Western Province Athletics
(PBO number: 930007993)
Annual Financial Statements
for the year ended 31 December 2019

Index

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

These annual financial statements were prepared by:

Patricia Andrews
CA(SA), RA

Independent Auditor's Report

To the Board of Western Province Athletics NPO

Report on the Audit of the Annual Financial Statements

Qualified Opinion

We have audited the annual financial statements of Western Province Athletics (the federation) set out on pages 8 to 18, which comprise the statement of financial position as at 31 December 2019, and the statement of 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 a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the annual financial statements are prepared, in all material respects, the financial position of Western Province Athletics as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements.

Basis for Qualified Opinion

The financial statements of Western Province Athletics NPO as at 31 December 2018 and for the year then ended were subject to an independent review. Various prior period errors have been corrected to the independently reviewed annual financial statements for the year ended 31 December 2018, and are disclosed in note 14 to the annual financial statements. We were therefore unable to obtain sufficient appropriate audit evidence to satisfy ourselves that the annual financial statements present fairly, in all material respects, the financial position of Western Province Athletics NPO as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with the accounting policies as set out in note 1.

We were unable to verify operating expenses relating to alleged fraudulent expenses, disclosed in note 16 to the annual financial statements. The alleged fraudulent expenses related to alleged unauthorised, fraudulent payments made by the previous finance officer of Western Province Athletics NPO. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves that the fraudulent expenses presented did occur in the name of Western Province Athletics NPO and are accurate and complete, in all material respects.

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 federation in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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& business advisers

Independent Auditor's Report

Emphasis of matter - Material uncertainty related to going concern

We draw attention to note 17 in the financial statements, which indicates that the federation incurred a net loss of R(2 864 496) during the year ended 31 December 2019 and, as of that date, the federation's current liabilities exceeded its current assets by R447 480. As stated in note 17, these events or conditions, along with other matters as set forth in note 17, indicate that a material uncertainty exists that may cast significant doubt on the federation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the annual financial statements which describes the basis of accounting. The annual financial statements are prepared in accordance with the federation's own accounting policies to satisfy the financial information needs of the federation. As a result, the annual financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The board is responsible for the other information. The other information comprises the information included in the document titled "Western Province Athletics annual financial statements for the year ended 31 December 2019", which includes the Western Province Athletics Board Report and the Detailed Income Statement, as set out on pages 6 to 7 and 19 to 20 respectively, which we obtained prior to the date of this report. The 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 Board for the Annual Financial Statements

The board is responsible for the preparation and fair presentation of the annual financial statements in accordance with the basis of accounting described in note 1 to the annual financial statements, for determining that the basis of preparation is acceptable in the circumstances 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.

In preparing the annual financial statements, the board are responsible for assessing the federation'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 board either intend to liquidate the federation 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 ISA 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 skepticism 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.

Independent Auditor's Report

- 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 federation’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- Conclude on the appropriateness of the board's 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 federation’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 federation to cease to continue as a going concern.

We communicate with the board 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.

PKF Constantia Valley Cape Town

PKF Constantia Valley Cape Town Inc.
Director: Frans Boonzaaier
Registered auditor
Date: 26 July 2021
Cape Town

Board's Responsibilities and Approval

The board is required 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 federation 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 the accounting policies as set out in note 1 to the annual financial statements. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the accounting policies as set out in note 1 to the annual financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The 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 Board have reviewed the federation's cash flow forecast for the year to 31 December 2020 and, in the light of this review and the current financial position, They are satisfied that the federation has or has 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 federation's annual financial statements. The annual financial statements have been examined by the federation's external auditors and their report is presented on pages 2 - 4.

The annual financial statements set out on pages 6 to 20, which have been prepared on the going concern basis, were approved by the board on 26th JULY 2021 and were signed on its behalf by:

Jakes Jacobs (President)	**Achmat Jacobs (Vice President)**

Western Province Athletics Board Report

The board has the pleasure in submitting their report on the annual financial statements of Western Province Athletics and its associates for the year ended 31 December 2019.

