LRS Labour Research Service

2019 Annual Report

"Knowledge is too important to leave in the hands of the bosses"

Contents

THE CHAIRPERSON'S REPORT

Nyaniso Siyana

NUMSA, Chair

The LRS has stayed true to its objective of being a research and an educational institution of a public character that provides support to the Trade Union Movement. I am proud of the diverse and yet focused work of the LRS and the contribution it makes to trade unions, despite its relatively small size.

The 31st Annual General Meeting (AGM) of the LRS was held on 24 July 2018. I am pleased to report that 13 of the 15 trade union members of the LRS were represented at the 31st AGM.

Trade union member participation at 31st Annual General Meeting of the LRS:

DENOSA FAWU HOSPERSA IMATU MEWUSA NUM NUMSA
NEHAWU SACCAWU SADTU SATAWU SAMWU TOWU

From left to right
Monwabisi Gwebityala (FAWU) • Zandile Phakati (SATAWU) • Thabo Raserope (NEHAWU)
Trenton Elsley (LRS) • Phumzile Mvovo (NUM)

Back row
Nyaniso Siyana (NUMSA, Board Chair) • Absent with apologies: Funeka Klaas (SACCAWU)

After several years of continuity, this annual general meeting saw the election of five out of six new members to the board.

The member trade unions present at the AGM elected the following individuals to the board of directors:

Monwabisi Gwebityala (FAWU) • Funeka Klaas (SACCAWU) • Phumzile Mvovo (NUM)
Zandile Phakati (SATAWU) • Thabo Raserope (NEHAWU) • Nyaniso Siyana (NUMSA) (Chair)

The elected directors of the LRS continued to discharge their duties in 2018 as part of their critical oversight role. The board met three times in 2018 and the table that follows describes board attendance in this period. The board approved the organisational budget, and made recommendations on the appointment of auditors and in respect of the audited financial statements of the LRS for the AGM to consider.

The trade union membership of the LRS remained steady in 2018, with 15 member unions representing close to two million workers in South Africa.

LRS MEMBER UNIONS 2017/2018	ESTIMATED MEMBERSHIP
Chemical, Energy, Paper, Printing, Wood and Allied Workers Union (CEPPWAWU)	51,061
Democratic Nursing Organisation of South Africa (DENOSA)	84,000
Food and Allied Workers Union (FAWU)	124,000
Health and Other Service Personnel Trade Union of South Africa (HOSPERSA)	66,721
Independent Municipal and Allied Trade Union (IMATU)	72,246
Metal Electrical Workers Union of South Africa (MEWUSA)	17,180
National Education, Health and Allied workers Union (NEHAWU)	235,000
National Union of Mineworkers (NUM)	187,000
National Union of Metalworkers of South Africa (NUMSA)	338,000
South African Commercial Catering and Allied Workers Union (SACCAWU)	150,000
South African Domestic Service and Allied Workers Union (SADSAWU)	7,200
South African Democratic Teachers Union (SADTU)	254,000
South African Municipal Workers Union (SAMWU)	110,000
South African Transport and Allied workers Union (SATAWU)	101, 000
Transport Omnibus Workers Union (TOWU)	3 000

I thank the LRS board, the LRS staff, the member unions and the friends of the LRS for their continued dedication to the cause of workers and for ensuring that the organisation makes a contribution to the trade union movement now and in the future.

Nyaniso Siyana
Cape Town – April 2019

EXECUTIVE DIRECTOR'S MESSAGE

Trenton Elsley
Executive Director

As much as an annual report attempts to preoccupy itself with the realities of a calendar year, the real world is the product of processes with far longer time lines. The LRS held its 31st annual general meeting in the course of 2018, something we are immensely proud of. Our continuing relevance and our occasional successes ride on the backs of those who came before us, those employed at the LRS at various times and the representatives of our trade union members through time. It is this unique relationship that underpins our relevance and our ability to make a meaningful contribution to the trade union movement.

It is our understanding that it is only through strategic partnering that we can hope to make an impact in a complex world. For this reason, our partners include trade unions, federations, solidarity support organisations, the International Labour Organisation, statutory bodies on the South African industrial relations landscape, non-governmental organisations, community-based organisations, global union federations and their affiliates, academic institutions and government departments. Through our South African member trade unions, our work extends to include role-players regionally and internationally.

In deference to the notion of an annual report I will briefly explore six big themes of the day in an effort to paint a picture of the environment in which we operate and the ways in which we seek to work with trade unions to build a more just and egalitarian society.

The Political: Fragmentation and the politics of the trade union movement

The expulsion of COSATU's largest affiliate (NUMSA) in 2015 and the subsequent establishment of a new labour federation (SAFTU) in 2017 were indicative of a broader process of fragmentation taking place within the South African trade union movement. It is also true that several unions have struggled with severe internal conflicts and splits that provide the micro-political context for the more obvious macro-level shifts. The process has been driven by a complex set of factors including the politicisation of trade union governance and the reorganisation of production processes. It is this reorganisation that has driven the fragmentation of the traditional workplace and bargaining unit, the fragmentation of the permanent, full time employment relationship, and also the fragmentation and redrawing of industrial demarcation that has for so long guided trade unions in how they approach bargaining and organising.

Worker education is a further indicator of the political character of trade unions, and it is fair to say that worker education has suffered a great deal over the last decade and more.

As things stand, worker education is radically under-resourced and has practically ground to a halt in some instances. Our understanding is that worker education and resource support require continuous renewal. It is these two pillars that reproduce trade unions capable of dealing with a changing political landscape, a changing workplace and the inevitable change in trade union representatives, be they officals or worker leaders.

