures in R	2021	2020

3. Property, plant and equipment

	Cost	Accumulated depreciation and realisation of reserves	2021 Carrying value	Cost	Accumulated depreciation and realisation of reserves	2020 Carrying value
Owned assets						
Buildings	1,275,966	-	1,275,966	1,230,966	-	1,230,966
Furniture and fittings	50,267	50,267	-	50,267	49,068	1,199
Office equipment	156,317	124,537	31,780	124,595	96,011	28,584
IT equipment	251,359	162,246	89,113	227,362	81,793	145,569
Hajj registry system	1,250,000	1,250,000	-	1,250,000	1,100,000	150,000
	2,983,909	1,587,050	1,396,859	2,883,190	1,326,872	1,556,318

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Realisation of reserves	Depreciation	2021 Carrying value at end of year
Owned assets					
Buildings	1,230,966	45,000	-	-	1,275,966
Furniture and fittings	1,199	-	-	(1,199)	-
Office equipment	28,584	31,722	-	(28,526)	31,780
IT equipment	145,569	23,997	-	(80,453)	89,113
Hajj registry system	150,000	-	(150,000)	-	-
	1,556,318	100,719	(150,000)	(110,178)	1,396,859

	Carrying value at beginning of year	Additions	Realisation of reserves	Depreciation	2020 Carrying value at end of year
Owned assets					
Buildings	-	1,230,966	-	-	1,230,966
Furniture and fittings	3,823	-	-	(2,624)	1,199
Office equipment	1	30,625	-	(2,042)	28,584
IT equipment	44,451	121,356	-	(20,238)	145,569
Hajj Registry System	300,000	-	(150,000)	-	150,000
	348,275	1,382,947	(150,000)	(24,904)	1,556,318

Details of land and buildings

ERF 152 Crown Gardens Township, Registration Division I.R, The Province of Gauteng, measuring 600 (six hundred) square metres held by Deed of Transfer Number T76560/2000

	2021	2020
-Acquired on 26 March 2020 for	1,200,000	1,200,000
-Costs of additions or improvements	75,966	30,966
	1,275,966	1,230,966

4. Intangible assets

	Cost	Accumulated amortisation	2021 Carrying value	Cost	Accumulated amortisation	2020 Carrying value
Trademark	108,276	(67,157)	41,119	78,398	(47,039)	31,359
Hajj Registry Software	225,368	-	225,368	-	-	-
	333,644	(67,157)	266,487	78,398	(47,039)	31,359

The carrying amounts of intangible assets can be reconciled as follows:

	Carrying value at beginning of year	Additions	Amortisation	Disposals	2021 Carrying value at end of year
Trademark	31,359	29,877	(20,117)	-	41,119
Hajj Registry Software	-	225,368	-	-	225,368
	31,359	255,245	(20,117)	-	266,487

	Carrying value at beginning of year	Additions	Amortisation	Disposals	2020 Carrying value at end of year
Trademark	47,039	-	(15,680)	-	31,359

5. Trade and other receivables

	2021	2020
Sundry debtors	37,716	-
Prepaid expenses	468,187	470,448
Guarantee fees	1,074,160	1,292,549
	1,580,063	1,762,997

Guarantee placed with Saudi Arabian Ministry of Hajj		
South African Rand	1,074,160	1,292,549
Saudi Arabian Riyaal	272,563	272,563

Exchange rate used for conversion of Saudi Riyaal at year end		
South African Rand	3.94	4.74

Prepaid expenditure relates to accommodation expenses paid in advance in respect of the Hajj period July /August 2020 (Hajj 1441) to Khidmatul Awaam Pilgrimage Services to secure accomodation in the Kingdom of Saudi Arabia for the Hajj period. This accommodation is for the SAHUC mission and medical team in Aziziah. As there was no hajj in July/August 2020 for the South African pilgrims, this amount was retained for the next hajj that will be performed.

Notes to the Annual Financial Statements

Figures in R	2021	2020

6. Cash and cash equivalents

Favourable cash balances		
Cash on hand	17,802	21,421
Bank balances	2,132,557	8,436,425
Short term deposits	12,785,841	12,261,752
	14,936,200	20,719,598

7. Revaluation reserve

Opening balance	150,000	300,000
Realisation of reserves	(150,000)	(150,000)
	-	**150,000**

The Hajj registry system was revalued to R 450 000 during the 2018 financial year under review by an independent valuator, Fingerprints Software (Pty) Ltd.

