

National Awqaf Foundation of South Africa

Trust Number IT 1269/03

Audited Annual Financial Statements

for the year ended 28 February 2021

National Awqaf Foundation of South Africa
(Trust IT 1269/03)
Annual Financial Statements
for the year ended 28 February 2021

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National Awqaf Foundation of South Africa

Trustees' responsibility statement

The Trustees are responsible for the preparation and fair presentation of the annual financial statements of National Awqaf Foundation of South Africa Trust IT 1269/03, comprising the statement of financial position at 28 February 2021, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with the basis of accounting set out in note 1 to the annual financial statements. In addition, the Trustees are responsible for preparing the Trustees' report. The financial statements are prepared to meet the requirements of the Trust Deed.

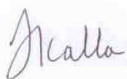
The Trustees are also responsible for such internal control as the Trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Trustees have made an assessment of the trust's ability to continue as a going concern and have no reason to believe the trust will not be a going concern in the year ahead and the year beyond signature hereof.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the annual financial statements

The Trustee's responsibility statement on page 2, the Trustee's report on pages 3-5, the annual financial statements of National Awqaf Foundation of South Africa Trust IT 1269/03, on pages 8-21, and the detailed income and expenditure statement on page 22, were approved by the Council of Trustees on 29 April 2022 and are signed by:



Haroon Rasheed Aboo Kalla
Mutawallee



Shiraz Abdul Ahmed Gany
Mutawallee

National Awqaf Foundation of South Africa

Trustees' report

for the year ended 28 February 2021

The Trustees have pleasure in presenting their report for the year ended 28 February 2021.

The National Awqaf Foundation of South Africa (AWQAF SA™) was informally initiated on the 27 December 2000 and registered as a Trust under Masters Registration Number IT 1269/03 on 2 April 2003 in terms of the Trust Property Control Act 57 of 1988.

The organization was registered as a Non Profit Organization (032-519-NPO) on the 10 May 2004 and as a Public Benefit Organization (PBO: 18/11/13/2226) in terms of the Income Tax Act on 10 February 2005.

Awqaf SA™ was pioneered as a community-based and owned trust dedicated to the establishment of the Prophetic

Business activities

The trust was established:

- To popularise, mobilise, create, develop, invest, and manage waqf and charitable endowment funds and assets.
- To initiate and/or support worthwhile sustainable humanitarian, community development, and poverty alleviation projects and programmes.
- To mobilise, train, and engage human resources and waqf cadres for community service for the benefit of the public.

Community development sectors

Community development sectors include:

Art, culture and heritage

Dawah

Education

Environment

Healthcare

Job creation and small enterprises

Masjid and madressah

Media and publications

Research

Skills development Social Cohesion

Children, youth, women, the aged, and the disabled are target groups as beneficiaries.

Governance

Awqaf SA™ is governed by the Council of Trustees and the Board of Management and Sub Committees. A panel of advisors and consultants advise the organisation on key issues. Members of the Council, Board and Sub Committees serve on a voluntary basis. The organisation is also governed by a constitution and various legislation.

National Awqaf Foundation of South Africa

Trustees' report

for the year ended 28 February 2021 (continued)

Trustees

The following persons served as Trustees during the year under review:

Executive

Haroon Rasheed Aboo Kalla (Chairperson)

Akthar Thokan

Shiraz Abdul Ahmed Gany CA(SA) (Appointed effective 21 February 2019)

Faizel Mahomed (Resigned effective 14 July 2020, subject to Masters confirmation by virtue of an amended Letters of Authority)

Ahmed Saeed Moola

*** Non Executive**

Sh Ebrahim Gabriels*

Khadija Connie Moloi*

Sh Thafier Najjaar*

Qari Moosa Seedat*

Founders of the Trust

Rafik Bhayat

Zeinoul Abedien Cajee CA(SA)

MI Ahmed Fazel Ebrahim (Deceased 25 July 2020)

Dr Shawkat Alli Thokan (Deceased 19 June 2019)

Dr Ismail Munshi

Raaghieb Najjaar CPA (USA)

Founders Council Members

Rafik Bhayat

MI Ahmed Fazel Ebrahim (Deceased 25 July 2020)

Suliman Mohamed Ghoor

Mia Ahmed Loonat

Dr Rashid Ahmed Mahmood Salojee (Deceased 02 December 2020)

Dr Shawkat Alli Thokan (Deceased 19 June 2019)

Management Board

The following persons served on the Management Board during the current year:

Zeinoul Abedien Cajee CA (SA) – (CEO)

Mickael Collier – (Deputy CEO)

Sedick Isaacs – (Deputy CEO – Gauteng)

Mohamed Zaffer Ahmed (Deputy CEO – KZN)

Goolam Hoosen Kolia

Muhsin Kolia

National Awqaf Foundation of South Africa

Trustees' report

for the year ended 28 February 2021 (continued)

Chapters

Awqaf SA™ has chapters in Gauteng, Western Cape, and a network presence in other provinces, and cities.