Our focus is on cultivating new layers of trade union leaders of tomorrow at various levels in the union. The vibrancy of trade unions can only be guaranteed if there is a constant pool of activists with the capacity to take on leadership roles at different times and in different contexts. This is very political work that requires that we cultivate a great deal of trust with our consituency. The voices from the ground that come through in this annual report are a testament to our efforts.

Economy: The extent and depth of inequality in South Africa

South Africa has the dubious honour of competing with countries like Brazil as the most unequal society in the world. The untransformed distribution of wealth in South Africa remains arguably the single greatest failure of the democratic era. A key focus of the LRS is social dialogue and collective bargaining in particular. This is a core function of trade unions and an important countervailing force to the reproduction of inequality.

In recognition of the work we do, I was appointed to the national minimum wage commission as a representative of organised labour. I look forward to playing a meaningful role in the implementation of this landmark Act. The LRS supports trade unions in responding to the power of multinational corporations. We track South African multinationals and help develop trade union networks to influence the corporate governance norms and practices of these powerful entities. An important area of work has been working with a global union federation (UNI) to challenge inequality in value chains in the retail sector. This is ground breaking work which seeks to bring an understanding of value chain mapping to trade unions in Africa and to translate this into strategic insights for bargaining and for organising.

Corruption

Corruption and "state capture" are the subject of more than one ongoing presidential commission of enquiry in South Africa. The impression is that large scale corruption has been both far-reaching and systematic.

We have no illusions about our ability to counter "big" corruption. Our modest contribution is to role model good governance, transparency and accountability through our own governance structure and processes. In practical terms this means convening an annual general meeting of our trade union members, electing a board of directors from our member unions, publishing audited financial statements and reporting on our programme of work to our member trade unions.

Climate & Sustainability

Work we have done in the past with trade unions organising at power utilities in sub-Saharan Africa made it clear that unions, generally speaking, are not ready to enter the energy and climate change policy spaces. Trade unions have not generalized an understanding of the key issues within their own organisations and do not have coherent policy positions of their own. The situation in a coal-rich country like South Africa further complicates matters as the state attempts to balance energy security and development with environmental and climate sustainability. Until the climate discourse is translated meaningfully for trade unions, we will continue to see trade unions come out in defence of jobs linked to fossil fuels, rather than championing a just transition to renewable energy.

Our immediate focus going forward is to develop expertise in this area within our own organisation. The analytical focus will be on making the connection between climate change and trade unions and translating this complex and sometimes technical area into messaging that can be absorbed and acted on at different levels within trade unions.

Gender Relations

There is a sense that for many women, gender relations manifest as gender-based violence, which is widespread in many communities and constitutes a national crisis.

Solutions to the problem are complex since the root causes intertwine a violent racist past, widespread poverty, deep inequality and culturally-framed practices (generally in the form of the appropriation of culture to justify crude patriarchy and violence against women and children). While the LRS has maintained a dynamic gender programme for a number of years, we have noticed a downturn in international donor funding support for gender work in recent times.

Even so, we maintain our efforts to facilitate the creation of cultures of gender equality within trade unions, workplaces and communities. Our work takes different forms including peer learning for women's leadership development, working with a global union and its union affiliates in different regions in Africa to tackle (gender-based) violence in schools and development union policy, and working with a health sector union in a community clinic setting in South Africa.

Conflict & Social Tension

Poverty and inequality in South Africa produce and reproduce a range of social tensions including crime, violence and material deprivation along with a profound sense of relative deprivation. These tensions are often times suppressed in organisational settings.

A notable rise in populist political discourse in South Africa presents the trade unions with an interesting challenge going forward. The role of worker education is critical in thinking about how the movement is able to respond to a political discourse that runs counter to its core values of democracy, consitutionalism and non-racialism.

The LRS approach involves letting the 'social' into our work and acknowledging the lived reality of workers even as we pursue collective responses to the challenges that workers face. Our work around developing a decent standard of living measure offers an opportunity to renew the living wage campaign by providing, at once, a socially derived AND a scientific benchmark for the kind of life that the trade union movement aspires to.

It is an opportunity to move away from the minimalist and survivalist benchmarks and poverty lines that dominate social dialogue and policy discourse.

We are just beginning to popularise this work, but we believe that it has enormous potential to shift how we think about development in South Africa.

It falls to the chairperson to thank the board of directors of the LRS for their invaluable service. It falls to me to thank the staff of the LRS and our trade union partners, past and present, for their activism, their passion, their optimism, their skills, their humour, their commitment and their humanity. Without you, this annual report is just so many words.

Trenton Elsley
Executive Director – April 2019

OUR ORGANISATION

Our Values

The following values guide the strategic direction of the LRS and inform how we make decisions and interact with those we serve.

CRITICAL CONSCIOUSNESS	Taking action based on understanding of ourselves, others, our context and history.
DEMOCRACY	Engaging in democratic processes, from the local to the national level.
PARTICIPATION	Creating safe spaces that give voice to all participants and working to address the barriers that prevent meaningful participation.
SOLIDARITY	Working together and acting in support of each other in order to promote improvements in the workplace and the community.
GENDER EQUALITY	Challenging norms that support patriarchy and encouraging gender equity policies in order to ensure opportunities for women.

Our Approach

We understand trade union development as a process that takes place within a complex system made up of many moving parts and role players.

Our role in that system is conducting research, sharing information and facilitating participatory education.

We aim to do this in an integrated manner, where each focus area is both informed by and informs the next (as reflected in the diagram to the right).

