Athletics South Africa Non Profit Company
(Registration number 2006/034767/08)
Financial statements
for the year ended 31 December 2013
Published 26 May 2014

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

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company 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. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2014 and, in the light of this review and the urrent financial position, they are satisfied that the company 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 company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 3.

The financial statements set out on pages 4 to 16, which have been prepared on the going concern basis, were approved by the directors on 26 May 2014 and were signed on its behalf by:

Director	**Director**

Independent Auditor's Report

To the Members of Athletics South Africa Non Profit Company

We have audited the financial statements of Athletics South Africa Non Profit Company, as set out on pages 5 to 14, which comprise the statement of financial position as at 31 December 2013, 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 Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with similar organisations, it is not feasible for the company to institute accounting controls over cash collections from entity fees and other sundry income to the initial entry of the revenue in the accounting records. Accordingly, it was for us to extend our examination beyond receipts actually recorded.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Athletics South Africa Non Profit Company as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act 71 of 2008.

Rothmann and Company
Registered Auditors
H.J. Rothmann C.A (S.A.)
26 May 2014

550 Ontdekkers Road
Florida
1709

Directors' Report

The directors submit their report for the year ended 31 December 2013.

1. Review of activities

Main business and operations

Other comments from directors

1. The Company declared a deficit of R3,827,172 for the year.

2. An amount of R3m has been included under operating expenses to cover a claim instituted against Athletics South Africa NPC by an athlete who injured himself at the SA Championships in early 2009, prior to the term of office of the current Board. The final damages award, if made, may well be for less but the full claim has been included. The will be an adjustment in future years if the claim is reduced.

3. Legal fees incurred in 2012 were related to the abovementioned claim and labour claims instituted against Athletics South Africa NPC by previous employees whose cases had been dealt with by SASCOC. As their former employer, they instituted claims against Athletics South Africa and we had to defend the matters.

4. The CEO's contract of employment was terminated during the year after the recommendations of a disciplinary hearing. One of the grounds was the management of the finances. Although the losses of previous years was reduced (if one does not include the damages claim), the substantial increase in the salary bill caused a further loss and has a longer term effect on the financial situation of the company.

2. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the financial statements.

3. Directors

The directors of the company during the year and to the date of this report are as follows:

Name
J. Evans (President)
H. Ramaala (Vice President)
J. Moloi
A. Gobey
G. Pillay
P. Lourens
N. Gwadiso
S. Nobel
E. Malema
B. Moila

4. Secretary

The secretary of the company is L. Viljoen

5. Auditors

Rothmann and Company will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

Statement of Financial Position as at 31 December 2013

Figures in Rand	Note(s)	2013	2012
Assets			
Non-Current Assets			
Investment property	2	6 825 000	6 825 000
Property, plant and equipment	3	393 605	501 413
Loans to directors	4	78 696	78 696
		7 297 301	**7 405 109**
Current Assets			
Inventories	5	179 836	22 703
Trade and other receivables	6	577 200	1 433 173
Cash and cash equivalents	7	188	1 853 997
		757 224	**3 309 873**
Total Assets		**8 054 525**	**10 714 982**
Equity and Liabilities			
Equity			
Reserves		325 000	325 000
Accumulated loss		(5 395 368)	(4 350 591)
		(5 070 368)	**(4 025 591)**
Liabilities			
Non-Current Liabilities			
Other financial liabilities	8	1 444 402	1 629 972
Current Liabilities			
Trade and other payables	9	11 658 136	13 110 601
Bank overdraft	7	22 355	-
		11 680 491	**13 110 601**
Total Liabilities		**13 124 893**	**14 740 573**
Total Equity and Liabilities		**8 054 525**	**10 714 982**

Athletics South Africa Non Profit Company

(Registration number 2006/034767/08)
Financial Statements for the year ended 31 December 2013

Statement of Comprehensive Income

Figures in Rand	Note(s)	2013	2012
Revenue	10	12 149 665	24 428 193
Event expenses		(4 779 981)	(14 348 810)
Gross surplus		**7 369 684**	**10 079 383**
Other income			76 677
Operating expenses		(8 292 688)	(13 822 280)
Operating (loss) surplus	11	**(923 004)**	**(3 666 220)**
Finance costs	12	(121 773)	(160 952)
(Deficit) surplus for the year		**(1 044 777)**	**(3 827 172)**
		-	-
Total comprehensive (loss) income for the year		**(1 044 777)**	**(3 827 172)**