Glossary

“Mutawallee” – a Trustee as contemplated in the Trust Property Control Act 57 of 1988.

“Waqf” (pl: Awqaf) and “Endowment” – capital funds, bequests, gifts, or assets donated to Awqaf SA.

"Amanah" – trust funds for earmarked expenditure or grants.

General review of activities

The results of the activities for the year are set out in the statement of financial position and the statement of comprehensive income read together with notes to the annual financial statements.

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. Many governments have taken or are taking increasingly stringent steps to help contain the spread of the virus, including requiring self-isolation/quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and “locking-down” cities/regions or even entire countries. There has also been a significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates.

The South African economy was affected by the news of the first confirmed cases of the virus in the country early in March 2020 and this led to the President declaring a national disaster on 15 March 2020. The President made a further announcement on 23 March that the country will effectively be placed in a lockdown from midnight on 26 March 2020 until 30 April 2020. The lockdown was relaxed in a limited number of sectors from 1 May 2020 until 1 June 2020 when the relaxation was extended to more sectors of the economy. On 15 August 2020 the President lifted the lockdown to level 2 and on 16 September 2020 the President lifted the lockdown to level 1 to allow for further economic activity. South Africa's economy suffered a significant contraction during April, May and June, 2020 when the country operated under widespread lockdown restrictions in response to COVID-19. Gross domestic product (GDP) fell by just over 16% between the first and second quarters of 2020. While this may have a negative impact on rental income in the financial years ending 2021 and perhaps 2022, the Trust has sufficient resources to continue its operations as a going concern for the foreseeable future. During the lockdown period, the Trust continued to receive donations as well as a marginally reduced income stream from its investments. Despite the impact of COVID19 on the activities of the Trust, management is not expecting the COVID-19 pandemic to have a significant impact on the Trust's financial performance in the foreseeable future, as the Trust will donate funds to the extent that donations are received.

The trustees have evaluated all the events and conditions that may cast significant doubts on the ability of the Trust to continue as a going concern and also its operations for the foreseeable future and reached a conclusion that in view of the impact of COVID-19 and the looting spree during July 2021, the Trust will continue as a going concern and also its operations for the foreseeable future without the existence of a material uncertainty about the entity's ability to continue as a going concern.

Between July 9 -18 2021, South Africa experienced widespread looting which government described as an attempted insurrection.

The looting and burning of some shops, shopping malls, and factory warehouses took place mainly in the KwaZulu-Natal and Gauteng provinces.

Despite some damage and reduction in rentals in one of the co-invested properties in KwaZulu-Natal, Trustees are confident that the brief setback will not materially affect the operations of the Foundation and that the Foundation has sufficient resources to operate as a going concern during the year ending 28 February 2022 and beyond.

INDEPENDENT AUDITOR'S REPORT

To the Trustees of National Awqaf Foundation of South Africa

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Awqaf Foundation of South Africa set out on pages 8 to 21, which comprise the statement of financial position as at 28 February 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 the 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 National Awqaf Foundation of South Africa as at 28 February 2021, and its financial performance and cash flows for the year then ended in accordance with Trust Deed.

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 Statements* section of our report. We are independent of the Trust 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' (IESBA) *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 of the Financial Statements, which describes the basis of accounting applied by National Awqaf Foundation of South Africa. The financial statements have been prepared in accordance with the requirements of the Trust Deed. The financial statements are prepared to provide information to the Council of Trustees and to meet the requirements of the Trust Deed. As a result, the financial statements may not be suitable for another purpose.

Other Information

The trustees are responsible for the other information. The other information comprises the information included in the document titled "National Awqaf Foundation of South Africa, Trust Number IT 126/03, Audited Annual Financial Statements for the year ended 28 February 2021" which includes the Trustee's Report as required by the Trust Deed and the Detailed income and expenditure statement. 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.