Our Partners and Target Groups

- Non-governmental and Community-Based Organisations
- Solidarity Support Organisations
- Share Information
- Government Departments
- Trade Unions across sectors
- Trade Union Federations
- Global Union Federations
- Academic Institutions
- International Labour Organisations

Our Impact and Reach

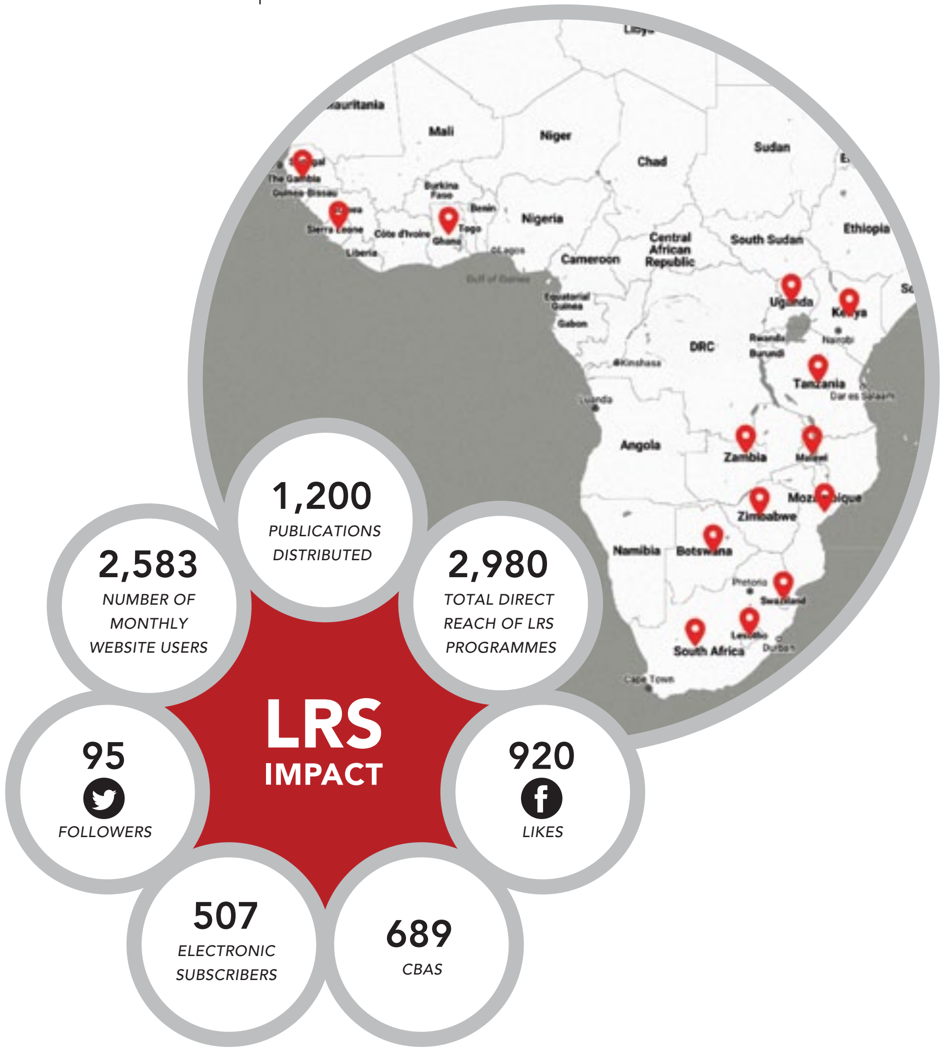
We engaged trade unions across federation lines and created spaces for reflection and learning. We provided a range of support resources related to bargaining, organising and gender equality. Our resources supported trade union processes of organisation and representation, helping to shape the present and the future labour movement.

Direct activities such as workshops and other forums are the major form of engagement of the LRS. Direct engagement allowed deeper exchanges and provided a greater possibility for influence and change.

Our revamped website continues to attract visitors, with 'direct' and 'organic' traffic as the top form of user acquisition. The top three traffic sources by country are: South Africa, US and Swaziland, while the most visited pages of the website are the homepage and the Resources sections. The web statistics quoted here are historical average monthly figures.

Our e-subscriber list of people receives resources such as the Inflation Monitor and articles on bargaining and organising. Previously the subscriber list had over 2000 individuals, but we have renewed the list and are building it up based on subscribers self-selecting and reinforcing relationships with individuals and organisations in our capacity building activities. We estimate that we circulated publications to over 1200 individuals.

Our Facebook platform has over 920 followers. We collected over 689 collective agreements for 2018 from trade unions and other sources. The agreements contribute to our unique database of minimum wages in South Africa. The map to the right provides an overview of the countries our work has impacted:



Snapshot of the LRS Strategy (2018 - 2022)

In 2018, we renewed our vision, mission and strategic objectives. The process, which we held in June in Johannesburg, was facilitated by an organisational development practitioner.

We consolidated and streamlined our existing organisational information into a clear direction for the LRS, for the period 2018-2022.

Trenton Elsley (Executive Director)

From left to right
Nosipho Twala (Gender Programme) • Trenton Elsley (Executive Director)
Marie Daniel (Researcher) • Nelly Nyagah (Communications)
Nina Benjamin (Gender Programme)

Photographs taken at LRS Review Meeting, June 2018, Johannesburg

Our Vision

A labour movement that is part of vibrant civil society that promotes egalitarianism.

