Athletics South Africa Non Profit Company
(Registration number 2006/034767/08)
Financial statements
for the year ended 31 December 2012

Rothmann and Company
Chartered Accountants (S.A.)
Registered Auditors
Published 15 April 2013

Index

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

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 2013 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 29 November 2013 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 2012, 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 2012, 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.)
29 November 2013

550 Ontdekkers Road
Florida
1709

Directors' Report

The directors submit their report for the year ended 31 December 2012.

1. Review of activities

Main business and operations

The company is engaged in Athletics and operates principally in South Africa.

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 2012

Figures in Rand	Note(s)	2012	2011
Assets			
Non-Current Assets			
Investment property	2	6 825 000	6 825 00C
Property, plant and equipment	3	501 413	273 961
Loans to directors	4	78 696	78 69E
		7 405 109	**7 177 657**
Current Assets			
Inventories	5	22 703	33 39C
Trade and other receivables	6	1 433 173	8 236 02C
Cash and cash equivalents	7	1 853 997	525 17E
		3 309 873	**8 794 586**
Total Assets		**10 714 982**	**15 972 243**
Equity and Liabilities			
Equity			
Reserves		325 000	325 00C
Accumulated deficit		(4 350 591)	(523 41S
		(4 025 591)	**(198 41S**
Liabilities			
Non-Current Liabilities			
Other financial liabilities	8	1 629 972	1 747 101
Current Liabilities			
Trade and other payables	9	13 110 601	14 423 561
Total Liabilities		**14 740 573**	**16 170 662**
Total Equity and Liabilities		**10 714 982**	**15 972 243**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2012	2011
Revenue	10	24 428 193	27 123 855
Event expenses		(14 348 810)	(22 312 481)
Gross surplus		**10 079 383**	**4 811 374**
Other income		76 677	32 249
Operating expenses		(13 822 280)	(7 613 210)
Operating (loss) surplus	11	**(3 666 220)**	**(2 769 587)**
Investment income	12	-	635
Finance costs	13	(160 952)	(150 849)
(Deficit) surplus for the year		**(3 827 172)**	**(2 919 801)**
		-	-
Total comprehensive (loss) income for the year		**(3 827 172)**	**(2 919 801)**

Statement of Changes in Equity

Figures in Rand	Revaluation reserve	Accumulated deficit	Total equity
Balance at 01 January 2011	**325 000**	**2 396 382**	**2 721 382**
Loss for the year	-	(2 919 801)	(2 919 801)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(2 919 801)**	**(2 919 801)**
Balance at 01 January 2012	**325 000**	**(523 419)**	**(198 419)**
Deficit for the year	-	(3 827 172)	(3 827 172)
Other comprehensive income	-	-	-
Total comprehensive deficit for the year	**-**	**(3 827 172)**	**(3 827 172)**
Balance at 31 December 2012	**325 000**	**(4 350 591)**	**(4 025 591)**

Note(s)

Statement of Cash Flows

Figures in Rand	Note(s)	2012	2011
Cash flows from operating activities			
Cash generated from operations	16	1 986 394	(1 988 337)
Interest income		-	635
Finance costs		(160 952)	(150 849)
Net cash from operating activities		**1 825 442**	**(2 138 551)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(379 493)	(262 358)
Cash flows from financing activities			
Repayment of other financial liabilities		(117 129)	(444 980)
Net cash from financing activities		**(117 129)**	**(444 980)**
Total cash movement for the year		**1 328 820**	**(2 845 889)**
Cash at the beginning of the year		525 176	3 371 066
Total cash at end of the year	7	**1 853 996**	**525 177**

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.

These accounting policies are consistent with the previous period.

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	2012	2011

2. Investment property

	2012			2011		
	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 - 2012

	Opening balance	Total
Investment property	6 825 000	6 825 000

Reconciliation of investment property - 2011

	Opening balance	Total
Investment property	6 825 000	6 825 000

Details of property

Erf 1998, Houghton Estate		
Terms and conditions		
- At cost	6 500 000	6 500 000
- Revaluations	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	2012	2011

3. Property, plant and equipment

	2012			2011		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	174 610	(174 608)	2	174 610	(173 628)	982
Motor vehicles	139 176	(139 175)	1	139 176	(139 175)	1
IT equipment	1 229 381	(727 974)	501 407	849 888	(612 070)	237 818
Electronic sports equipment	1 122 396	(1 122 393)	3	1 122 396	(1 087 236)	35 160
Total	**2 665 563**	**(2 164 150)**	**501 413**	**2 286 070**	**(2 012 109)**	**273 961**

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**

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	4 867	870	(4 755)	982
Motor vehicles	27 835	-	(27 834)	1
IT equipment	6 542	261 488	(30 212)	237 818
Electronic sports equipment	78 253	-	(43 093)	35 160
	117 497	**262 358**	**(105 894)**	**273 961**

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 directors

	2012	2011
L. Chuene The loan bears no interest and has no fixed terms of repayment	78 696	78 696