1. Review of activities

Main business and operations

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

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

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

2. Board of Federation

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

Name	Credentials
Jakes Jacobs	President
Achmat Jacobs	Vice president
Russel Mehl	Chairperson - Cross country
Sharief Jeffries	Chairperson - Track & field
André Rix	1st Additional Member
Norma Nonkonyana	2nd Additional Member
Allen Barnes	Removed - 16 March 2020
Malikah Meyer	Resigned - 25 May 2021
Lester Cameron	Resigned - 14 October 2019
Candyce Hall	Resigned - 14 October 2019
Francois Gouws	Resigned - 14 October 2019
Stefano Kruger	Resigned - 14 October 2019
Mariana Meyer	Resigned - 14 October 2019
Michael Schouw	Resigned - 14 October 2019
Adnaan Mohamed	Resigned - 14 October 2019
Gavin Burgess	Resigned - 14 October 2019
Waleed Donough	Resigned - 14 October 2019

Western Province Athletics Board Report

3. Events after the reporting period

Subsequent to year-end, as a result of a local and global coronavirus COVID-19 infectious disease pandemic, a national state of disaster was declared in South Africa on 15 March 2020. As a preventive measure, except for certain essential services, a strictly regulated 5 week nationwide stay-at-home total lockdown was implemented from 26 March to 30 April 2020.

As part of a gradual and phased recovery of economic activity and an easing of the lockdown restrictions, a 5 coronavirus alert level approach was adopted by the government on 1 May 2020, where level 5 means only essential services can operate and level 1 means that most normal activities can resume. The alert level is determined by the government and is based on its assessment of the infection rate and the capacity of the country's health system.

As at the date of this report, the country is at adjusted alert level 3 alert level and at this level the federation is permitted to and has commenced operating.

The lockdown and the phased recovery of economic activity, has had a severe negative impact on the federation's business and cash flow. The short to medium term financial effect and the impact on the profitability of the federation remain uncertain and cannot be estimated at this time.

Apart from the above, the board is not aware of any other material event which occurred after the reporting date and up to the date of this report.

4. Going concern

We draw attention to the fact that the organisation incurred a net loss of R 2 864 496 during the year ended 31 December 2019 and, as of that date, the federation's current liabilities exceeded its current assets by R447 480.

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.

The ability of the federation to continue as a going concern is dependent on a number of factors. The most significant of these is that the board continue to procure funding for the ongoing operations for the federation.

The following factors have had a significant impact on the federation and its ability to continue operating as a going concern:

- The alleged fraudulent payments, as set out in note 16, significantly increased the net loss for the year ended 31 December 2019. It also had a negative impact on the cash flows of the federation.
- The emergence of the COVID 19 infectious disease pandemic, subsequent to the financial year ended 31 December 2019, has lead to Athletics South Africa NPC placing a ban on all events during the 2020 financial year, which continued into 2021. This has had a negative impact on Western Province Athletic's ability to generate revenue subsequent to the 2019 financial year from its membership and events.

In addition, the federation continues to rationalise staff and operational costs and ensuring an overall of systems, procedures and good governance. Procurement and services providers across the organisation is also being relooked.

5. Audit

The annual financial statements are subject to an audit and have been audited by PKF Constantia Valley Cape Town Inc.

Statement of Financial Position as at 31 December 2019

Figures in Rand	Note(s)	2019	2018 Restated *
Assets			
Non-Current Assets			
Property, plant and equipment	2	447 597	545 550
Current Assets			
Trade and other receivables	3	666 263	997 069
Cash and cash equivalents	4	298 316	1 830 724
		964 579	**2 827 793**
Total Assets		**1 412 176**	**3 373 343**
Equity and Liabilities			
Equity			
Accumulated surplus		117	2 864 613
Liabilities			
Current Liabilities			
Trade and other payables	5	1 265 873	479 769
Unspent grant liability	6	84 623	-
Provisions	7	61 563	28 961
		1 412 059	**508 730**
Total Equity and Liabilities		**1 412 176**	**3 373 343**

* See Note 14

Statement of Comprehensive Income

Figures in Rand	Note(s)	2019	2018 Restated *
Revenue	8	10 246 703	12 423 557
Cost of sales		(1 220 475)	(1 021 593)
Gross profit		**9 026 228**	**11 401 964**
Operating expenses		(11 937 032)	(10 156 990)
Operating (deficit) surplus	9	**(2 910 804)**	**1 244 974**
Investment revenue	10	46 333	44 976
Finance costs		(25)	-
(Deficit) surplus for the year		**(2 864 496)**	**1 289 950**
Other comprehensive income		-	-
Total comprehensive (deficit) surplus for the year		**(2 864 496)**	**1 289 950**

* See Note 14

Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Restated* Balance at 01 January 2018	**1 574 663**	**1 574 663**
Surplus for the year	1 289 950	1 289 950
Other comprehensive income	-	-
Total comprehensive surplus for the year	**1 289 950**	**1 289 950**
Opening balance as previously reported	2 171 881	2 171 881
Adjustments		
Prior period error (see note 14)	692 732	692 732
Restated* Balance at 01 January 2019 as restated	**2 864 613**	**2 864 613**
Deficit for the year	(2 864 496)	(2 864 496)
Other comprehensive income	-	-
Total comprehensive deficit for the year	**(2 864 496)**	**(2 864 496)**
Balance at 31 December 2019	**117**	**117**