National Executive: *LL Bam Chief Executive Officer *R Redfearn Chief Executive Officer - Elect *TMM Jordan Deputy Chief Executive Officer; Clients & Industries
*MJ Jarvis Chief Operating Officer; Acting Tax & Legal *AF Mackie Audit & Assurance AM Babu Consulting *TA Odukoya Financial Advisory *N Sing Risk Advisory
*JK Mazzocco People & Purpose MG Dicks Risk Independence & Legal *A Muraya Responsible Business & Public Policy DP Ndlovu Chair of the Board

A full list of partners and directors is available on request

* Partner and Registered Auditor

B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Other Information

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 Trustees for the Financial Statements

The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the Trust Deed, and for such internal control as the trustees 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 trustees are responsible for assessing the Trust'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 trustee's either intend to liquidate the Trust 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' 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 Trust'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 Trust 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 trustees 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.

DocuSigned by:

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Deloitte & Touche

Registered Auditor
Per: Marlise Hedder
Partner
09 May 2022

National Awqaf Foundation of South Africa
Annual Financial Statements
Statement of financial position
at 28 February 2021

	<i>Note</i>	2021 R	2020 R
Assets			
Non-current assets		86,091,171	82,974,963
Plant and equipment	2	75	74
Investment properties	3	25,009,406	21,490,804
Investments	4	61,081,690	61,484,085
Current assets		15,109,323	7,480,628
Trade and other receivables	5	1,479,647	1,416,216
Cash and cash equivalents	6	13,629,676	6,064,412
Total assets		101,200,494	90,455,591
Equity and liabilities			
Equity			
Waqf funds	7	81,887,303	70,591,478
Reserves		3,413,915	1,981,199
General reserve		83,737	218,851
Waqf revenue reserve	8	1,625,143	(39,836)
Fair value reserve		688,354	1,293,720
Waqf capital asset reserve		1,016,681	508,464
Liabilities			
Non-current liabilities			
Other long term designated funds	11	15,496,242	12,601,360
Current liabilities		403,034	5,281,554
Trade and other payables	9	122,519	20,841
Other designated funds	10	280,515	5,260,713
Total equity and liabilities		101,200,494	90,455,591

National Awqaf Foundation of South Africa
Annual Financial Statements
Statement of comprehensive income
for the year ended 28 February 2021

	2021	2020
	R	R
Excess of income over expenditure	(266,344)	75,670
Net investment income	<u>4,573,955</u>	<u>4,576,175</u>
Net income from operations	4,307,611	4,651,845
Inward transfer from operational capacity waqf revenue reserve	<u>131,231</u>	<u>121,606</u>
	4,438,842	4,773,451
Outward transfers		
Transferred to waqf revenue reserve	(3,288,629)	(3,157,729)
Transferred to other designated funds	<u>(1,285,327)</u>	<u>(1,418,446)</u>
Excess of income over expenditure for the year	(135,114)	197,276
General reserve at beginning of year	<u>218,851</u>	<u>21,575</u>
General reserve at end of year	<u>83,737</u>	<u>218,851</u>

National Awqaf Foundation of South Africa
Annual Financial Statements
Statement of changes in equity
for the year ended 28 February 2021

	General reserve	Waqf revenue reserve	Fair value reserve	Waqf capital asset reserve	Total reserves
	R	R	R	R	R
Balance at 28 February 2019	21,575	(333,350)	2,242,295	442,262	2,372,782
Net income from operations	4,651,845	-	-	-	4,651,845
Grants paid	-	(2,676,407)	-	-	(2,676,407)
Transfer of waqf income	(3,157,729)	3,157,729	-	-	-
Transfer of operational capacity income	121,606	(121,606)	-	-	-
Waqf capital reserve asset protection	-	(66,202)	-	66,202	-
Fair value adjustment to investments	-	-	(948,575)	-	(948,575)
Transfer to other designated funds	(1,418,446)	-	-	-	(1,418,446)
Balance at 29 February 2020	218,851	(39,836)	1,293,720	508,464	1,981,199
Net income from operations	4,307,611	-	-	-	4,307,611
Grants paid	-	(984,202)	-	-	(984,202)
Transfer of waqf income	(3,288,628)	3,288,628	-	-	-
Transfer of operational capacity income	131,231	(131,231)	-	-	-
Waqf capital reserve asset protection	-	(508,217)	-	508,217	-
Fair value adjustment to investments	-	-	(605,366)	-	(605,366)
Transfer to other designated funds	(1,285,327)	-	-	-	(1,285,327)
Balance at 28 February 2021	83,738	1,625,142	688,354	1,016,681	3,413,915