STRATEGIC OBJECTIVES:	THE LRS AND ITS PARTNERS HAVE INCREASED KNOWLEDGE TOWARDS TRADE UNION DEVELOPMENT	THE LRS AND ITS PARTNERS HAVE INCREASED CAPACITY TO MOBILISE THEMSELVES	THE LRS AND ITS PARTNERS INCREASE THEIR INFLUENCE WITHIN THE CONTEXTS IN WHICH THEY WORK
THE OUTCOMES WE PURSUE IN OUR NATIONAL REGIONAL AND INTER-NATIONAL CONTEXT OF OUR WORK	Trade union and civil society activists have an increased consciousness of gender and power relations	Gender activists have improved strategies to access and use organisational resources	Gender programmes in trade unions are better resourced
			Cultures of gender equality develop within the organisational culture of trade unions
	Trade unions have strategies for dealing with the implications of technology and the future of work for organising and bargaining		
	Trade unions are able to translate corporate language for themselves		Trade Union and civil society activists develop gender sensitive policies, procedures and CBAs
		Trade unions pursue a diverse and inclusive membership base	
		Trade unions build regional and international alliances for trade union development andresponding to multinational corporations.	
	Trade unions renew bargaining and organising strategies based on an understanding of contemporary production networks.		Trade unions influence corporate governance at multinational companies
			LRS stakeholders recognize the contribution of the LRS to the labour movement
	Trade unions continuously reproduce activists at different levels within the organisation who have the ability to assume leadership roles now and in the future		
	Trade unions and other role players are well-resourced for collective bargaining, organising and worker education		
	Trade unions have coherent positions on climate change		
	Community House is a living heritage site and centre of activism		Trade unions renew the living wage campaign

TRANSFORMING CORPORATE GOVERNANCE

Dr Salomé Teuteberg
Corporate Governance Researcher

The Transforming Corporate Governance Programme provides the labour movement with strategic company research on South African multinational corporations operating in sub-Saharan Africa. The research relates directly to the workers' own conditions of employment.

We support the Shop Stewards Alliance Network to build alliances and solidarity, as well as strengthen and inform their bargaining processes with MNCs in retail, mining and energy sectors. We share our information and research, and methods of creating, accessing and sharing information. Through the networks, unions with inadequate capacities are supported and helped to grow in the countries the MNCs operate.

We maintain the South African Multinational Corporations Database (MNC database), which is a unique online resource for workers and their organisations. The MNC database is a repository of financial, operational and governance information of 91 South African MNCs operating in sub-Saharan Africa. Using that information, unions are able to engage the companies as informed players with effective strategies.

Story from the ground

"The training is very important because it'll help us to locate where power lies and how we can acquire power as unions and win in our bargaining and organising efforts.

I found the mapping exercises quite useful and we will use some of the emerging knowledge to prepare for the coming bargaining season. It is interesting to learn the potential of soliciting the support of consumers and other stakeholders who can help us advance our push for decent work within value chains.

The learning spaces created by the LRS are great examples of an exchange programme in action. People are sharing experiences – stories of what's working in their contexts and the strategies we can replicate in our own countries."

Peles Jonathan Hageze
General Secretary of Tanzania Union of Industrial and Commercial Workers

COLLECTIVE BARGAINING SUPPORT

George Oupa Mthethwa
Educator & Facilitator

The Collective Bargaining Support Programme supports the efforts of trade unions to renew their bargaining and organising strategies in order to improve the wages and conditions of employment of their members.

Collective bargaining has been a focus of our work since the LRS was established over 30 years ago. We carved out a niche for ourselves in the labour support landscape, collecting, analysing and disseminating information that trade unions in South Africa use in bargaining processes. Our member unions once referred to us as "the worker bees of the labour movement"; "our secret weapon". We've proved to be that and more.

Collective bargaining is stressed by old and new challenges and continuous learning is more important than ever.

We continue to provide resources and education to a broad layer of trade union officials, from general secretaries, national negotiators, heads of collective bargaining units, shop stewards, organisers and educators, to formations of workers in vulnerable sectors such as forestry, contract cleaning and domestic workers.

We recognise that resources are only effective if people can engage with them. Thus, we intentionally seek to present our research and information in the most consumable and accessible way.

In 2018, we continued to create and facilitate spaces for a diverse group of workers to reflect, share and learn about bargaining and organising. In this process, we are enhancing our own understanding of what it means to bargain in the present era.

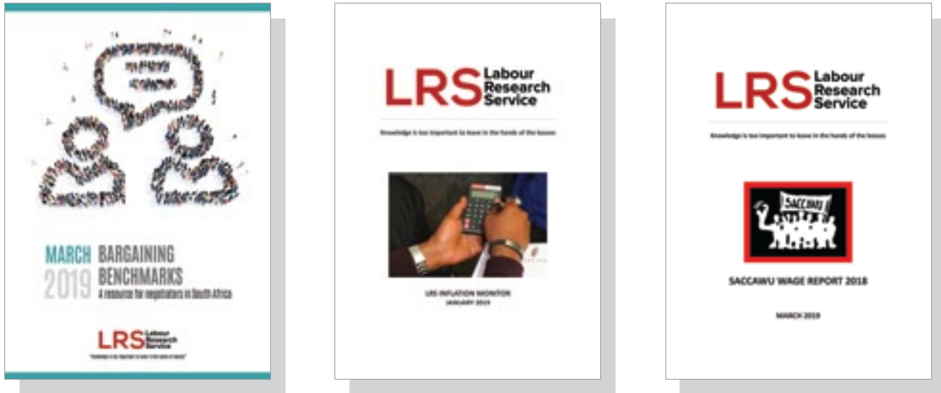
We hosted four collective bargaining forums for trade union negotiators, other officials and workers in different sectors. In September, 30 participants from 10 unions attended our forum on "Human Dignity and the Living Wage". Working with a series of socially perceived needs as defined in the Decent Standard of Living Measure, an index emerging from ground-breaking research (conducted by the Southern African Social Policy Research Institute, Studies in Poverty and Inequality Institute and the Labour Research Service), the participants analysed the effectiveness of existing bargaining strategies in responding to these socially perceived needs.

