

**CANOEING SOUTH AFRICA
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015**

**R B & Company
Registered Auditor**

Canoeing South Africa
Annual Financial Statements for the year ended 31 March 2015

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Level of assurance

These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Preparer

The financial statements were internally compiled by:
Walter Ulrich CA(SA)

R B & Company

Chartered Accountants (SA)

Practice number: 901610

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Independent Auditor report

To the members of Canoeing South Africa

I have audited the annual financial statements of Canoeing South Africa, which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 12.

Board Of Directors' Responsibility for the Annual Financial Statements

The federation's board of directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa. 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

My responsibility is to express an opinion on these annual financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

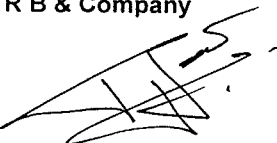
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the annual financial statements present fairly, in all material respects, the financial position of Canoeing South Africa as at 31 March 2015, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa.

R B & Company



Per: R G Bower
Registered Auditor

Johannesburg
28 September 2015

Canoeing South Africa

Annual Financial Statements for the year ended 31 March 2015

Board Of Directors' Responsibilities and Approval

The board of directors are required by the Companies Act of South Africa, 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 International Financial Reporting Standard 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 the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

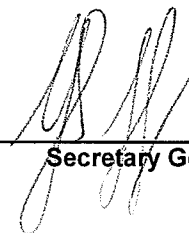
The board of directors have reviewed the federation's cash flow forecast for the year to 31 March 2016 and, in the light of this review and the current financial position, they are satisfied that the federation has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on pages 4 to 12, which have been prepared on the going concern basis, were approved by the board of directors and were signed on the 28 September 2015 on its behalf by:



President



Secretary General

Canoeing South Africa
Annual Financial Statements for the year ended 31 March 2015

Statement of Financial Position

| Figures in Rand | Note(s) | 2015 | 2014 |
|---|----------------|------------------|------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 2. | 48,579 | 67,190 |
| Current Assets | | | |
| Medal stock | | 26,536 | 7,710 |
| Accounts receivable | | 240,239 | 250,868 |
| Cash and cash equivalents | | 2,333,254 | 2,954,189 |
| | | <u>2,600,029</u> | <u>3,212,767</u> |
| Total Assets | | <u>2,648,608</u> | <u>3,279,957</u> |
| Equity and Liabilities | | | |
| Reserves | | | |
| Available reserve | | 964,978 | 868,218 |
| Current Liabilities | | | |
| Accounts payable | | 341,597 | 273,998 |
| Department of Sport and Recreation funds carried forward | 7. | 118,239 | 550,475 |
| National Lottery Distribution Trust funds carried forward | | | |
| - Project 7128 (Nagle Dam project) | | 51,734 | 51,734 |
| - Project 32401 | 8. | 370,617 | 806,721 |
| - Project 62557 | 9. | 801,443 | 728,811 |
| | | <u>1,683,630</u> | <u>2,411,739</u> |
| Total Equity and Liabilities | | <u>2,648,608</u> | <u>3,279,957</u> |



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Statement of Comprehensive Income

| Figures in Rand | Note(s) | 2015 | 2014 |
|---|----------------|--------------------|--------------------|
| Income | | | |
| Affiliation fees | | | |
| Sport development | | 389,310 | 373,700 |
| Standard | | 644,965 | 649,295 |
| Discounted memberships | | (113,363) | (85,035) |
| Race levies | | 162,885 | 188,809 |
| Grant funds utilised: | | | |
| Department of Sport and Recreation (SRSA) | 7. | 932,236 | 713,009 |
| Lottery project 32401 | 8. | 436,104 | 1,839,239 |
| Lottery project 62557 | 9. | 2,024,981 | 1,200,314 |
| Gross revenue | 3. | <u>4,477,118</u> | <u>4,879,331</u> |
| Other income | | | |
| Interest received on SRSA funds invested | 7. | 12,646 | 15,346 |
| Interest received on Lottery funds invested | 8. & 9. | 410 | 87,625 |
| Other interest received | | 63,985 | 48,744 |
| ICF funds received | | 9,820 | 53,003 |
| SA Paddler advertising | | 39,540 | - |
| Recovery of expenses | | 38,524 | 49,595 |
| | | <u>164,925</u> | <u>254,313</u> |
| Expenditure | | | |
| Utilisation of general funds | | | |
| Auditors' remuneration | 4. | (20,000) | (19,000) |
| Committee expenses | | (62,652) | (60,281) |
| Discipline allocations | 6. | (189,258) | (219,178) |
| ICF projects | | (9,820) | (53,003) |
| Individual portfolios | | (92,016) | (37,945) |
| International liaison ICF & CAC | | (40,502) | (47,107) |
| Marketing and media | | (308,440) | (238,670) |
| Other overheads | 5. | (950,796) | (926,229) |
| | | <u>(1,673,484)</u> | <u>(1,601,413)</u> |
| Utilisation of grant funds | | | |
| Department of Sport and Recreation (SRSA) | 7. | (610,304) | (425,655) |
| Lottery project 32401 | 8. | (452,559) | (1,902,857) |
| Lottery project 62557 | 9. | (1,808,936) | (1,124,321) |
| | | <u>(2,871,799)</u> | <u>(3,452,833)</u> |
| Surplus | | <u>96,760</u> | <u>79,398</u> |