Statement of Changes in Equity

Figures in Rand	Other NDR	Accumulated loss	Total equity
Balance at 01 January 2012	**325 000**	**(523 419)**	**(198 419)**
Loss for the year	-	(3 827 172)	(3 827 172)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(3 827 172)**	**(3 827 172)**
Balance at 01 January 2013	**325 000**	**(4 350 591)**	**(4 025 591)**
Deficit for the year	-	(1 044 777)	(1 044 777)
Other comprehensive income	-	-	-
Total comprehensive deficit for the year	**-**	**(1 044 777)**	**(1 044 777)**
Balance at 31 December 2013	**325 000**	**(5 395 368)**	**(5 070 368)**

Note(s)

Statement of Cash Flows

Figures in Rand	Note(s)	2013	2012
Cash flows from operating activities			
Cash used in operations	15	(1 559 818)	1 986 394
Interest income			-
Finance costs		(121 773)	(160 952)
Net cash from operating activities		**(1 681 591)**	**1 825 442**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(9 000)	(379 493)
Cash flows from financing activities			
Repayment of other financial liabilities		(185 570)	(117 129)
Net cash from financing activities		**(185 570)**	**(117 129)**
Total cash movement for the year		**(1 876 161)**	**1 328 820**
Cash at the beginning of the year		1 853 997	525 176
Total cash at end of the year	7	**(22 164)**	**1 853 996**

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. The 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.

1.1 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

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

Item	**Average useful life**
Furniture and fixtures	6 years
Motor vehicles	5 years
IT equipment	3 years
Computer software	2 years
Electronic sports equipment	4 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

1.3 Financial instruments

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Accounting Policies

1.3 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

1.5 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.6 Provisions and contingencies

Provisions are recognised when:
- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

1.7 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable from sponsorships and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

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

1.8 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Financial Statements

Figures in Rand	2013	2012

2. Investment property

	2013			2012		
	Cost / Valuation	**Accumulated depreciation**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation**	**Carrying value**
Investment property	6 825 000	-	6 825 000	6 825 000	-	6 825 000

Reconciliation of investment property - 2013

	Opening balance	**Total**
Investment property	6 825 000	6 825 000

Reconciliation of investment property - 2012

	Opening balance	**Total**
Investment property	6 825 000	6 825 000

Details of property

Property 1

- Purchase price: 1 December 2005	6 500 000	6 500 000
- Additions since purchase or valuation	325 000	325 000
	6 825 000	**6 825 000**

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

Notes to the Financial Statements

Figures in Rand	2013	2012

3. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	174 610	(174 608)	2	174 610	(174 608)	2
Motor vehicles	139 176	(139 175)	1	139 176	(139 175)	1
IT equipment	1 238 381	(844 782)	393 599	1 229 381	(727 974)	501 407
Electronic sports equipment	1 122 396	(1 122 393)	3	1 122 396	(1 122 393)	3
Total	**2 674 563**	**(2 280 958)**	**393 605**	**2 665 563**	**(2 164 150)**	**501 413**

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	2	-	-	2
Motor vehicles	1	-	-	1
IT equipment	501 407	9 000	(116 808)	393 599
Electronic sports equipment	3	-	-	3
	501 413	**9 000**	**(116 808)**	**393 605**

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	982	-	(980)	2
Motor vehicles	1	-	-	1
IT equipment	237 818	379 493	(115 904)	501 407
Electronic sports equipment	35 160	-	(35 157)	3
	273 961	**379 493**	**(152 041)**	**501 413**

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

4. Loans to (from) shareholders

	2013	2012
L. Chuene The loan bears no interest and has no fixed terms of repayment	78 696	78 696

5. Inventories

	2013	2012
IAAF 2012 - 2013 Rule books	179 836	22 703

6. Trade and other receivables

	2013	2012
Trade receivables	498 819	1 318 086
Prepayments	54 726	48 503
Staff loans	23 655	66 584
	577 200	**1 433 173**

Notes to the Financial Statements

Figures in Rand	2013	2012

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	188	188
Bank balances	-	1 853 809
Bank overdraft	(22 355)	-
	(22 167)	**1 853 997**