OUR WORKSHOPS

2018 Collective Bargaining Support Workshops: Trade union officials, activists and LRS facilitators.

We continued to build our relationship with the Commission for Conciliation, Mediation and Arbitration (CCMA) as a channel for expanding our influence in relation to role players in labour relations.

We continued to track the outcomes of collective bargaining in South Africa and provided this information to our constituency in the form of union-specific bargaining reports, and Bargaining Benchmarks, Inflation Monitor and Snapshot of wage settlements publications.



The resources were widely used by trade unions negotiators and CCMA commissioners and institutions such as the Department of Labour. We distributed the resources to a subscriber list that numbers 520 role players. Previously the subscriber list had over 2000 individuals, but we have renewed the list and are building it up based on subscribers self-selecting and reinforcing relationships with individuals and organisations in our capacity building activities.

We provided ad hoc information requests to union negotiators and other role players in industrial relations. We also invited role players in industrial relations to make ad hoc information requests.

We use this insight to explore the kinds of information that our target groups need when confronted with different forms of social dialogue. We analyse the requests to help formulate the future structure of our bargaining resources and education.

In addition to structured project work, we provided support to about twenty organisations including CEPPWAWU, CCMA, CWAO, Department of Labour, DENOSA, DITSELA, FAWU, HOSPERA, JAMAFO, NBCEI, NEHAWU, NUMSA, PSCBC, SACCAWU and SASBO.

We delivered presentations in different spaces and reached close to 1000 role players directly. We are learning from the responses of role players with a view to shaping our work in future.

The online repository of collective agreements found at www.lrs.org.za/award has 689 CBAs as of 2018. The database is growing, making the data more robust over time, and continues to enable important research and educational work.

Voice from the ground

Collective bargaining is under attack in the sense that we are trying to push for wage increases, but the employers continue to use old and new old tactics for rejecting our demands.

The inflation and poor state of the economy make it difficult, and we find ourselves in a catch-22. Only strong unions are going to successfully take employers head on going forward. With the new workplace issues, such as the future of work, unions must build solidarity and design strong responses for the benefit of all workers.

I have been a union official for over 20 years and I find the LRS workshops and resources incredibly useful. The workshops have given us a platform to exchange information, learn and brainstorm responses to deal with workplace issues. We've also learned to use LRS research and information better.

Collective bargaining agreements are increasingly addressing gender issues. But, unions need to invest more to ensure our gender policies are implemented and updated, that gender departments are better-resourced and that more women officials are supported to take up leadership positions. My union (NUMSA) is male-dominated and we have three women negotiators in the motor industry. That's not good enough - we need more women on negotiating teams because I think they can motivate for specific demands, better.

I am happy to see more women at LRS forums and especially at a time when workers' education in South Africa is on the decline.

Oupa Sifume
Organiser in Motor Industry (NUMSA)

CREATING CULTURES OF GENDER EQUALITY

Nina Benjamin
Gender Programme Coordinator & LRS Deputy Director

Nosipho Twala
Educator & Facilitator

We are changing the way gender inequality issues are tackled in South Africa by supporting those affected to be the decision makers and directors of the actions to be taken.

A key aspect of the Gender Programme work is to support trade unions to develop gender-sensitive policies, procedures and collective bargaining agreements, with the goal of achieving more gender equal organisational cultures. This work gained ground in 2018.

2018 saw an outpouring of sexual harassment stories in the workplace and South Africa was not immune. The onslaught on women's bodies and workplace challenges such as restructuring and retrenchments get experienced as violence on women particularly.

Our target groups who include trade union activists, young women workers, migrant workers, domestic workers and LGBT people, speak of their experiences with violence, issues of dignity and being undermined. Thus, gender-based violence (GBV) now forms part of our broader work on patriarchy and unequal gender power relations. At the prevention level, we continue to do social norms change work.

Our Approach

With our support, worker and community formations are using a ***collective impact*[1] *and emergent learning*[2]** approach to experiment with actions that can support survivors of GBV, raise consciousness, install institutional mechanisms to deal with perpetrators and experiment with actions that can create long-term change in behavior and culture at individual and organisational levels.

1: Collective Impact is the commitment of a group of actors from different sectors – to a common agenda for solving a specific social problem, using a structured form of collaboration. Solutions are co-created from the lived experience of all the actors involved.

2: Emergent Learning starts with an open-ended framing question, and then uses a set of process to assist participants to collectively learn from experience and adapt their strategies in real time.

Our spaces of dialogue are an important and unique feature that's contributing to our success supporting our target groups to create and maintain cultures of gender equality everywhere they are located.

We've achieved robustness and freedom in the spaces because our participants feel valued and included in creating something new. Our methodologies and approach are providing incredibly useful insight into our target groups (and their issues) that would have been difficult to surface otherwise. With the insight, we are continuously improving how we work and also finding opportunities for new work.

Looking Ahead

This process of experimenting to change deeply-rooted social norms needs a lot of support and innovation. To achieve more impact in our work, we've planned to actively seek more like-minded partners to form a collective of support for GBV survivors and vulnerable groups of workers. We are in the process of determining what we can contribute in a space where other organisations are offering various forms of support.

We thank our funding and technical partners for recognising and supporting our long-term work addressing complex issues. Norms change work requires partners to take their own urgency experimenting with different things because there isn't one clear way of dealing with such kind of issues. We welcome more partners who share our vision.