* See Note 14

Statement of Cash Flows

Figures in Rand	Note(s)	2019	2018 Restated *
Cash flows from operating activities			
Cash receipts from customers		10 725 588	11 598 626
Cash paid to suppliers and employees		(12 344 179)	(11 322 028)
Cash (used in) generated from operations	12	(1 618 591)	276 598
Interest income		46 333	44 976
Finance costs		(25)	-
Net cash from operating activities		**(1 572 283)**	**321 574**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(44 748)	(130 305)
Cash flows from financing activities			
Repayment of unspent grant liability		84 623	-
Net cash from financing activities		**84 623**	**-**
Total cash movement for the year		**(1 532 408)**	**191 269**
Cash at the beginning of the year		1 830 724	1 639 456
Total cash at end of the year	4	**298 316**	**1 830 725**

* See Note 14

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 accounting policies as set out below. The annual financial statements have been prepared on the historical cost basis, 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 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

Key sources of estimation uncertainty

The financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the federation 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 federation 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 federation.

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

Item	Depreciation method	Average useful life
Track equipment	Straight line	10 years
Race equipment	Straight line	10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	10 years
IT equipment	Straight line	3 years

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.

Accounting Policies

1.2 Property, plant and equipment (continued)

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.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

1.4 Tax

Tax expenses

The organisation is a registered PBO and the income received is except in terms of s10(1)(cN) of the income tax act.

1.5 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 leave pay 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.

1.6 Revenue

Revenue is recognised to the extent that the federation 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 federation. 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.

1.7 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	2019	2018 Restated *

2. Property, plant and equipment

	2019			2018		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	169 859	(110 892)	58 967	169 859	(94 026)	75 833
Motor vehicles	246 103	(151 153)	94 950	246 103	(103 678)	142 425
IT equipment	233 544	(189 044)	44 500	226 045	(159 248)	66 797
Race equipment	758 072	(655 246)	102 826	758 072	(625 095)	132 977
Track equipment	265 209	(118 855)	146 354	227 961	(100 443)	127 518
Total	**1 672 787**	**(1 225 190)**	**447 597**	**1 628 040**	**(1 082 490)**	**545 550**

Reconciliation of property, plant and equipment - 2019

	Opening balance	**Additions**	**Depreciation**	**Closing balance**
Furniture and fixtures	75 833	-	(16 866)	58 967
Motor vehicles	142 425	-	(47 475)	94 950
IT equipment	66 797	7 499	(29 796)	44 500
Race equipment	132 977	-	(30 151)	102 826
Track equipment	127 518	37 249	(18 413)	146 354
	545 550	**44 748**	**(142 701)**	**447 597**

Reconciliation of property, plant and equipment - 2018

	Opening balance	**Additions**	**Depreciation**	**Closing balance**
Furniture and fixtures	65 005	19 100	(8 272)	75 833
Motor vehicles	189 900	-	(47 475)	142 425
IT equipment	12 291	77 205	(22 699)	66 797
Race equipment	189 103	-	(56 126)	132 977
Track equipment	110 068	34 000	(16 550)	127 518
	566 367	**130 305**	**(151 122)**	**545 550**

3. Trade and other receivables

Trade receivables	666 263	949 296
VAT	-	47 773
	666 263	**997 069**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 000	1 000
Bank balances	297 316	1 829 724
	298 316	**1 830 724**

* See Note 14

Notes to the Annual Financial Statements

Figures in Rand	2019	2018 Restated *

5. Trade and other payables

Trade payables	46 655	164 489
Amounts received in advance	1 155 760	315 280
VAT	63 458	-
	1 265 873	**479 769**

6. Unspent grant liability

Department of Cultural Affairs & Sport grant		
Opening balance	-	-
Amounts recieved from Department of Cultural Affairs & Sport	527 391	994 250
Amounts recognised as revenue	(442 768)	(994 250)
	84 623	**-**

7. Provisions

Reconciliation of provisions - 2019

	Opening balance	Additions	Total
Provision for leave pay	28 961	32 602	61 563

Reconciliation of provisions - 2018

	Opening balance	Additions	Total
Provision for leave pay	-	28 961	28 961

8. Revenue

Affiliation fees	45 895	62 264
Department of Cultural Affairs & Sport Grant	527 391	994 250
Discipline income	110 932	271 998
Donations, grants and sponsorships	145 974	1 401 240
Equipment rental	25 670	23 713
Event levies	1 790 498	1 678 886
License fee income	4 433 203	5 306 233
Product sales	71 583	86 216
Special events - ASA events	12 909	-
Special events - Cape Town Marathon	405 338	334 796
Special events - Spar Ladies Race	2 621 207	2 142 056
Other services rendered	140 726	121 905
	10 331 326	**12 423 557**