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Statement of Changes in Equity

| Figures in Rand | Available reserve |
|---------------------------------|------------------------------|
| Balance at 1 April 2013 | 788,820 |
| Changes in equity | |
| Net surplus for the year | 79,398 |
| Total changes | <u>79,398</u> |
| Balance at 31 March 2014 | <u>868,218</u> |
| Balance at 1 April 2014 | 868,218 |
| Changes in equity | |
| Net surplus for the year | 96,760 |
| Total changes | <u>96,760</u> |
| Balance at 31 March 2015 | <u>964,978</u> |



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Statement of Cash Flows

| Figures in Rand | Note(s) | 2015 | 2014 |
|--|----------------|-------------------------|-------------------------|
| Cash flows from federation activities | | | |
| Net surplus | | 96,760 | 79,398 |
| Adjustments for: | | | |
| Investment income | | (77,041) | (151,715) |
| Depreciation | | 43,611 | 70,762 |
| Prior year adjustment | | - | - |
| Grant funds brought forward from prior year | | (2,137,741) | (3,250,890) |
| Grant funds carried forward to cover future budgeted expenditure | | 1,342,033 | 2,137,741 |
| | | <u>(732,378)</u> | <u>(1,114,704)</u> |
| Movements in working capital | | | |
| (Increase)/Decrease in inventories | | (18,826) | 5,661 |
| Decrease/(Increase) in accounts receivable | | 10,629 | (72,620) |
| Increase in accounts payable | | 67,599 | 186,690 |
| Cash generated from activities | | <u>(672,976)</u> | <u>(994,973)</u> |
| Interest income | | 77,041 | 151,715 |
| Property, plant and equipment acquired | | (25,000) | - |
| Total cash movement for the year | | <u>(620,935)</u> | <u>(843,258)</u> |
| Cash at the beginning of the year | | 2,954,189 | 3,797,447 |
| Total cash at end of the year | | <u><u>2,333,254</u></u> | <u><u>2,954,189</u></u> |



Canoeing South Africa

Annual Financial Statements for the year ended 31 March 2015

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard 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. 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 items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes, and are expected to be used during more than one period.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

| | |
|----------------------|---------|
| - Developed Software | 6 years |
| - Office Equipment | 3 years |
| - Safety Equipment | 4 years |

The residual value, depreciation method and the useful life of each asset are reviewed at each annual reporting period if there are indicators present that there is a change from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economical benefits is depreciated separately over its useful life. Property, plant and equipment with a cost below R7,000 are written off in the year of acquisition.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.2 Grants received

Grants received are recognised in revenue to the extent that expenditure, in accordance with the conditions attaching to the grants, has been incurred.

Grants to be utilised in future periods are reflected under liabilities in the statement of financial position.

1.3 Revenue from other sources

Revenue from other sources is recognised to the extent that it is probable that the economic benefits will flow to the federation and the revenue can be reliably measured.

1.4 Medal stock

Medal stock is stated at the lower of cost or net realisable value. Cost is determined on a first in, first out basis.



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Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 | |
|---|-----------------------------|---|---------------------------|
| 2. Property, plant and equipment | | | |
| | Cost / Valuation | Accumulated depreciation & impairments | Carrying Value |
| 2015 | | | |
| Developed Software | 189,434 | 144,655 | 44,779 |
| Office Equipment | 2,124 | 2,124 | - |
| Safety Equipment | 9,120 | 5,320 | 3,800 |
| | <u>200,678</u> | <u>152,099</u> | <u>48,579</u> |
| 2014 | | | |
| Developed Software | 164,434 | 103,324 | 61,110 |
| Office Equipment | 2,124 | 2,124 | - |
| Safety Equipment | 9,120 | 3,040 | 6,080 |
| | <u>175,678</u> | <u>108,488</u> | <u>67,190</u> |
| 3. Gross revenue | | | |
| Gross revenue comprises affiliation fees, race fees and grants. | | | |
| 4. Auditor's remuneration | | | |
| Fees | | <u>20,000</u> | <u>19,000</u> |
| 5. Other overheads | | | |
| Affiliation fees - ICF & CAC | | 8,380 | 10,831 |
| Bank charges | | 7,837 | 4,334 |
| Depreciation | | 41,330 | 27,406 |
| Impairment - Developed Software | | - | 41,077 |
| Doubtful debts provision | | - | 2,489 |
| Database and other computer expenses | | 54,370 | 49,063 |
| Insurance | | 40,369 | 46,350 |
| Legal fees | | - | 25,051 |
| Medals and colours | | 30,443 | 39,242 |
| Office and other sundry expenses | | - | 11,398 |
| Postage | | 2,638 | 4,605 |
| Printing and stationery | | 7,768 | 3,811 |
| Salaries and consulting fees | | 707,568 | 640,933 |
| Telephone and cell | | 15,771 | 4,950 |
| Travel local | | 34,322 | 14,689 |
| | | <u>950,796</u> | <u>926,229</u> |



