

**Kwazulu-Natal Gymnastics Union**

Annual financial statements  
for the year ended 31 December 2016

**BANKS, HAIN & CO.**  
Chartered Accountants (S.A.)  
Registered Auditors  
Issued 18 April 2017

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# Kwazulu-Natal Gymnastics Union

(Registration number 930006633)

Annual Financial Statements for the year ended 31 December 2016

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The reports and statements set out below comprise the annual financial statements presented to members:

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# Report of the Independent Auditors

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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 2016, 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 2016, 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.

**BANKS, HAIN & CO.**  
Chartered Accountants (S.A.)  
Registered Auditors

20 April 2017

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# Kwazulu-Natal Gymnastics Union

(Registration number 930006633)

Annual Financial Statements for the year ended 31 December 2016

## Executive Board's Responsibilities and Approval

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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.

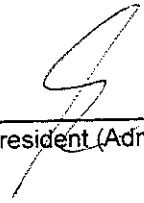
The executive board has reviewed the union's cash flow forecast for the year to 31 December 2017 and, in the light of this review and the current financial position, they are satisfied that that the union has or has access to adequate resources to continue in operational existence for the foreseeable 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 20 April 2017 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 2016

## Statement of Financial Position

| Figures in Rand                     | Note(s) | 2016           | 2015           |
|-------------------------------------|---------|----------------|----------------|
| <b>Assets</b>                       |         |                |                |
| Current assets                      |         |                |                |
| Trade and other receivables         |         | 4 500          | 4 500          |
| Cash and cash equivalents           | 3       | 630 072        | 556 796        |
|                                     |         | <b>634 572</b> | <b>561 296</b> |
| <b>Total Assets</b>                 |         | <b>634 572</b> | <b>561 296</b> |
| <b>Equity and Liabilities</b>       |         |                |                |
| Equity                              |         |                |                |
| Retained income                     |         | 634 572        | 571 296        |
| <b>Total Equity and Liabilities</b> |         | <b>634 572</b> | <b>571 296</b> |

# Kwazulu-Natal Gymnastics Union

(Registration number 930006633)

Annual Financial Statements for the year ended 31 December 2016

## Statement of Comprehensive Income

| Figures in Rand                     | Note(s) | 2016     | 2015      |
|-------------------------------------|---------|----------|-----------|
| Other income                        |         |          |           |
| Entry fees                          |         | 370 178  | 511 308   |
| Donations                           |         | -        | 52 700    |
| Registrations                       |         | 106 805  | 40 372    |
| Membership fees                     |         | -        | 12 775    |
| Grant received - DSR                |         | 600 000  | -         |
| Grant received - Provincial Academy |         | 280 000  | 40 000    |
| Sponsorships                        |         |          | -         |
| Training fees                       |         |          | -         |
| Sales                               |         | 66 785   | 49 565    |
| Venue hire                          |         | 59 460   | 29 078    |
| Lottery grant                       | 6       |          | -         |
| Expenses recovered                  |         | 37 445   | 39 385    |
| Interest received                   |         | 35 517   | 34 077    |
| Gate                                |         | 7 650    | -         |
|                                     |         | 1563 840 | 809 260   |
| Operating expenses                  |         |          |           |
| Accommodation and meals             |         | 87 609   | 79 780    |
| Assistance                          |         | -        | 60 081    |
| Auditors remuneration               |         | 21 660   | 21 090    |
| Awards and presentations            |         | 73 002   | 6 208     |
| Bank charges                        |         | 8 905    | 8 823     |
| Clothing                            |         | 86 971   | 103 126   |
| Entrance fees                       |         | 268 414  | 294 825   |
| Equipment purchases                 |         | 10 655   | 16 414    |
| Equipment repairs and maintenance   |         | 4 506    | 725       |
| Insurance                           |         | 8 406    | 7 786     |
| Lease rentals                       |         | 79 216   | 66 966    |
| Maintenance - building and grounds  |         | 5 593    | 17 101    |
| Medical expenses                    |         | 7 585    | 3 060     |
| Meetings                            |         | 3 720    | 2 540     |
| Printing, stationery and postage    |         | 31 841   | 38 426    |
| Registrations - SAGF                |         | -        | 1 200     |
| Salaries and honoraria              |         | 425 242  | 448 756   |
| Security                            |         | 4 500    | -         |
| Telephone, fax and internet         |         | 16 461   | 20 192    |
| Travel                              |         | 298 908  | 124 446   |
| Venue and equipment hire            |         | 57 370   | 36 620    |
|                                     |         | 1500 564 | 1358 165  |
| (Loss) / Profit for the year        |         | 63 277   | (548 905) |