National Awqaf Foundation of South Africa
Annual Financial Statements
Statement of cash flows
for the year ended 28 February 2021

	2021 R	2020 R
	<i>Note</i>	
	<i>14</i>	
Cash generated by operating activities	<u>3,368,124</u>	<u>1,324,356</u>
Cash flow from investing activities		
Subsequent expenditure on investment property	(378,602)	(71,575)
Additions of investment property	(1,950,000)	(1,500,000)
Additions of plant and equipment	(6,471)	(3,822)
Capital investment movements	(202,970)	(16,247,018)
Net cash inflow from investing activities	<u>(2,538,043)</u>	<u>(17,822,415)</u>
Cash flow from financing activities		
Proceeds to waqf funds	8,464,494	6,461,059
(Decrease)/Increase in other designated funds	(1,729,311)	1,504,790
Increase /(Decrease) in other long term designated funds	-	(28,460)
Net cash inflow from financing activities	<u>6,735,183</u>	<u>7,937,389</u>
Net (decrease)/ increase in cash and cash equivalents	7,565,264	(8,560,670)
Cash and cash equivalents at beginning of year	<u>6,064,412</u>	<u>14,625,082</u>
Cash and cash equivalents at end of year	<u>13,629,676</u>	<u>6,064,412</u>

National Awqaf Foundation of South Africa

Annual Financial Statements

Notes to the annual financial statements

for the year ended 28 February 2021

1 Accounting policies

1.1 Basis of presentation and accounting

The annual financial statements have been prepared in accordance with the requirements of the Trust Deed. The annual financial statements have been prepared on the historical cost basis, as modified by the revaluation of property investments at fair value and incorporates the following principal accounting policies which are consistent in all material respects with those applied in the previous year.

1.2 Non-distributable reserves

The trust is operating as an association not for gain and as such no part of its surplus and property shall be transferred to its trustees directly or indirectly.

All reserves are therefore non-distributable.

1.3 Property, plant and equipment

Fixed assets are written off in the year of acquisition as, in the opinion of the Trustees, this treatment more fairly presents the financial position of the Organization.

Properties in the course of construction, supply or administrative purposes, or for purposes not yet determined are carried at cost. Cost includes professional fees.

1.4 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment property is measured at fair value or alternatively at a Mutawallees/Trustees valuation.

Donated properties are accounted for at the declared value as per the respective title deed as at the date of registration of the said property. Other donated assets are accounted for at their estimated fair values by Trustees, Donors, or where appropriate by a professional valuer.

1.5 Investments

The purchase and sale of investments are recognised on the date of the transaction. Investments are carried at fair value and any gain or loss arising from the fair value is recognised directly in equity, until the investment is disposed of at which time the cumulative gain or loss previously recognised in equity is included in the net surplus or deficit for the period.

1.6 Functional and presentation currency

The annual financial statements are presented in Rands, which is the Trust's functional currency.

National Awqaf Foundation of South Africa

Annual Financial Statements

Notes to the annual financial statements

for the year ended 28 February 2021

1 Accounting policies (continued)

1.7 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investment in equity and debt securities, other receivables, cash and cash equivalents, loans and borrowings, and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Available-for-sale financial assets

The Trust's investment in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Trust manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Trust documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

1.8 Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence to indicate that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of financial assets measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective discount rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are reassessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of available-for-sale financial assets recognised previously in equity is transferred to profit or loss.

National Awqaf Foundation of South Africa

Annual Financial Statements

Notes to the annual financial statements

for the year ended 28 February 2021

1 Accounting policies (continued)

1.9 Determination of fair values

Investments in equity

The fair value of financial assets at fair value through equity, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

1.1 Waqf Funds

Waqf funds represent endowment donations received from donors. The funds may be classified as either “designated” (as specified by the respective donor) or “discretionary” when unspecified. Waqf funds are accounted for directly through equity.

1.11 Waqf Revenue Reserves

Waqf revenue reserves arise from the income derived from the investment of waqf funds less payments made in respect of grants and projects and capitalisation transfers and represent the net spendable amount or funding available for grants, downstream projects and programmes.

