Western Province Athletics

(PBO No: 930007993)

Annual Financial Statements

for the year ended December 31, 2018

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Promotion and development of athletics
Western Province Athletics Board	L Cameron J Jacobs A Barnes M Schouw A Mohamed C Hall S Kruger F Gouws M Meyer G Burgess W Donough
Business address	Greenpoint Athletics Stadium Vlei Road Green Point 8005
Reviewer	4C Chartered Accountants Inc. Chartered Accountant (S.A) 4th Floor M and B House Pier Place Foreshore 8001

Contents

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

Directors' Responsibilities and Approval

The Western Province Athletics Board is required to maintain adequate accounting records and is 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 association 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 Accounting Policies appropriate to the business of Western Province Athletics. The external independent reviewer was engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with accounting policies appropriate to the business of Western Province Athletics and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The WPA 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 or loss.

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

The independent reviewer is responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's independent reviewer and their report is presented on page 5.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the WPA board on July 1, 2019 and signed by:

L Cameron | **A Barnes**

Western Province Athletics Board Report

The board have pleasure in submitting their report on the annual financial statements of Western Province Athletics for the year ended December 31, 2018.

1. Review of Activities

Main business and operations

The Association is engaged in promotion and development of athletes and operates principally in the Western Cape.

The operating results and state of affairs of the Association are fully set out in the atached annual financial statements and do not in our opinion require any further comment.

Net profit of the Association was R533,638 (2017 - R136,372) after taxation of Nil (2017: Rnil).

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

2. Board of Association

The board of assocaition in office during the year and to the date of this report is as follows:

Name	Credentials	Nationality
L Cameron	President	South African
J Jacobs	Vice-president	South African
A Barnes	Financial officer	South African
M Schouw	First additional member	South African
A Mohamed	Second additional member	South African
C Hall	Cross country	South African
S Kruger	Race walking	South African
F Gouws	Road running	South African
M Meyer	Track and field	South African
G Burgess	Technical officials	South African
W Donough	Coaches	South African

There have been no changes to the directorate for the period under review.

3. 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.

4. Going concern

The WPA board is not aware of any matter or circumstance arising the end of the financial year.

5. Review

The annual financial statements are subject to an independent review and have been reviewed by 4C Chartered Accountants Inc.

Independent Reviewer's Report

To the management of Western Province Athletics

I have reviewed the annual financial statements of Western Province Athletics, set out on pages 6 to 14, which comprise the statement of financial position as at December 31, 2018 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The association's board are responsible for the preparation and fair presentation of these annual financial statements in accordance with the Companies Act 71 of 2008, and for such internal control as the board determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

Independent Reviewer's Responsibility

My responsibility is to express a conclusion on these annual financial statements. I conducted my review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical annual financial statements (ISRE 2400 (Revised)). ISRE 2400 (Revised) requires me to conclude whether anything has come to my attention that causes me to believe that the annual financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires me to comply with relevant ethical requirements.

A review of annual financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, I do not express an audit opinion on these annual financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that these annual financial statements do not present fairly, in all material respects the financial position of Western Province Athletics as at December 31, 2018, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Other reports required by the Companies Act

The annual financial statements include the Western Province Athletics Board Report as required by the Companies Act 71 of 2008. The board are responsible for the Western Province Athletics Board Report. Our conclusion on the annual financial statements does not cover the Western Province Athletics Board Report and we do not express any form of assurance conclusion thereon.

In connection with my independent review of the annual financial statements, I have read the Western Province Athletics Board Report and, in doing so, considered whether the Western Province Athletics Board Report is materially inconsistent with the annual financial statements or my knowledge obtained in the independent review, or otherwise appears to be materially misstated. if, based on the work I have performed, I conclude that there is a material misstatement of the Western Province Athletics Board Report, I will report that fact. I have nothing to report in this regard.

4C Chartered Accountants Inc.