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Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|--|------------------|------------------|
| 6. Discipline allocations | | |
| Canoe Polo | - | 8,491 |
| Development | 10,186 | - |
| Marathon | 169,698 | 197,152 |
| Slalom | 3,971 | - |
| Sprints | 5,404 | 10,235 |
| Surfski | - | 3,300 |
| | <u>189,258</u> | <u>219,178</u> |
| 7. Utilisation of funding received from Department of Sport and Recreation (SRSA) | | |
| Funds brought forward from previous year | 550,475 | 563,484 |
| Guaranteed funding received - Administration | 100,000 | 200,000 |
| Conditional funding received - Programs & projects | 400,000 | 500,000 |
| | <u>1,050,475</u> | <u>1,263,484</u> |
| Less: Funds carried forward to cover future budgeted expenditure | 118,239 | 550,475 |
| Funds utilised | <u>932,236</u> | <u>713,009</u> |
| Add: Interest received | 12,646 | 15,346 |
| Less: Allocated to administration costs | 100,000 | 200,000 |
| Less: Allocated to federation direct expenses | 234,578 | 102,700 |
| Direct expenditure | <u>610,304</u> | <u>425,655</u> |
| Utilisation of funds: | | |
| Development expenses | 584,663 | 260,655 |
| Tour costs | - | 165,000 |
| Equipment | 25,641 | - |
| Total funds utilised | <u>610,304</u> | <u>425,655</u> |



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Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|----------------|------------------|
| 8. Utilisation of funding received from the National Lottery Distribution Trust Fund - Project 32401 | | |
| Funds brought forward from previous year | 806,721 | 2,645,960 |
| Grants received | - | - |
| | <u>806,721</u> | <u>2,645,960</u> |
| Less: Funds carried forward to cover future budgeted expenditure | 370,617 | 806,721 |
| Funds utilised | <u>436,104</u> | <u>1,839,239</u> |
| Less: Allocated to administration costs | - | - |
| | <u>436,104</u> | <u>1,839,239</u> |
| Add: Interest received | 16,455 | 63,618 |
| Direct expenditure | <u>452,559</u> | <u>1,902,857</u> |
| Utilisation of funds: | | |
| Development | - | 163,585 |
| High performance program | 47,814 | 106,940 |
| Coaching expenses | 160,000 | 563,866 |
| Ski Paddling | - | 80,297 |
| Marathon | 243,251 | 198,935 |
| Slalom | 1,494 | 134,794 |
| Sprints | - | 896,543 |
| Less expenses recovered: | | |
| SASCOC | - | (88,860) |
| ICF | - | (43,144) |
| Athletes & coaches | - | (110,099) |
| | <u>452,559</u> | <u>1,902,857</u> |

The above grant was made up of a total of six tranches amounting to R24,192,765, and was used to fund coaches and paddlers through high performance programmes and international participation, as well as fund development programmes.



Canoeing South Africa

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|------------------|------------------|
| 9. Utilisation of funding received from the National Lottery Distribution Trust Fund - Project 62557 | | |
| Funds brought forward from previous year | 728,811 | - |
| Grants received | 2,097,613 | 1,929,125 |
| | <u>2,826,424</u> | <u>1,929,125</u> |
| Less: Funds carried forward to cover future budgeted expenditure | 801,443 | 728,811 |
| Funds utilised | 2,024,981 | 1,200,314 |
| Less: Allocated to administration costs | 200,000 | 100,000 |
| | <u>1,824,981</u> | <u>1,100,314</u> |
| Add: Interest (paid)/received | (16,045) | 24,007 |
| Direct expenditure | <u>1,808,936</u> | <u>1,124,321</u> |
| Utilisation of funds: | | |
| Development | 817,514 | 438,761 |
| High performance program | 70,000 | 70,132 |
| Coaching expenses | 466,524 | 369,157 |
| Sprints | 927,678 | 246,271 |
| Less expenses recovered: | | |
| SASCOC | (55,414) | - |
| ICF | (13,959) | - |
| Athletes & coaches | <u>(403,407)</u> | <u>-</u> |
| | <u>1,808,936</u> | <u>1,124,321</u> |

The grant received is the second of two tranches of a total grant of R4,026,738 to fund coaches and paddlers through high performance programmes and international participation, as well as fund development programmes.

10. Related parties

Relationships

A member of key management

J Oliver - Independent Director

Related party balances

There are no related party balances at the year end

Related party transactions

Fees paid to (received from) related parties

J Oliver - Membership database management & newsletter

33,600

49,720

