

Kwazulu-Natal Gymnastics Union

Annual financial statements
for the year ended 31 December 2018

BANKS, HAIN & CO.

Chartered Accountants (S.A.)

Registered Auditors

Issued 22 March 2019

Kwazulu-Natal Gymnastics Union

(Registration number 930006633)

Annual Financial Statements for the year ended 31 December 2018

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Report of the Independent Auditors

To the members of Kwazulu-Natal Gymnastics Union

We have audited the annual financial statements of Kwazulu-Natal Gymnastics Union, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 9.

Executive Board's Responsibility for the Annual Financial Statements

The union's executive board is responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized entities. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with similar institutions, it is not feasible for the union to institute accounting controls over cash collections prior to initial entry of the collections in the accounting periods. Accordingly it is impractical for us to extend our examination beyond receipts actually recorded.

Qualification

In our opinion, except for the affects of the matters described in the Basis for Qualified Opinion paragraph, the annual financial statements give a true and fair view of (or "present fairly", in all "material respects") the financial position of the union as at 31 December 2018, and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities.

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Annual Financial Statements for the year ended 31 December 2018

Executive Board's Responsibilities and Approval

The executive board is responsible for the maintenance of adequate accounting records and 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 union 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 for Small and Medium-sized Entities. 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 for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The executive board acknowledge that it is ultimately responsible for the system of internal financial control established by the union and place considerable importance on maintaining a strong control environment. To enable the executive board 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 union and all employees are required to maintain the highest ethical standards in ensuring the union's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the union is on identifying, assessing, managing and monitoring all known forms of risk across the union. While operating risk cannot be fully eliminated, the union endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The executive board is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement of loss.

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

The external auditors are responsible for independently reviewing and reporting on the union's annual financial statements. The annual financial statements have been examined by the union's external auditors and their report is presented on page 2.

The annual financial statements set out on pages 4 to 9, which have been prepared on the going concern basis, were approved by the board on 12 March 2019 and were signed on its behalf by:

President

Vice-President (Administration)

Kwazulu-Natal Gymnastics Union

(Registration number 930006633)

Annual Financial Statements for the year ended 31 December 2018

Statement of Financial Position

Figures in Rand	Note(s)	2018	2017
Assets			
Current assets			
Trade and other receivables		4 500	4 500
Cash and cash equivalents		810 596	866 158
		815 096	870 658
Total Assets		815 096	870 658

Equity and Liabilities

Equity

Retained income		815 096	870 658
Total Equity and Liabilities		815 096	870 658

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2018	2017
Other income			
Entry fees		541 853	547 337
Registrations		155 293	158 028
Grant received - DSR		-	300 000
Grant received - Provincial Academy		100 000	80 000
Sales		171 200	110 300
Venue hire		70 300	49 140
Lottery grant	6	-	-
Expenses recovered		295 560	23 750
Interest received		38 361	41 309
Gate		6 310	(100)
		1378 878	1309 764
Operating expenses			
Accommodation and meals		80 866	71 165
Assistance		43 650	-
Auditors remuneration		21 500	22 800
Awards and presentations		48 880	21 805
Bank charges		6 544	6 371
Clothing		253 993	89 359
Entrance fees		190 105	215 140
Equipment purchases		300	12 426
Equipment repairs and maintenance		6 734	7 618
Insurance		10 678	10 329
Lease rentals		98 783	95 574
Maintenance - building and grounds		5 242	9 417
Medical expenses		3 000	4 560
Meetings		19 673	15 319
Printing, stationery and postage		49 958	18 576
Registrations - SAGF		7 698	1 140
Salaries and honoraria		380 856	275 875
Security		3 174	2 800
Telephone, fax and internet		26 804	20 882
Travel		105 254	122 212
Venue and equipment hire		70 748	50 310
		1434 440	1073 678
(Loss) / Profit for the year		(55 562)	236 086

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Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 January 2017	634 572	571 295
Changes in equity		
Profit for the year	236 086	63 277
Total changes	236 086	63 277
Balance at 01 January 2018	870 658	634 572
Changes in equity		
(Loss) / Profit for the year	(55 562)	236 086
Total changes	(55 562)	236 086
Balance at 31 December 2018	815 096	870 658

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Cash Flow Statement

Figures in Rand	Note(s)	2018	2017
Cash flows from Operating Activities			
Cash receipts from customers		1347 943	1521 173
Cash paid to suppliers and employees		(1441 866)	(1326 396)
Cash (utilised) / generated by operations	4	(93 923)	194 777
Interest income		38 361	41 309
Net cash (used by) operating activities		(55 562)	236 086
Total cash movement for the year		(55 562)	236 086
Cash at beginning of year		866 158	630 072
Total cash at end of year		810 596	866 158

Kwazulu-Natal Gymnastics Union

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Annual Financial Statements for the year ended 31 December 2018

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for small and Medium-sized Entities. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

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

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

All property, plant and equipment are written off on acquisition, in keeping with the practices of similar organisations. Accordingly, no provision for depreciation is required.

1.2 Revenue

Revenue comprises fees (entrance, registrations, training and membership), gate receipts, publication sales, all of which are accounted for in the period to which they relate as well as grants, fundraising and donations received which are accounted for on a cash basis.

1.3 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks held in terms deposits and current accounts.

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