Building Relations for Collective Impact

Here are some of our efforts to partner for collective impact:

- Assist UNTU Young Women organize a young women forum.
- Support SACTWU gender structure.
- Assist establishing gender structures in NUMSA.
- IDWF Conference.
- Support Total Shut Down Campaign.
- Facilitator of the Gender Taskforce in South Africa.
- Lawyers for Human Rights - "Current Challenges to the Exercise of the Collective Rights" with a focus on gender.
- Black Sash / Dullah Omar School "Making Access to Justice Real in a Constitutional Democracy" – with a focus on gender.
- WIEGO.
- Support MISA Women's Forum for instituting an award that recognizes the role that women play in the motor industry.
- Domestic Workers Advocacy Group.
- S.A Shadow Report International Covenant on Economic, Social and Cultural Rights.
- BRICS Trade Union Forum.
- Worker Education Conference.
- Women and the Law Launch.
- Manchester University.

"I realised that many women in our communities are silently suffering due to various violations. Women stay in violent homes for years not realising the impact on children. Eventually they come forward and report, but it is too late. Young boys become perpetrators of violence in school and the community.

I have worked with the LRS in the Labour Rights For Women Campaigns. We trained many women about their rights, including maternity protection through this campaign. The training helped women to recognise gender inequalities and gender-based violence issues.

We talked to women about discrimination at the workplace and advocated for rights and protections for domestic workers. The awareness campaigns also exposed to women workers in vulnerable sectors the procedures for reporting gender-based crime.

As a community safety worker, we lack the resources to reach the most vulnerable people. In parts of Soweto where there are many incidences of GBV, women survivors can't access services due to poverty and lack of information. So, I started a women rights advice office to create awareness around issues such as housing, maintenance, child access and domestic violence."

Martha Chauke
Participant, LRS Labour Rights for Women Campaign

OUR FUNDING PARTNERS

We would like to thank the following organisations for their support of our organisational programme and projects in 2018.

- The Friedrich Ebert Stiftung – Trade Union Competency Centre
- The DGB Bildungswerk Bund
- Gender at Work
- The International Labour Organisation
- The Joint Gender Fund
- The National Skills Fund
- The Olof Palme Centre
- The Solidarity Centre

OUR PEOPLE

Back row from left to right
Nina Benjamin (Gender Programme Coordinator) • Nosipho Twala (Educator & Facilitator)
Nelly Nyagah (Communications Officer) • George Mthethwa (Educator & Facilitator)
Front row from left to right
Dr Salomé Teuteberg (Corporate Governance Researcher)
Trenton Elsley (Executive Director) • Gordon Young (LRS Founder)

Photograph taken in November 2018, Cape Town.

LRS Labour Research Service

You can view the full detail of the 2018 LRS Audited Financial Statements on our website www.lrs.org.za

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Labour Research Service @LabourResearch

LABOUR RESEARCH SERVICE NPC
(REGISTRATION NUMBER 1986/002993/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Auditors	C2M Chartered Accountants Incorporated Chartered Accountants (S.A.) Registered Auditors Tygerforum B 53 Willie van Schoor Drive Tyger Valley Bellville 7530 PO Box 3347 Tygervalley Bellville 7536
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: MD Dreyer Professional Accountant (S.A.)
Issued	29 March 2019

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act 71 of 2008 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 year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards 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 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 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 loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2019 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 7.

The annual financial statements set out on pages 8 to 25, which have been prepared on the going concern basis, were approved by the board on 29 March 2019 and were signed on their behalf by:

Signed on behalf of the Board of Directors By:

TH Elsley

Bellville
29 March 2019

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Labour Research Service NPC for the year ended 31 December 2018.

1. Incorporation

The company was incorporated on 25 July 1986 and obtained its certificate to commence business on the same day.

2. Nature of business

Labour Research Service NPC was incorporated in South Africa to promote and enhance the full and active participation of working women and men in the political and socio-economic activities in South Africa. The company operates principally in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

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

4. Directorate

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

Directors	Changes
TH Elsley	
PB Ngcobo	Resigned 24 July 2018
N Siyana	
D Roman	Resigned 24 July 2018
D Lemekaya	Resigned 24 July 2018
E Kweleta	Resigned 24 July 2018
Z Tebekweana	Resigned 24 July 2018
FE Klaas	Appointed 24 July 2018
M Gwebityala	Appointed 24 July 2018
P Mvovo	Appointed 24 July 2018
T Raserope	Appointed 24 July 2018
Z Pakati	Appointed 24 July 2018

5. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

6. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

7. Events after the reporting period

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

DIRECTORS' REPORT

8. Going concern

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

9. Auditors

C2M Chartered Accountants Incorporated continued in office as auditors for the company for 2018.

At the AGM, the shareholders will be requested to reappoint C2M Chartered Accountants Incorporated as the independent external auditors of the company and to confirm Mr CG Steenkamp as the designated lead audit partner for the 2019 financial year.

10. Secretary

The company had no secretary during the year.

11. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on 29 March 2019. No authority was given to anyone to amend the annual financial statements after the date of issue.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Labour Research Service NPC

Opinion

We have audited the annual financial statements of Labour Research Service NPC set out on pages 8 to 24, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Labour Research Service NPC as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

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 annual 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 annual 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' Report as required by the Companies Act 71 of 2008 of South Africa, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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 directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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 Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 annual 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 annual 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 annual 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 annual financial statements, including the disclosures, and whether the annual 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.