1.12 Other designated funds

Other designated funds represent endowments received that are earmarked for specific projects.

2. Plant and equipment

	2021 R	2020 R
Office furniture and equipment		
Balance at beginning of year	74	15,477
Additions	6,471	3,822
Write off	(6,470)	(19,225)
Balance at end of year	<u>75</u>	<u>74</u>

3. Investment properties

Balance at beginning of year	21,490,804	6,739,229
Additions	1,950,000	1,500,000
Additions through subsequent expenditure	378,602	71,575
Donations	1,190,000	13,180,000
Investment properties at fair value	<u>25,009,406</u>	<u>21,490,804</u>

National Awqaf Foundation of South Africa
Annual Financial Statements
Notes to the annual financial statements
for the year ended 28 February 2021

3. Investment properties (continued)

Investment properties comprise:

2021

No.	Properties	Cost	Market value
1.	A unit in the scheme known as Graceville which is situated at Kenilworth in the city of Cape Town, measuring 76 square metres.	726,400	877,250
2.	Erf 9842 Lenasia Extension 11 Township, Registration Division I.Q., Province of Gauteng, measuring 983 square metres.	250,000	315,282
3.	Erf 167729, Portion of Erf 34415 measuring approximately 496 square metres, known as No.6 Second Avenue, Belgravia Estate, Athlone.	307,312	400,000
4.	Portion 71 of Erf 1174, Riverlea Township, Registration Division I.Q., Province of Gauteng, measuring 354 square metres.	340,000	340,000
5.	12 Sunderland Ridge Agricultural holdings, Province of Gauteng, measuring 1,2818 Hectares.	2,014,295	2,220,437
6.	Erf 7988 Capricorn Avenue, Extension 9, Lenasia (Vacant land) Province of Gauteng.	6,030	6,030
7.	Erf 1232 Greenside Extension 2 Township Registration Division LR The province of Gauteng, Measuring 1079 (One thousand and seventy nine square metres).	2,623,044	2,623,044
8.	Erf 602 Korsten Port Elizabeth.	29,442	29,442
9.	Erf 2832 Premise no 590751 Cape Town	87,655	87,655
10.	ERF 589 Eshowe, Registration Division Gu, Province of KwaZulu-Natal in Extent 4047 (Four Thousand and Forty Seven) Square metres First Transferred by Deed of Transfer Number T2647/1922 with Diagram annexed thereto and held by Deed of Transfer Number T10998/2013.	3,800,000	3,800,000
11.	Erf 9844 Lenasia Extension 11 Township, Registration Division I.Q., Province of Gauteng.	1,500,000	3,740,266
12.	(a) Section No's: 89;90;91;92;93;94;95;96;97;98;99;100;101;&102 as shown and more fully described on Sectional Plan No SS 154/2019 in the scheme known as WATERWAYS RESIDENTIAL ESTATE in respect of the land and building or buildings situated at TONGAAT, in the ETHEKWINI MUNICIPALITY AREA, of which section the floor area, according to the said sectional plan is 59 (Fifty Nine) square metres in extent and (b) An undivided share in the common property in the scheme apportioned to the said section in accordance with the participation quota as endorsed on the said sectional plan.	9,380,000	9,380,000
13.	Erf 38 Dadaville township Measuring 1205 (One thousand two hundred and five) square metres	1,190,000	1,190,000
		22,254,178	25,009,406

National Awqaf Foundation of South Africa
Annual Financial Statements
Notes to the annual financial statements
for the year ended 28 February 2021

3. Investment properties (continued)

Investment properties comprise:

2020

No.	Properties	Cost	Market value
1.	A unit in the scheme known as Graceville which is situated at Kenilworth in the city of Cape Town, measuring 76 square metres.	726,400	850,000
2.	Erf 9842 Lenasia Extension 11 Township, Registration Division I.Q., Province of Gauteng, measuring 983 square metres.	250,000	315,282
3.	Erf 167729, Portion of Erf 34415 measuring approximately 496 square metres, known as No.6 Second Avenue, Belgravia Estate, Athlone.	307,312	400,000
4.	Portion 71 of Erf 1174, Riverlea Township, Registration Division I.Q, Province of Gauteng, measuring 354 square metres.	340,000	340,000
5.	12 Sunderland Ridge Agricultural holdings, Province of Gauteng, measuring 1,2818 Hectares.	2,014,295	2,220,437
6.	Erf 7988 Capricorn Avenue, Extension 9, Lenasia (Vacant land) Province of Gauteng.	6,030	6,030
7.	Erf 1232 Greenside Extension 2 Township Registration Division LR The province of Gauteng, Measuring 1079 (One thousand and seventy nine square metres).	2,607,143	2,607,143
8.	Erf 602 Korsten Port Elizabeth.	29,442	29,442
9.	Erf 2832 Premise no 590751 Cape Town.	42,470	42,470
10.	ERF 589 Eshowe, Registration Division Gu, Province of KwaZulu-Natal in Extent 4047 (Four Thousand and Forty Seven) Square metres First Transferred by Deed of Transfer Number T2647/1922 with Diagram annexed thereto and held by Deed of Transfer Number T10998/2013.	3,800,000	3,800,000
11.	Erf 9844 Lenasia Extension 11 Township, Registration Division I.Q., Province of Gauteng	1,500,000	1,500,000
12.	(a) Section No's: 89;90;91;92;93;94;95;96;97;98;99;100;101;&102 as shown and more fully described on Sectional Plan No SS 154/2019 in the scheme known as WATERWAYS RESIDENTIAL ESTATE in respect of the land and building or buildings situated at TONGAAT, in the ETHEKWINI MUNICIPALITY AREA, of which section the floor area, according to the said sectional plan is 59 (Fifty Nine) square metres in extent and (b) An undivided share in the common property in the scheme apportioned to the said section in accordance with the participation quota as endorsed on the said sectional plan.	9,380,000	9,380,000
		21,003,092	21,490,804

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	2021 R	2020 R
4. Investments		
Listed investments		
Oasis Crescent Income Fund A	10	10
Oasis Crescent International Property Equity Feeder Fund D	920,556	948,787
Element Islamic Equity Fund	1,811	1,480
Redefine Properties Limited	33,192	38,928
Arrowhead Properties Limited	4,073	4,542
Lenmed Investments Ltd.		
– 1 110 000 Ordinary shares	1,332,000	1,887,000

The investments above are an investment in equity securities that offers the organisation the opportunity for return through dividend income and fair value gains. The fair values of these securities are based on the quoted closing market prices on the last market day of the financial year.

Unlisted investments

Warees (Pty) Ltd.

– 411 Ordinary shares at R1 each	411	411
– Unsecured loan account*	8,150,000	8,150,000

Janbad Property Investments (Pty) Ltd

– 50 Ordinary shares at Director's valuation	7,000	7,000
– Unsecured loan account*	65,000	65,000

Imbali Props 48 (Pty) Ltd.

– 286 Ordinary shares at R1 each	286	286
– Unsecured loan account*	14,299,714	14,299,714

Arctic Sky Trade (Pty) Ltd.

– 80 Ordinary shares at R10,000 each	80,000	80,000
– Unsecured loan account*	7,920,000	7,920,000

Julowave (Pty) Ltd.

– 1000 Ordinary shares at R1 each	1,000	1,000
– Unsecured loan account*	11,044,777	10,933,129

K2018323989 South Africa (Pty) Ltd.

– 40 Ordinary shares at R1 each	40	40
– Unsecured loan account*	4,599,960	4,599,960

Side Stream Properties (Pty) Ltd.

– 100 Ordinary shares at R1 each	100	100
– Unsecured loan account*	9,531,770	9,531,770

Corrinth Enterprises - NPC

– Unsecured Loan - comprise of advances in respect of land and property donations in progress - Daleside	33,181	19,298
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Erf 2542 Jeppestown - NPC

– Unsecured Loan - comprise of advances in respect of land and property donations in progress	179,450	139,450
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Juma Masjid Waqf - Investing Property

	-	2,000,000
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Auwal Socio-Economic Research Institute (ASRI) Qard Hassan loan

	750,000	750,000
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Total listed and unlisted investments	58,954,331	61,377,905
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*Unsecured loans are linked to shares held, carry benefits at variable rates of return, and no repayment arrangements have been made. Trustees review the annual financial statements of the underlying companies where feasible and also have direct discussions with the directors of investee companies to ascertain recoverability of unsecured loans.