9. Operating (deficit) surplus

Operating (deficit) surplus for the year is stated after accounting for the following:

Depreciation on property, plant and equipment	142 701	151 122
Employee costs	2 532 124	1 692 763

* See Note 14

Notes to the Annual Financial Statements

Figures in Rand	2019	2018 Restated *

10. Investment revenue

Interest revenue		
Bank	46 333	44 976

11. Taxation

The organisation is a registered PBO and the income received is except in terms of s10(1)(cN) of the income tax act.

12. Cash (used in) generated from operations

(Loss) profit before taxation	(2 864 496)	1 289 950
Adjustments for:		
Depreciation and amortisation	142 701	151 122
Interest received	(46 333)	(44 976)
Finance costs	25	-
Movements in provisions	32 602	28 961
Changes in working capital:		
Trade and other receivables	330 806	(824 931)
Trade and other payables	786 104	(323 528)
	(1 618 591)	**276 598**

13. Related parties

Relationships

Members of key management	Please see Western Province Athletics Board report for a complete list of the board of Western Province Athletics NPO

Related party balances and transactions with key management personnel

Related party transactions

Board allowances paid to:	**97 950**	**101 570**
Achmat Jacobs	2 500	-
Adnaan Mohamed	4 050	4 800
Allen Barnes	16 150	16 800
Andre Rix	1 500	-
Candyce Hall	4 050	4 800
Francois Gouws	5 400	5 570
Gavin Burgess	4 050	4 800
Jakes Jacobs	16 150	16 800
Lester Cameron	13 650	16 800
Malikah Meyer	1 500	-
Mariana Meyer	4 050	4 800
Michael Schouw	13 650	16 800
Norma Nonkonyana	1 500	-
Russell Mehl	1 500	-
Sharief Jefferies	1 500	-
Stefano Kruger	2 700	4 800
Waleed Donough	4 050	4 800

* See Note 14

Notes to the Annual Financial Statements

Figures in Rand	2019	2018 Restated *

14. Prior period errors

The following prior period errors have been identified during the current year:

Certain property, plant and equipment were double accounted for during the 2018 financial year. Corrections have been made to retrospectively correct the comparitive figures.

Trade receivables were wrtten down in the 2018 financial year. The receivables were however found to be recoverable subsequent to 31 December 2018. Corrections have been made to retrospectively correct the comparitive figures.

No provision for leave pay was accounted for as at 31 December 2018.

License fees relating to the 2019 financial year were invoiced in advance and received in advance during the financial year ended 31 December 2018.

The correction of the error(s) results in adjustments as follows

Statement of Financial Position		
Overstatement of property, plant and equipment	-	(120 061)
Understatement of trade and other receivables	-	866 055
Understatement of cash and cash equivalents	-	(8 841)
Understatement of retained earnings	-	(692 732)
Understatement of trade and other payables	-	(15 460)
Understatement of provisions	-	(28 961)
Surplus or deficit		
Understatement of revenue	-	(1 675 616)
Understatement of cost of sales	-	1 021 593
Overstatement of operating expenses	-	(102 344)

15. Events after the reporting period

Subsequent to year-end, as a result of a local and global coronavirus COVID-19 infectious disease pandemic, a national state of disaster was declared in South Africa on 15 March 2020. As a preventive measure, except for certain essential services, a strictly regulated 5 week nationwide stay-at-home total lockdown was implemented from 26 March to 30 April 2020.

As part of a gradual and phased recovery of economic activity and an easing of the lockdown restrictions, a 5 coronavirus alert level approach was adopted by the government on 1 May 2020, where level 5 means only essential services can operate and level 1 means that most normal activities can resume. The alert level is determined by the government and is based on its assessment of the infection rate and the capacity of the country’s health system.

As at the date of this report, the country is at adjusted alert level 3 alert level and at this level the federation is permitted to and has commenced operating.

The lockdown and the phased recovery of economic activity, has had a severe negative impact on the federation’s business and cash flow. The short to medium term financial effect and the impact on the profitability of the federation remain uncertain and cannot be estimated at this time.

Apart from the above, the board is not aware of any other material event which occurred after the reporting date and up to the date of this report.