29 March 2019

G Steenkamp
Chartered Accountant (S.A.)
Registered Auditor
Director

Tygerforum B
53 Willie van Schoor Drive
Tyger Valley
Bellville
7530

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Notes	2018 R	2017 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	58,437	45,129
Current Assets			
Accrued income	3	355,130	-
Trade and other receivables	5	39,351	135,497
Cash and cash equivalents	6	825,511	1,311,740
		1,219,992	**1,447,237**
Total Assets		**1,278,429**	**1,492,366**
Equity and Liabilities			
Equity			
Reserves		58,437	45,129
Retained income		591,185	352,758
		649,622	**397,887**
Liabilities			
Current Liabilities			
Deferred income	3	229,266	679,342
Loans from related parties	4	222,998	222,998
Provisions	7	100,535	136,795
Trade and other payables	8	76,008	55,344
		628,807	**1,094,479**
Total Equity and Liabilities		**1,278,429**	**1,492,366**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Rand	Notes	2018 R	2017 R
Revenue	9	6,827,304	5,403,375
Other operating income		384,137	348,475
		7,211,441	**5,751,850**
Project expense		(4,714,606)	(3,531,962)
Operating expenses		(2,278,300)	(2,046,690)
		(6,992,906)	**(5,578,652)**
Operating surplus	11	**218,535**	**173,198**
Interest income	12	33,200	27,630
Surplus for the year		**251,735**	**200,826**
Other comprehensive income		-	-
Total comprehensive surplus for the year		**251,735**	**200,826**

STATEMENT OF CHANGES IN EQUITY

	Current Asset reserve R	Retained income R	Total equity R
Balance at 01 January 2017	**29,218**	**167,841**	**197,059**
Total comprehensive income for the year	**-**	**200,828**	**200,828**
Transfer between reserves	15,911	(15,911)	-
Balance at 01 January 2018	**45,129**	**352,758**	**397,887**
Total comprehensive income for the year	**-**	**251,735**	**251,735**
Transfer between reserves	13,308	(13,308)	-
Balance at 31 December 2018	**58,437**	**591,185**	**649,622**

STATEMENT OF CASH FLOWS

	Notes	2018 R	2017 R
Cash flows from operating activities			
Cash (used in)/generated from operations	14	(479,056)	217,172
Interest income		33,200	27,630
Net cash from operating activities		**(445,856)**	**244,802**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(40,373)	(36,916)
Cash flows from financing activities			
Repayment of related party loan		-	(200,000)
Net cash from financing activities		**-**	**(200,000)**
Total cash movement for the year		**(486,229)**	**7,886**
Cash at the beginning of the year		1,311,740	1,303,854
Total cash at end of the year	6	**825,511**	**1,311,740**

ACCOUNTING POLICIES

Corporate information

Labour Research Service NPC is a private company incorporated and domiciled in South Africa.

The annual financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 29 March 2019.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Key sources of estimation uncertainty

Trade receivables

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

The impairment (or loss allowance) for trade receivables is calculated on a portfolio basis, except for individually significant trade receivables which are assessed separately. The impairment test on the portfolio is based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

ACCOUNTING POLICIES

1.2 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 7.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Property, plant and equipment is subsequently stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

ACCOUNTING POLICIES

1.3 Property, plant and equipment (continued)

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset, net of deferred tax.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Office equipment	Straight line	5 Years
Computer equipment	Straight line	3 Years
Computer software	Straight line	2 Years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

ACCOUNTING POLICIES

1.4 Financial instruments (continued)

Initial recognition and measurement

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

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

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

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

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

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

ACCOUNTING POLICIES

1.4 Financial instruments (continued)

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

ACCOUNTING POLICIES

1.4 Financial instruments (continued)

Cash and cash equivalents

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

1.5 Leases

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

Operating leases – lessee

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

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

1.6 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment as defined by paragraph 5 of IFRS 8 Operating Segments before aggregation.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

1.6 Impairment of assets (continued)

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Employee benefits

Short-term employee benefits

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

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

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.8 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

1.9 Government grants

Government grants are recognised when there is reasonable assurance that:

- the company will comply with the conditions attaching to them; and
- the grants will be received.

ACCOUNTING POLICIES

1.9 Government grants (continued)

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

1.10 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

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

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.11 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.12 Translation of foreign currencies

Foreign currency transactions

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

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

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R

2. Property, plant and equipment

	2018			2017		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Office equipment	758,134	(748,027)	10,107	758,134	(742,253)	15,881
Computer equipment	664,224	(615,894)	48,330	623,851	(594,603)	29,248
Computer software	920,422	(920,422)	-	920,422	(920,422)	-
Total	**2,342,780**	**(2,284,343)**	**58,437**	**2,302,407**	**(2,257,278)**	**45,129**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Total
Office equipment	15,881	-	(5,774)	10,107
Computer equipment	29,248	40,373	(21,291)	48,330
	45,129	**40,373**	**(27,065)**	**58,437**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Total
Office equipment	-	17,325	(1,444)	15,881
Computer equipment	29,218	19,591	(19,561)	29,248
	29,218	**36,916**	**(21,005)**	**45,129**

3. Accrued/(deferred) income

	2018 R	2017 R
DGB Bildungswerk	(25,390)	(463,660)
International Labour Office	-	(55,164)
Joint Gender Fund	(203,876)	(144,040)
Naledi	-	(1,979)
Rosa Luxemburg Foundation	-	(14,499)
The National Skills Fund	355,130	-
	125,864	**(679,342)**

The above accrued income represents amounts expended in terms of budgets approved by specific funders during the financial period under review of the funder's contract requirements.

The above deferred income represents amounts specifically allocated for use during the following financial period in terms of the funder's contract requirement.

Frequently the periods of donor contracts do not coincide with the financial year end of the organisation. The effect of this is that the balance of donor funding can be carried forward into the following year (deferred income) or donor funding relating to the previous period could be received in the following year (accrued income).