Profit sharing investment in Albaraka Bank	2,127,359	106,180
Profit sharing investments bear average effective sharing ratio of: Investor 65% Bank 35%.		
Total investments	61,081,690	61,484,085

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	2021 R	2020 R
5. Trade and other receivables		
VAT receivable	47,235	229,611
Other trade and receivables	<u>1,432,412</u>	<u>1,186,605</u>
Trade and other receivables	<u>1,479,647</u>	<u>1,416,216</u>

6. Cash and cash equivalents

Cash at bank	<u>13,629,676</u>	<u>6,064,412</u>
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Bank balances and cash comprises cash held by the organisation and short-term bank deposits.

7. Waqf funds

	Designated R	Discretionary R	Total R
2021			
Balance at beginning of year	26,298,027	44,293,451	70,591,478
Waqf funds received in cash during the year	6,149,999	2,314,495	8,464,494
Waqf funds received in kind during the year	-	1,190,000	1,190,000
Inter-transfers during the year	(1,407)	1,407	-
Re-allocations during the year	<u>1,613,631</u>	<u>27,700</u>	<u>1,641,331</u>
Balance at end of year	<u>34,060,250</u>	<u>47,827,053</u>	<u>81,887,303</u>
2020			
Balance at beginning of year	22,979,660	25,776,534	48,756,194
Waqf funds received in cash during the year	2,937,764	3,523,295	6,461,059
Waqf funds received in kind during the year	-	13,930,000	13,930,000
Inter-transfers during the year	(998,663)	998,663	-
Re-allocations during the year	<u>1,379,266</u>	<u>64,959</u>	<u>1,444,225</u>
Balance at end of year	<u>26,298,027</u>	<u>44,293,451</u>	<u>70,591,478</u>

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8. Waqf revenue reserve

	Designated R	Discretionary R	Total R
2021			
Balance at beginning of year	541,022	(580,858)	(39,836)
Transfer investment income from income statement	1,540,371	1,748,258	3,288,629
Grants paid for downstream projects - Cash	(486,301)	(497,901)	(984,202)
Transfer of operational capacity income	-	(131,231)	(131,231)
Transfer of Waqf Capital reserve	(238,023)	(270,194)	(508,217)
Balance at end of year	1,357,069	268,074	1,625,143
2020			
Balance at beginning of year	824,480	(1,157,830)	(333,350)
Transfer investment income from income statement	1,707,649	1,450,080	3,157,729
Grants paid for downstream projects	(1,991,107)	(685,300)	(2,676,407)
Transfer of operational capacity income	-	(121,606)	(121,606)
Waqf capital reserve asset	-	(66,202)	(66,202)
Balance at end of year	541,022	(580,858)	(39,836)

Waqf revenue reserves represent the net spendable amount or funding available for downstream projects and programmes.

	2021 R	2020 R
9. Trade and other payables		
Accrued expenses	122,519	20,841
10. Other designated funds		
Balance at beginning of year	5,260,713	3,397,717
Monies received from donors in cash	21,621,517	21,707,970
Transfer from investment income	1,285,327	1,418,446
Monies utilized	(23,350,828)	(20,203,180)
Transfer to discretionary income	(2,632,752)	(1,060,240)
Transfer to long-term	(1,903,462)	-
Other designated funds at end of year	280,515	5,260,713

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11. Other long-term designated funds	2021	2020
	R	R
Balance at beginning of year	12,601,360	11,866,655
Transfer from short - term designated funds	1,903,461	-
Transfer from investment income	980,485	763,165
Transfer to other designated funds	10,936	(28,460)
Other long term designated funds at end of year	<u>15,496,242</u>	<u>12,601,360</u>

12. Net investment income	2021	2020
	R	R
Net investment income	4,573,955	4,576,175
Investment income	5,808,197	5,811,016
Profit from profit sharing investment	20,179	3,505
Profit from listed investments	1,290,167	2,032,974
Net rent	1,634,062	722,667
Rent	1,751,397	778,242
Property expenditure	(117,335)	(55,575)
Dividends received from listed investments	-	5,683
Benefit received	2,863,789	3,046,187
Transfer to operating revenue	(726,025)	(726,377)
Transfer to Waqf Capital Reserve asset protection	(508,217)	(508,464)

13. Taxation

An exemption from taxation has been granted to the organisation in terms of section 10(1) (cN) of the Income Tax Act and consequently no provision for taxation has been made.