8. Deferred revenue

Hajj fees received in advance	19,661	4,982,000

Deferred income represents Hajj fees received in advance for the Hajj period July/August 2020. These amounts are fully refundable.

9. Provisions

Provision - VAT		
Carrying amount at the beginning of the year	-	-
Increase in provision	3,824,648	-
Carrying amount at end of the year	3,824,648	-

In prior periods the organisation was not registered for Value added taxes (VAT) despite rendering taxable services. During the current financial year, the organisation has commenced the process of registering for VAT and has quantified the potential obligation to SARS for the period 1 March 2006 to 31 March 2021.

The organisation has engaged the services of a VAT specialist for performing the computation, registration, submission of all VAT returns and the voluntary disclosure programme (VDP) application. The estimated net vat liability owing to SARS for the period 1 March 2006 to 31 March 2021 of R 2,202,383 has been recorded as an expense in the 2021 annual financial statements. The estimated liability has been computed based on the apportionment method, however, management is also exploring an alternate method of computing the potential obligation. The estimated obligation has been recorded as provision in the annual financial statements. At the date of sign off, the alternate computation has not been finalised and accordingly a provision has been raised based on the apportionment method.

Interest amounting to R 1,739,132 has been computed on the outstanding vat and has been recorded as an expense in the 2021 annual financial statements and included in note 14.

The organisation also has a potential estimated liability of R 842 795 relating to penalties that will be raised by SARS. As the organisation will be submitting a VDP application, the estimated penalty has not been recorded as an expense as there is a probability that this will be waived by SARS. The estimated penalty has been disclosed as a contingent liability in the 2021 annual financial statements (refer note 17).

Notes to the Annual Financial Statements

Figures in R	2021	2020

10. Trade and other payables

Accrued liabilities	5,049	1,251
Sundry creditors	-	18,500
Leave pay accrual	11,270	-
	16,319	19,751

11. Revenue

An analysis of revenue is as follows:

Registration fees	516,942	2,752,247
Hajj Fees	-	5,859,260
Hajj Operators Registration	-	220,000
	516,942	8,831,507

As a result of the COVID19 pandemic, there was no Hajj for South African pilgrims during the July/Aug 2020 period accordingly, no accreditation fees were received or recognised in the current financial year. No fees have been received for the July/August 2021 hajj period as there was no hajj for the 2021 year as well.

12. Operating (deficit)/surplus

Operating (deficit)/surplus is arrived at after taking into account the following items:

Income		
Exchange rate profits on foreign exchange	-	716,705
Expenditure		
Exchange rate losses on foreign exchange	573,481	-
Mission expenses		
Accommodation	-	738,181
Subsistence	-	1,320,684
Travel	-	676,837
Other (mainly medical disbursements)	-	379,218
	-	3,114,920
Depreciation		
Owned assets		
Furniture and fittings	1,199	2,624
Office equipment	28,526	2,042
IT equipment	80,453	20,238
	110,178	24,904
Amortisation of intangible assets	20,117	15,680

Figures in R	2021	2020

12. Operating (deficit)/surplus continued

Auditors' remuneration		
Audit fees		
-current	74,613	80,000
Secretarial fees	-	150
Board members emoluments		
Hajj mission subsistence	-	84,000
Operating lease charges		
Premises	193,834	308,014
Employee costs	430,092	295,218

13. Finance income

Interest income		
Islamic profit share	583,812	855,372

14. Finance costs

SARS (refer note 9)	1,739,132	245

15. Income tax expense

No provision has been made as the organisation has been granted tax exemption in terms of Section 10(1)(cN) of the Income Tax Act.

16. Board members Hajj subsistence

Ismail Kholvadia	-	84,000

The above board member was a part of the Hajj mission 1440 (hajj period August/September 2019) and was paid a subsistence allowance. During the current financial period, no susbistence was paid as there was no hajj mission 1441 (hajj period July/August 2020) due to the global pandemic COVID19.