4C Chartered Accountants Inc
Mr. P. Heeger
Director
Chartered Accountant (S.A)

July 1, 2019
Cape Town

Statement of Financial Position as at December 31, 2018

Figures in Rand	Note(s)	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	2	665,611	566,368
Current Assets			
Trade and other receivables	3	131,014	1,349,276
Cash and cash equivalents	4	1,839,565	1,639,456
		1,970,579	**2,988,732**
Total Assets		**2,636,190**	**3,555,100**
Equity and Liabilities			
Equity			
Retained income		2,171,880	1,638,322
Liabilities			
Current Liabilities			
Trade and other payables	5	464,310	1,916,778
Total Equity and Liabilities		**2,636,190**	**3,555,100**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2018	2017
Revenue	6	**10,747,941**	**11,415,202**
Other income			
Interest received	9	44,952	25,242
Expenses (Refer to page 8)		**(10,259,335)**	**(11,299,625)**
Operating profit	7	**533,558**	**140,819**
Finance costs	10	-	(4,447)
Profit for the year		**533,558**	**136,372**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2018	2017
Operating expenses			
Accounting fees		(72,246)	(79,566)
Advertising		(55,419)	(120,764)
Athletes incentives		(6,250)	-
Bad debts		(3,317)	(42,696)
Bank charges		(43,445)	(50,493)
Board expenses		(291,426)	(23,967)
Cleaning		(925)	(5,518)
Commission paid		(220,839)	-
Computer expenses		(37,208)	(20,245)
Consumables		(542,936)	(483,328)
Debt collection		(66,947)	(41,353)
Delivery expenses		(214,679)	(55,865)
Depreciation, amortisation and impairments		(266,767)	(126,252)
Discount allowed		(51,198)	(54,859)
Employee costs		(1,767,918)	(1,492,970)
Entertainment		-	(11,605)
Equipment expenses		(5,621)	-
Flowers		(95,270)	(69,990)
Gifts		(265)	(11,166)
IT expenses		(31,958)	(36,755)
Incorporation costs		(749)	(35,171)
Insurance		(97,987)	(25,571)
Legal expenses		(2,625)	(30,000)
Magazines, books and periodicals		(173,096)	-
Medical expenses		(96,211)	-
Packaging		(13,150)	(1,954,189)
Pest control		(309,113)	(951,283)
Petrol and oil		(244,780)	(235,416)
Placement fees		(282,234)	(147,645)
Postage		(158,232)	(59,629)
Printing and stationery		(171,533)	(75,885)
Promotions		(1,492,664)	(1,619,745)
Protective clothing		(1,283,398)	(1,669,506)
Repairs and maintenance		(72,337)	(323,237)
Secretarial fees		(157,229)	(107,549)
Security		(1,370,041)	(922,586)
Software expenses		(367,511)	(343,045)
Staff welfare		(13,364)	(11,174)
Subscriptions		(54,383)	-
Telephone and fax		(49,235)	(43,705)
Training		(2,845)	(395)
Transport and freight		(5,131)	(15,020)
Travel - local		(54,692)	-
WPA office expenses		(842)	(1,482)
WPA special events		(1,031)	-
WPA team expenses		(10,288)	-
		(10,259,335)	**(11,299,625)**

Western Province Athletics
(Registration number: PBO No: 930007993)
Annual Financial Statements for the year ended December 31, 2018

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at January 1, 2017	**1,501,950**	**1,501,950**
Profit for the year	**136,372**	**136,372**
Balance at January 1, 2018	**1,638,322**	**1,638,322**
Profit for the year	**533,558**	**533,558**
Balance at December 31, 2018	**2,171,880**	**2,171,880**

Note(s)

Statement of Cash Flows

Figures in Rand	Note(s)	2018	2017
Cash flows from operating activities			
Cash generated from operations	12	521,167	1,293,372
Interest income		44,952	25,242
Finance costs		-	(4,447)
Net cash from operating activities		**566,119**	**1,314,167**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(513,071)	(127,825)
Sale of property, plant and equipment	2	147,061	-
Net cash from investing activities		**(366,010)**	**(127,825)**
Total cash movement for the year		**200,109**	**1,186,342**
Cash at the beginning of the year		1,639,456	453,114
Total cash at end of the year	4	**1,839,565**	**1,639,456**

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 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 period.

Property, plant and equipment is initially measured at cost.

Cost includes 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.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

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.

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.

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

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

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.