Current assets	188	1 853 997
Current liabilities	(22 355)	-
	(22 167)	**1 853 997**

8. Other financial liabilities

Held at amortised cost		
Nedbank Limited - Mortgage Bond Secured over investment as per Note 2, bearing interest at 8% per annum and repayable in monthly installments of R 49,635.	1 444 402	1 629 972

Non-current liabilities		
At amortised cost	1 444 402	1 629 972

9. Trade and other payables

Trade payables	8 321 158	11 066 878
VAT	3 336 978	2 043 723
	11 658 136	**13 110 601**

10. Revenue

Gross income	12 149 665	24 428 193

The amount included in revenue arising from the following grant and sponsorships:		
Department of sport	-	2 282 400
Sponsorship and other income event related	12 149 665	19 895 793
Broadcasting rights	-	2 250 000
	12 149 665	**24 428 193**

11. Operating (loss) surplus

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

Operating lease charges		
Premises		
• Contractual amounts	13 750	26 937

Depreciation on property, plant and equipment	116 808	152 041
Employee costs	3 846 638	5 154 278
Injury claim	-	3 000 000
Insurance	989 724	1 155 637

Notes to the Financial Statements

Figures in Rand	2013	2012

12. Finance costs

Bank and other	-	23 053
Bond	121 773	137 899
	121 773	**160 952**

13. Taxation

No provision has been made for income tax as the company is exempt in terms of section 10(1)cN) of the Income Tax Act.

14. Auditors' remuneration

Fees	127 000	118 385

15. Cash used in operations

Deficit (loss) before taxation	(1 044 777)	(3 827 172)
Adjustments for:		
Depreciation and amortisation	116 808	152 041
Finance costs	121 773	160 952
Changes in working capital:		
Inventories	(157 133)	10 687
Trade and other receivables	855 976	6 802 846
Trade and other payables	(1 452 465)	(1 312 960)
	(1 559 818)	**1 986 394**

Athletics South Africa Non Profit Company

(Registration number 2006/034767/08)
Financial Statements for the year ended 31 December 2013

Detailed Income Statement

Figures in Rand	Note(s)	2013	2012
Revenue			
Events and Development Income		12 149 665	24 428 193
Event expenses		**(4 779 981)**	**(14 348 810)**
Gross surplus		**7 369 684**	**10 079 383**
Other income			
Other income		-	76 677
Expenses (Refer to page 16)		**(8 292 688)**	**(13 822 280)**
Operating loss	11	**(923 004)**	**(3 666 220)**
Finance costs	12	(121 773)	(160 952)
(Deficit) surplus for the year		**(1 044 777)**	**(3 827 172)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(1 044 777)**	**(3 827 172)**

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

Detailed Income Statement

Figures in Rand	Note(s)	2013	2012
Operating expenses			
Accommodation and meals		(13 970)	(85 017)
Auditors remuneration	14	(127 000)	(118 385)
Bank charges		(54 367)	(125 681)
Cleaning		(11 446)	(17 841)
Computer expenses		(205 319)	(223 257)
Consulting fees		218 261	(139 551)
Delivery expenses		(12 895)	(50 229)
Depreciation, amortisation and impairments		(116 808)	(152 041)
Directors remuneration		-	(186 377)
Employee costs		(3 846 638)	(5 154 278)
Employee costs severance payment		-	(760 000)
Honorarium		(314 406)	(295 299)
Injury claim		-	(3 000 000)
Insurance		(989 724)	(1 155 637)
Lease rentals on operating lease		(13 750)	(26 937)
Legal expenses		(1 717 646)	(761 504)
Motor vehicle expenses		(7 323)	-
Printing and publications		138 176	(6 901)
Printing and stationery		322 853	(229 382)
Repairs and maintenance		(58 859)	(217 245)
SARS Interest and penalties		(558 138)	(24 694)
Security		(194 225)	(239 525)
Staff welfare		-	(81 150)
Storage		-	(23 363)
Subscriptions		(5 953)	(9 745)
Telephone and fax		(284 617)	(394 179)
Travel - local		(261 456)	(151 143)
Utilities		(177 438)	(192 919)
		(8 292 688)	**(13 822 280)**