	2018 R	2017 R
Accrued income	355,130	-
Deferred income	(229,266)	(679,342)
	125,864	**(679,342)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R

4. Loan from related party

	2018 R	2017 R
Labour Research Trust	(222,998)	(222,998)

This unsecured loan bears no interest and is not repayable within the next twelve months. The terms and conditions are reviewed on an annual basis.

5. Trade and other receivables

	2018 R	2017 R
Deposits	1,350	1,350
SA Revenue Services: Value-Added Tax	5,299	-
Trade receivables	32,702	134,147
	39,351	**135,497**

6. Cash and cash equivalents

Cash and cash equivalents consist of:

	2018 R	2017 R
Cash on hand	-	4,144
Bank balances	825,511	1,307,596
	825,511	**1,311,740**

7. Provisions

Reconciliation of provisions - 2018

	Opening balance	Utilised during the year	Total
Leave pay provision	136,795	(36,260)	100,535

Reconciliation of provisions - 2017

	Opening balance	Additions	Total
Leave pay provision	98,440	38,355	136,795

8. Trade and other payables

	2018 R	2017 R
Accrued expense	41,816	6,434
Accrued SA Revenue Services: Employee cost	-	5,168
Trade payables	34,192	30,271
SA Revenue Services: Value-Added Tax	-	13,471
	76,008	**55,344**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R

9. Revenue

Grant income

DGB Bildungswerk BUND	2,180,769	504,724
Foundation for Human Rights	-	5,000
Joint Gender Foundation	240,163	326,964
Olof Palme International Center	1,417,845	1,460,935
Oxfam South Africa	-	270,896
Rosa-Luxemburg-Stiftung	-	235,501
The Labour Research Trust	900,000	550,000
The National Skills Fund	641,641	-
	5,380,418	**3,354,020**

Self-generated income	1,446,886	2,049,355
	6,827,304	**5,403,375**

10. Surplus for the year

	2018
Grant income	5,380,418
Olof Palme International Center: 2017 surplus	52,698
Expended on : Operating expenditure	(1,601,814)
: Project expenditure	(3,831,302)
Surplus attributable to grant income	-

Self generated income	1,471,287
Interest income	33,200
	1,504,487
Expended on : Operating expenditure	(316,750)
: Project expenditure	(883,304)
Surplus attributable to self generated income	**304,433**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R

11. Operating surplus

Operating surplus for the year is stated after charging (crediting) the following, amongst others:

	2018 R	2017 R
Auditor's remuneration - external		
Audit fees	64,404	66,314
Employee costs		
Salaries, wages, bonuses and other benefits	838,505	734,199
Leases		
Contingent rentals on operating leases		
Premises	345,390	299,004
Depreciation and amortisation		
Depreciation of property, plant and equipment	27,065	21,005

12. Investment income

	2018 R	2017 R
Interest income		
From investments in financial assets:		
Bank	33,200	27,630

13. Taxation

Major components of the tax expense

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2018 R	2017 R
Accounting surplus	251,735	200,828
Tax at the applicable tax rate of 28% (2017: 28%)	70,486	56,232
Tax effect of adjustments on taxable income		
Exempt income - Section 10(1)(nC) The company is a registered public benefit organisation and is exempt from paying income tax in terms of Section 10(1)(nC) of the South African Income Tax Act.	(70,486)	(56,232)
	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R

14. Cash (used in)/generated from operations

	2018 R	2017 R
Surplus before taxation	251,735	200,828
Adjustments for:		
Depreciation and amortisation	27,065	21,005
Interest income	(33,200)	(27,630)
Movements in provisions	(36,260)	38,355
Changes in working capital:		
Trade and other receivables	96,146	(32,407)
Trade and other payables	20,664	(74,988)
Deferred and accrued income	(805,206)	92,009
	(479,056)	**217,172**

15. Directors' emoluments

Executive

2018

	Emoluments	Total
TH Elsley	788,085	788,085

2017

	Emoluments	Total
TH Elsley	740,454	740,454

16. Risk management

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

17. 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.

DETAILED INCOME STATEMENT

Figures in Rand	Notes	2018 R	2017 R
Revenue			
Grant income		5,380,418	3,831,465
Self-generated income		1,446,886	1,571,910
	9	**6,827,304**	**5,403,375**
Other operating income		**384,137**	**348,475**
Membership fees		24,401	24,351
Overhead recoveries		359,736	324,124
		7,211,441	**5,751,850**
Operating expenditure		**(2,251,235)**	**(2,025,685)**
Audit fees		(64,404)	(66,314)
Banking costs		(36,475)	(27,320)
Contracted services		(353,475)	(308,583)
Increase in provision for bad debts		(44,790)	-
Internet and IT Costs		(142,991)	(162,133)
Insurance		(42,484)	(36,464)
Membership Fees		(5,171)	(5,784)
Office supplies and stationery		(48,993)	(79,801)
Planning and evaluation		(222,485)	(160,106)
Postage and courier		(7,321)	(13,827)
Premises costs		(321,442)	(281,671)
Salary expenses		(838,505)	(738,942)
Telephone		(122,699)	(144,743)
Project expenditure		**(4,714,606)**	**(3,531,962)**
Advocacy and lobbying workshop and related expenses		(1,426,468)	(755,615)
Contracted services		(815,936)	(607,440)
Publications		-	(15,909)
Salary expenses		(2,472,202)	(2,152,998)
Other operating expenditure		**(27,065)**	**(21,005)**
Depreciation		(27,065)	(21,005)
Operating surplus	11	**218,535**	**173,198**
Interest income	12	33,200	27,630
Surplus for the year		**251,735**	**200,828**

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