# Kwazulu-Natal Gymnastics Union

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Annual Financial Statements for the year ended 31 December 2016

## Statement of Changes in Equity

| Figures in Rand              | Retained income | Total equity |
|------------------------------|-----------------|--------------|
| Balance at 01 January 2015   | 1120 201        | 770 281      |
| Changes in equity            | (548 905)       | 349 920      |
| Profit for the year          | (548 905)       | 349 920      |
| Total changes                | 571 296         | 1120 201     |
| Balance at 01 January 2016   |                 |              |
| Changes in equity            | 63 277          | (548 905)    |
| (Loss) / Profit for the year | 63 277          | (548 905)    |
| Total changes                | 634 572         | 571 296      |
| Balance at 31 December 2016  |                 |              |

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# Kwazulu-Natal Gymnastics Union

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Annual Financial Statements for the year ended 31 December 2016

## Cash Flow Statement

| Figures in Rand                             | Note(s) | 2016       | 2015       |
|---|---------|------------|------------|
| <b>Cash flows from Operating Activities</b> |         |            |            |
| Cash receipts from customers                |         | 1569 902   | 1339 837   |
| Cash paid to suppliers and employees        |         | (1542 143) | (1922 819) |
| Cash (utilised) / generated by operations   |         | 27 759     | (582 982)  |
| Interest income                             |         | 35 517     | 34 077     |
| Net cash (used by) operating activities     |         | 63 277     | (548 905)  |
| <b>Total cash movement for the year</b>     |         |            |            |
| Cash at beginning of year                   |         | 63 277     | (548 906)  |
| Cash at beginning of year                   |         | 566 795    | 1115 701   |
| Total cash at end of year                   |         | 630 072    | 566 795    |

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# Kwazulu-Natal Gymnastics Union

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Annual Financial Statements for the year ended 31 December 2016

## Accounting Policies

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### 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.

# Kwazulu-Natal Gymnastics Union

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Annual Financial Statements for the year ended 31 December 2016

## Accounting Policies

| Figures in Rand | Note(s) | 2016 | 2015 |
|-----------------|---------|------|------|
|-----------------|---------|------|------|

### 2. Property, plant and equipment

The asset register records assets (comprising office and gymnastics equipment) with a cost value of R797,013 (2015: R 797,013) as being on hand at year end. The executive board estimates that the replacement cost of these assets amount to R 1,423,662.

The union also has buildings which were constructed in 2005 on land leased from the local municipality, at which the artistic Academy has been established. These premises are leased from the local municipality in terms of a thirty year non-renewable lease which was negotiated on 1 December 2013 at R4,332 per month, including VAT, subject to renegotiation every five years.

### 3. Lease commitment

The union has the following commitment in terms of a lease with the local municipality:  
2015 - 2018 : R 202,408.00

### 4. Cash generated from operations

|                               |               |                  |
|-------------------------------|---------------|------------------|
| Profit/(Loss) before taxation | 63 277        | (548 906)        |
| <b>Adjustments for:</b>       |               |                  |
| Interest received             | (35 517)      | (34 077)         |
|                               | <u>27 759</u> | <u>(582 983)</u> |

### 5. Taxation

The union is approved as a Public Benefit Organisation in terms of the Income Tax Act, and is exempt from income tax in terms of section 10(1)(cN) of the Act.

### 6. Lottery grant

The union has entered into an agreement with The National Lotteries Board to receive a grant to the value of R 1,105,733.27 (one million, one hundred and five thousand, seven hundred and thirty three Rand and twenty seven cents) made up in 3 tranches as follows:

- 1st tranche: R 368,577.00 (three hundred and sixty eight thousand five hundred and seventy seven Rand)
- 2nd tranche: R 368,577.00 (three hundred and sixty eight thousand five hundred and seventy seven Rand)
- 3rd tranche: R 368,579.27 (three hundred and sixty eight thousand five hundred and seventy nine Rand and twenty seven cents)

The first tranche was received during the year ended 31 December 2010. The second tranche was received during the year ended 31 December 2014. The last tranche will only be received on completion of the project relating to the second tranche.

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