5. Inventories

	2012	2011
IAAF 2012 - 2013 Rule books	22 703	33 390

6. Trade and other receivables

	2012	2011
Trade receivables	1 318 086	8 205 558
Prepayments	48 503	10 186
Staff loans	66 584	20 276
	1 433 173	**8 236 020**

Notes to the Financial Statements

Figures in Rand	2012	2011

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	188	17
Bank balances	1 853 809	525 159
	1 853 997	**525 176**

8. Other financial liabilities

Held at amortised cost		
Nedbank Limited - Mortgage Bond	1 629 972	1 747 101
Secured over investment as per Note 2, bearing interest at 8% per annum and repayable in monthly installments of R 49,635.		
Non-current liabilities		
At amortised cost	1 629 972	1 747 101

9. Trade and other payables

Accrued expense	-	4 307 777
Pre invoiced sponsorship	-	3 404 700
Trade payables	11 066 878	5 457 934
VAT	2 043 723	1 253 150
	13 110 601	**14 423 561**

10. Revenue

Gross income	24 428 193	27 123 855
The amount included in revenue arising from the following grant and sponsorships:		
Department of Sports	2 282 400	6 869 411
National Lotteries Board	-	2 469 268
Sponsorship and other income event related	19 895 793	13 652 021
Broadcast rights	2 250 000	4 133 155
	24 428 193	**27 123 855**

11. Operating (loss) surplus

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

Operating lease charges		
Premises		
• Contractual amounts	26 937	24 699
Profit on exchange differences	-	(32 249)
Depreciation on property, plant and equipment	152 041	105 894
Employee costs	5 154 278	3 612 330
Injury claim	3 000 000	-
Insurance	1 155 637	1 019 503

Notes to the Financial Statements

Figures in Rand	2012	2011

12. Investment revenue

Interest income		
Bank	-	635

13. Finance costs

Bank and other	23 053	781
Bond	137 899	150 068
	160 952	**150 849**

14. 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.

15. Auditors' remuneration

Fees	118 385	127 000
Adjustment for previous year	-	41 940
Tax and secretarial services	-	34 124
	118 385	**203 064**

16. Cash generated from operations

Deficit (loss) before taxation	(3 827 172)	(2 919 801)
Adjustments for:		
Depreciation and amortisation	152 041	105 894
Interest received	-	(635)
Finance costs	160 952	150 849
Changes in working capital:		
Inventories	10 687	58 568
Trade and other receivables	6 802 846	881 375
Trade and other payables	(1 312 960)	(264 587)
	1 986 394	**(1 988 337)**

Detailed Income Statement

Figures in Rand	Note(s)	2012	2011
Revenue			
Events and Development Income		24 428 193	27 123 855
Event expenses		**(14 348 810)**	**(22 312 481)**
Gross surplus		**10 079 383**	**4 811 374**
Other income			
Other income		76 677	-
Interest received	12	-	635
Profit on exchange differences		-	32 249
		76 677	**32 884**
Expenses (Refer to page 16)		**(13 822 280)**	**(7 613 210)**
Operating (loss) profit	11	**(3 666 220)**	**(2 768 952)**
Finance costs	13	(160 952)	(150 849)
(Deficit) surplus for the year		**(3 827 172)**	**(2 919 801)**
Other comprehensive income		-	-
Total comprehensive (loss) income for the year		**(3 827 172)**	**(2 919 801)**

Athletics South Africa Non Profit Company
(Registration number 2006/034767/08)
Financial Statements for the year ended 31 December 2012

Detailed Income Statement

Figures in Rand	Note(s)	2012	2011
Operating expenses			
Accommodation and meals		(85 017)	(42 756)
Auditors remuneration	15	(118 385)	(203 064)
Bank charges		(125 681)	(62 304)
Cleaning		(17 841)	(10 978)
Computer expenses		(223 257)	(122 821)
Consulting fees		(139 551)	(291 170)
Delivery expenses		(50 229)	(3 985)
Depreciation, amortisation and impairments		(152 041)	(105 894)
Directors remuneration		(186 377)	(55 800)
Donations		-	(630)
Employee costs		(5 154 278)	(3 612 330)
Employee costs severance payment		(760 000)	-
Flowers and gifts		-	(635)
Honorarium		(295 299)	-
Injury claim		(3 000 000)	-
Insurance		(1 155 637)	(1 019 503)
Lease rentals on operating lease		(26 937)	(24 699)
Legal expenses		(761 504)	(119 925)
Motor vehicle expenses		-	(52 336)
Postage		-	(307)
Printing and publications		(6 901)	(37 098)
Printing and stationery		(229 382)	(775 923)
Repairs and maintenance		(217 245)	(53 421)
SARS Interest and penalties		(24 694)	-
Security		(239 525)	(212 461)
Staff welfare		(81 150)	-
Storage		(23 363)	-
Subscriptions		(9 745)	(6 653)
Telephone and fax		(394 179)	(316 285)
Travel - local		(151 143)	(318 194)
Utilities		(192 919)	(164 038)
		(13 822 280)	**(7 613 210)**