14. Cash generated/(utilised) by operating activities

Net income from operations	4,307,609	4,651,844
Adjustment for:		
Plant and equipment write off	6,470	19,225
Working capital changes:		
Increase in trade and other receivables	(63,431)	(585,691)
Decrease in trade and other payables	101,678	(84,615)
	<u>4,352,326</u>	<u>4,000,763</u>
Grants paid	(984,202)	(2,676,407)
Cash generated by operating activities for the year	<u>3,368,124</u>	<u>1,324,356</u>

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15. Events after the reporting date - Effects of Covid - 19

At the date of finalisation of the annual financial statements there were no material events that occurred subsequent to the reporting date that required adjustments to the amounts recognised in the financial statements. However, the COVID-19 outbreak and National lockdown which followed from 27 March is a material subsequent non-adjusting event that requires disclosure in the annual financial statements.

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. Many governments have taken or are taking increasingly stringent steps to help contain the spread of the virus, including requiring self-isolation/quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and “locking-down” cities/regions or even entire countries. There has also been a significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates.

The South African economy was affected by the news of the first confirmed cases of the virus in the country early in March 2020 and this led to the President declaring a national disaster on 15 March 2020. The President made a further announcement on 23 March that the country will effectively be placed in a lockdown from midnight on 26 March 2020 until 30 April 2020. The lockdown was relaxed in a limited number of sectors from 1 May 2020 until 1 June 2020 when the relaxation was extended to more sectors of the economy. On 15 August 2020 the President lifted the lockdown to level 2 and on 16 September 2020 the President lifted the lockdown to level 1 to allow for further economic activity. South Africa's economy suffered a significant contraction during April, May and June, 2020 when the country operated under widespread lockdown restrictions in response to COVID-19. Gross domestic product (GDP) fell by just over 16% between the first and second quarters of 2020. While this may have a negative impact on rental income in the financial years ending 2021 and perhaps 2022, the Trust has sufficient resources to continue its operations as a going concern for the foreseeable future. During the lockdown period, the Trust continued to receive donations as well as a marginally reduced income stream from its investments. Despite the impact of COVID19 on the activities of the Trust, management is not expecting the COVID-19 pandemic to have a significant impact on the Trust's financial performance in the foreseeable future, as the Trust will donate funds to the extent that donations are received.

The trustees have evaluated all the events and conditions that may cast significant doubts on the ability of the Trust to continue as a going concern and also its operations for the foreseeable future and reached a conclusion that in view of the impact of COVID-19 and the looting spree during July 2021, the Trust will continue as a going concern and also its operations for the foreseeable future without the existence of a material uncertainty about the entity's ability to continue as a going concern.

Between July 9 -18 2021, South Africa experienced widespread looting which government described as an attempted insurrection.

The looting and burning of some shops, shopping malls, and factory warehouses took place mainly in the KwaZulu-Natal and Gauteng provinces.

Despite some damage and reduction in rentals in one of the co-invested properties in KwaZulu-Natal, Trustees are confident that the brief setback will not materially affect the operations of the Foundation and that the Foundation has sufficient resources to operate as a going concern during the year ending 28 February 2022 and beyond.

National Awqaf Foundation of South Africa

Detailed income and expenditure statement for the year ended 28 February 2021

	2021 R	2020 R
Income	904,065	1,526,590
Sundry income	2,604	21,642
Grant income	-	550,000
Recoveries	-	(281)
Property management fee	175,436	184,852
Waqf administration fee	726,025	726,377
Darushifa X-Ray Services- Salary	-	43,560
Darushifa X-Ray Services- UIF Contribution	-	440
Expenditure	1,170,409	1,450,920
Auditors' remuneration		
– audit fees	138,000	131,250
– donation in kind	(138,000)	(131,250)
Advertising and marketing	258,983	488,696
Write off assets depreciation	112,667	88,479
Bank charges	29,206	39,765
Computer expenses	12,215	11,378
Employee costs	508,476	668,324
Event expenses	-	8,750
Gifts	650	1,090
Meeting expenses	19,881	15,720
Travel and accommodation	30	8,662
Motor vehicle expenses	5,810	677
Security expense	12,673	6,310
Stipends	16,682	5,000
Printing and stationery	2,465	19,621
Sundry office expenses	9,805	21,596
Insurance	10,946	-
Service fees on investments	18,358	10,266
Website development	25,754	8,669
Telephone, internet and cell	76,891	47,917
Consultants' fees	2,446	-
Training expenses	46,471	-
Excess of expenditure over income	(266,344)	75,670