1.2 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

1.3 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

2. Property, plant and equipment

	2018			2017		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Trailers	246,103	(105,424)	140,679	-	-	-
Track equipment	149,823	(101,013)	48,810	-	-	-
Race equipment	509,486	(412,693)	96,793	952,033	(652,861)	299,172
Furniture and fixtures	15,438	(3,348)	12,090	-	-	-
Motor vehicles	249,810	(109,131)	140,679	246,103	(56,203)	189,900
Office equipment	133,568	(83,902)	49,666	150,760	(85,755)	65,005
IT equipment	204,247	(147,362)	56,885	138,778	(126,487)	12,291
Computer software	10,060	(10,060)	-	10,060	(10,060)	-
Switchboard	37,446	(21,889)	15,557	-	-	-
Timeclocks	248,061	(143,609)	104,452	-	-	-
Scoreboard	72,500	(72,500)	-	-	-	-
Pulse	8,327	(8,327)	-	-	-	-
Wind gauge	35,079	(35,079)	-	-	-	-
Total	**1,919,948**	**(1,254,337)**	**665,611**	**1,497,734**	**(931,366)**	**566,368**

Reconciliation of property, plant and equipment - 2018

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Closing balance**
Trailers	-	189,900	-	(49,221)	140,679
Track equipment	-	65,931	-	(17,121)	48,810
Race equipment	299,172	-	(145,045)	(57,334)	96,793
Furniture and fixtures	-	14,663	-	(2,573)	12,090
Motor vehicles	189,900	-	-	(49,221)	140,679
Office equipment	65,005	-	(2,016)	(13,323)	49,666
IT equipment	12,291	65,469	-	(20,875)	56,885
Switchboard	-	23,046	-	(7,489)	15,557
Timeclocks	-	154,062	-	(49,610)	104,452
	566,368	**513,071**	**(147,061)**	**(266,767)**	**665,611**

Reconciliation of property, plant and equipment - 2017

	Opening balance	**Additions**	**Depreciation**	**Closing balance**
Race equipment	263,943	100,969	(65,740)	299,172
Motor vehicles	237,375	-	(47,475)	189,900
Office equipment	56,191	14,663	(5,849)	65,005
IT equipment	7,286	12,193	(7,188)	12,291
	564,795	**127,825**	**(126,252)**	**566,368**

3. Trade and other receivables

Trade receivables	131,014	1,277,772
VAT	-	71,504
	131,014	**1,349,276**

Management considers trade and other receivables to approximate its fair value.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,144	1,004
Bank balances	1,837,421	1,638,452
	1,839,565	**1,639,456**

5. Trade and other payables

Trade payables	6,357	154,896
Amounts received in advance	330,295	1,761,882
VAT	127,658	-
	464,310	**1,916,778**

Amounts received in advance consist of the following:

National Lottery Commission - Grant Income	R 0	R1.101,750
Licence and affiliation fees	R 330,295	R 660,132

6. Revenue

Sale of goods	11,322	88,766
Rendering of services	7,560,231	8,601,420
City of Cape Town - Cape Town Marathon	-	1,800,000
Department of Cultural Affairs & Sport	517,000	617,000
Peninsula Beverages	45,993	93,805
Rotary Club of Claremont	-	30,000
Two Ocean Marathon Association	100,000	184,211
Lotto grant	2,203,500	-
Equipment rental	59,097	-
Commissions received	250,798	-
	10,747,941	**11,415,202**

7. Operating profit

Operating profit for the year is stated after accounting for the following:

Depreciation on property, plant and equipment	266,767	126,252
Employee costs	1,767,918	1,492,970

8. Depreciation, amortisation and impairments

The following items are included within depreciation, amortisation and impairments:

Depreciation		
Property, plant and equipment	266,767	126,252

9. Investment revenue

Interest revenue		
Bank	44,952	25,242

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

10. Finance costs

Bank	-	4,447

11. Taxation

Reconciliation of the tax expense

Accounting profit	533,558	136,372

No provision has been made for 2018 tax as the association is a registered Public Benefit Organisation and therefore is not liable to pay any income tax on its taxable income.

12. Cash generated from operations

Profit before taxation	533,558	136,372
Adjustments for:		
Depreciation and amortisation	266,767	126,252
Interest received	(44,952)	(25,242)
Finance costs	-	4,447
Changes in working capital:		
Trade and other receivables	1,218,262	(706,410)
Trade and other payables	(1,452,468)	1,757,953
	521,167	**1,293,372**