* See Note 14

Notes to the Annual Financial Statements

Figures in Rand	2019	2018 Restated *

16. Alleged fraudulent expenses

Included in operating expenses are the following alleged fraudulent expenditure, which relate to unauthorised EFT payments made by the former finance officer, for which no supporting documentation were available:

For the year ended 31 December 2018 (Included in opening retained earnings)	217 415
For the year ended 31 December 2019	1 632 330
For the year ended 31 December 2020	160 000
	2 009 745

In addition to the above amounts, alleged fraudulent petty cash withdrawals for which no supporting documentation were available were discovered during the following years:

For the year ended 31 December 2018 (Included in opening retained earnings)	305 953
For the year ended 31 December 2019	291 802
	597 755

The above amounts identified are disclosed in the detailed income statement as alleged fraudulent expenses paid.

Furthermore, a criminal case has been opened with the South African Polices Services against the former finance officer (Case number: CAS 120/01/22) regarding these alleged fraudulent payments.

17. Going concern

We draw attention to the fact that the organisation incurred a net loss of R 2 864 496 during the year ended 31 December 2019 and, as of that date, the federation’s current liabilities exceeded its current assets by R447 480

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.

The ability of the federation to continue as a going concern is dependent on a number of factors. The most significant of these is that the board continue to procure funding for the ongoing operations for the federation.

The following factors have had a significant impact on the federation and its ability to continue operating as a going concern:

- The alleged fraudulent payments, as set out in note 16, significantly increased the net loss for the year ended 31 December 2019. It also had a negative impact on the cash flows of the federation.
- The emergence of the COVID 19 infectious disease pandemic, subsequent to the financial year ended 31 December 2019, has lead to Athletics South Africa NPC placing a ban on all events during the 2020 financial year, which continued into 2021. This has had a negative impact on Western Province Athletic's ability to generate revenue subsequent to the 2019 financial year from its membership and events.

In addition, the federation continues to rationalise staff and operational costs and ensuring an overall of systems, procedures and good governance. Procurement and services providers across the organisation is also being relooked.

* See Note 14

Detailed Income Statement

Figures in Rand	Note(s)	2019	2018 Restated *
Revenue			
Affiliation fees		45 895	62 264
Department of Cultural Affairs & Sport		527 391	994 250
Discipline income		110 932	271 998
Donations, grants and sponsorships		145 974	1 401 240
Equipment rental		25 670	23 713
Event levies		1 790 498	1 678 886
License fee income		4 433 203	5 306 233
Product sales		71 583	86 216
Special events - ASA events		12 909	-
Special events - Cape Town Marathon		405 338	334 796
Special events - Spar Ladies Race		2 621 207	2 142 056
Other services rendered		140 726	121 905
	8	**10 331 326**	**12 423 557**
Cost of sales			
Purchases		(1 220 475)	(1 021 593)
Gross profit		**9 110 851**	**11 401 964**
Other income			
Interest received	10	46 333	44 976

* See Note 14

Detailed Income Statement

Figures in Rand	Note(s)	2019	2018 Restated *
Operating expenses			
Accounting fees		53 319	57 768
Administration and management fees		800	11 872
Advertising		3 480	-
Alleged fraudulent expenses	16	1 924 132	523 368
Bad debt provision		113 306	7
Bank charges		51 611	47 910
Board expenses		372 707	651 938
Coaches		47 835	70 196
Committee expenses		27 675	1 000
Computer expenses		141 295	102 758
Consumables		-	6 000
Cross country expenses		283 191	292 161
DCAS club event expenses		442 768	994 250
Depreciation, amortisation and impairments		142 701	151 122
Development		1 457 214	1 163 741
Employee costs		2 532 124	1 692 763
Equipment rentals		120 687	102 424
Incentives		206 430	291 153
Motor vehicle expenses		7 967	11 875
Municipal expenses		17 391	18 523
Office expenses		62 538	129 675
Printing and stationery		34 328	56 199
Race walking		60 092	50 899
Repairs and maintenance		1 639	23 180
Security		5 442	4 794
Special events - ASA events		167 552	87 849
Special events - Cape Town Marathon		13 708	171 125
Special events - Spar Ladies Race		2 024 496	1 826 507
Staff welfare		11 773	20 739
Subscriptions		2 881	5 401
Technical officials		336 150	287 563
Telephone and fax		46 643	50 743
Track and field expenses		429 302	290 072
Training		2 200	-
Travel - local		85 090	182 208
Venue hire		17 375	11 473
WP teams expenses		689 190	767 734
		11 937 032	**10 156 990**
Operating (deficit) surplus	9	**(2 779 848)**	**1 289 950**
Finance costs		(25)	-
(Deficit) surplus for the year		**(2 779 873)**	**1 289 950**

* See Note 14

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