Notes to the Annual Financial Statements

Figures in R	2021	2020

17. Contingent liabilities

As noted in Note 1 of the SAHUC Board report, the organisation is currently in the processing of registering for VAT with SARS and has recorded the estimated VAT liability owing to SARS including interest. As the organisation has not submitted VAT returns nor made any VAT payments for the period 1 March 2006 to 31 March 2021, SARS will impose a late payment penalty which is computed at 10% of the vat liability and an understatement penalty in terms of Section 223 of the Tax Administration Act which can be charged at any rate between 25% and 200%.

The estimated late payment penalty has been computed using the 10% and amounts to R 240 799. The understatement penalty has been computed using the minimum rate of 25% and amounts to R 601 996. Accordingly, the minimum estimated penalty owing to SARS amounts to R 842 795

The organisation will be submitting a VDP application to SARS requesting the waiver of all penalties. As there is a probabilty that SARS may waive the penalty or that SARS may charge an understatement penalty at a rate higher than the 25%, no obligation has been recorded in the annual financial statements. Should the VDP application be unsuccessful the organisation will be liable to SARS for the late payment penalty and the understatement penalty.

No other events occurred between 31 March 2021 and the date the board approved the financial statements that would have a material impact on the results as disclosed in the financial statements as set out on pages 9 to 23 or the continued existence of the organisation as a going concern.

18. Event after the balance sheet date

No events occurred between 31 March 2021 and the date the board approved the financial statements that would have a material impact on the results as disclosed in the financial statements as set out on pages 9 to 23 or the continued existence of the organisation as a going concern.

19. Related party transactions

Name	Relationship	Transactions	Amounts owed (to) / by the related party at year-end 2021	2020
The remuneration of board members and other members of key management during the year was as follows				
Subsistence allowance - Hajj mission			-	84,000

Notes to the Annual Financial Statements

Figures in R	2021	2020

20. Expenses by nature

Amortisation - Intangible assets	20,117	15,680
Auditors' remuneration	74,613	80,000
Board Members - Hajj Mission Subsistence	-	84,000
Consulting fees	88,200	-
Depreciation - Tangible assets	110,178	24,904
Lease rental on operating lease	193,834	308,014
Loss on foreign exchange	573,481	-
Mission expenses	-	3,114,920
Paygate charges	15,262	291,032
Protocol expenses	8,749	152,978
Salaries	430,092	295,218
Roadshow (refund)/ expenses	(6,160)	84,037
VAT liability	2,202,383	-
Other	257,913	518,388
	3,968,662	4,969,171

21. Going Concern

The members believe that the organisation will be a going concern in the year ahead. For this reason we continue to adopt the going concern basis in preparing the annual financial statements.

Detailed Income Statement

Figures in R	Notes	2021	2020
Gross Revenue			
Registration fees		516,942	2,752,247
Hajj Fees		-	5,859,260
Hajj Operators Registration		-	220,000
		516,942	8,831,507
Other Income			
Investment income		583,812	855,372
Profit on foreign exchange		-	716,705
Rental income		7,500	15,000
		591,312	1,587,077
		1,108,254	**10,418,584**
Expenditure			
Advertising		15,011	83,713
Airport expenses		-	13,309
Amortisation - Intangible assets		20,117	15,680
Auditors' remuneration		74,613	80,000
Bank charges		20,999	19,890
Board Members - Hajj Mission Subsistence	16	-	84,000
Computer expenses		53,728	10,604
Consulting fees		88,200	-
Depreciation - Tangible assets	3	110,178	24,904
Finance costs	14	1,739,132	245
Insurance		10,501	-
Lease rental on operating lease		193,834	308,014
Loss on foreign exchange		573,481	-
Meeting expenses		16,942	48,599
Mission expenses		-	3,114,920
Office expenses		10,077	11,183
Paygate charges		15,262	291,032
Postage and courier		279	272
Printing and stationery		3,333	6,987
Protocol expenses		8,749	152,978
Roadshow (refund)/ expenses		(6,160)	84,037
Salaries		430,092	295,218
Secretarial fees		-	150
Telephone and fax		81,225	75,890
Travel expenses		-	161,999
Vat liability		2,202,383	-
Website hosting and bulk sms fees		19,308	10,061
Website maintenance costs		26,510	43,653
World Hajj Conference		-	32,078
		5,707,794	4,969,416
(Deficit) / surplus for the year		**(4,599,540)**	**5,449,168**

The supplementary information presented does not form part of the annual financial statements and is unaudited