

**Basketball South Africa**

Annual financial statements  
for the year ended 31 March 2013

# Basketball South Africa

Annual Financial Statements for the year ended 31 March 2013

## General Information

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Country of incorporation and domicile	South Africa
Nature of business and principal activities	Basketball Federation
Executive Committee	Mr Graham Abrahams - Convener Mr Albert Mokoena Mr Mmeli Magubane Adv. Raymond Hack Ms. Patience Shikwambane Ms. Lungile Mposula
Postal address	P.O Box 57025 Springfield 2137
Bankers	Nedbank

# Basketball South Africa

Annual Financial Statements for the year ended 31 March 2013

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

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## **REPORT OF THE INDEPENDENT AUDITORS TO THE INTERIM COMMITTEE OF BASKETBALL SOUTH AFRICA**

We have audited the accompanying financial statements of Basketball South Africa, which comprise the Statement of Financial Position as at 31 March 2013, the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes including the director's report, as set out on pages 6 to 16.

### **Director's Responsibility for the Annual Financial Statements**

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Reporting Standard, and in the manner required by the Companies Act of 71 of 2008. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matters described in the basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Basis for Disclaimer of Opinion**

#### **Scope Limitation**

We were unable to verify and confirm the occurrence, completeness and validity of some expenses and liabilities as the federation supporting documents were not all available for the audit. Consequently we did not obtain all the information and explanation, we consider necessary to satisfy ourselves as to the occurrence, completeness and validity of the income and expenses.

In common practice with similar organisations, it is not feasible for Basketball South Africa to institute accounting control over cash collections from donations prior to initial entry of the collections in the accounting records. Accordingly it was impracticable to extend our examinations beyond receipts actually recorded.



**Director:**  
S. Sithole

### **Unadjusted Liabilities and Income**

As disclosed under the Contingent Liability note on the financial statements, the National Lotteries Distribution Fund has issued a letter requesting the repayment of R6, 900,000 00 due to Basketball South Africa breach of the terms and conditions of the grant agreement following from their site review. These financial statements have not been adjusted for, nor was a liability raised for this amount

### **Disclaimer of Opinion**

Because of the significance of the matters described in the Basis for the Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

### **Accounting and Secretarial Duties**

Without qualifying our opinion, we draw your attention to the fact that with the written consent of all members, we have performed certain accounting and secretarial duties.

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**Sithole SS & Partners Inc**  
**Registered Auditors**  
**As Per: Stefaan Sithole**

# **Basketball South Africa**

Annual Financial Statements for the year ended 31 March 2013

## **Executive Committee's Responsibilities and Approval**

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The executive committee is required by the Association's Constitution, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the 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 South African Statements of Generally Accepted Accounting Practice and other requirements as per agreements with the funders. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and other requirements as per agreements with the funders and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The executive committee 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 executive committee to meet these responsibilities, the members should set 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 executive committee is of the opinion, based on the information and explanations given by previous executive committee, that the financial records may be relied on for the preparation of the annual financial statements.

The executive committee has reviewed the federation's cash flow forecast for the year to 31 March 2014 and, in the light of this review and the current financial position, it is satisfied that the federation has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 6 to 16, which have been prepared on the going concern basis, were approved by the general assembly on 05 October 2013 per the resolution and mandated the following to sign on its behalf:

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**Mr. Graham Abrahams - Convener**

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**Mr. Albert Mokoena**

# **Basketball South Africa**

Annual Financial Statements for the year ended 31 March 2013

## **Executive Committee's Report**

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The executive committee presents their report for the year ended 31 March 2013.

### **1. Review of activities**

#### **Main business and operations**

The federation is engaged in basketball federation and operates principally in South Africa

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.

Net loss of the company was R 463,022 (2012: loss R 4,907,644)

### **2. Going concern**

We draw attention to the fact that at 31 March 2013, the federation had accumulated losses of R (2,692,223) and that the federation's total liabilities exceed its assets by R (2,692,223)

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 interim Committee is of the opinion that Basketball South Africa will be a going concern as it has secured the financial backing for the current financial year from Sport and Recreation South Africa in the amount of R2,000,000 00(two Million Rand) Negotiations with the creditors have been ongoing and preliminary discussions are in place with creditors to reach payment agreements with Basketball South Africa.

### **3. Post balance sheet events**

At the Special Meeting of the members of Basketball South Africa held on the 17th of June 2012, SASCOC advised the meeting that as a result of the failure of the executive Committee at the time to comply with their fiduciary duties; Basketball South Africa had been placed under administration by SASCOC and an interim leadership was put in place. The terms of reference of the interim Committee are to take measures to restore the functionality of the federation including review of provinces and affiliates status with the Federation; Coordinate and manage programmes and projects of Basketball South Africa; Assess the financial state of Basketball South Africa; Engage various funders of Basketball South Africa that require explanation and understanding of the usage of funds allocated; Convene in the next three months a meeting with Basketball South Africa structures to give an update and propose a way forward, Convene a proper Annual General meeting / special meeting for Basketball as per constitution.

### **4. The Interim Committee Members of association at the date of approval of this report are as follows**

Mr Graham Abrahams - Convener  
Mr Albert Mokoena  
Mr Mmeli Magubane  
Adv. Raymond Hack  
Ms Patience Shikwambane  
Ms Lungile Mposula

# Basketball South Africa

Annual Financial Statements for the year ended 31 March 2013

## Statement of Financial Position

Figures in Rand	Note(s)	2013	2012
<b>Assets</b>			
Non-Current Assets			
Property, plant and equipment	2	2,582,763	2,938,868
Current Assets			
Trade and other receivables		-	250
Cash and cash equivalents	3	24,276	6,000
		<b>24,276</b>	<b>6,250</b>
<b>Total Assets</b>		<b>2,607,039</b>	<b>2,945,118</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated Suplus / (deficit)		(2,692,223)	(2,229,201)
<b>Liabilities</b>			
Current Liabilities			
Accued PAYE & UIF		160,432	160,432
Trade and other payable	4	5,138,830	5,013,806
Bank overdraft	3	-	81
		<b>5,299,262</b>	<b>5,174,319</b>
<b>Total Equity and Liabilities</b>		<b>2,607,039</b>	<b>2,945,118</b>



# Basketball South Africa

Annual Financial Statements for the year ended 31 March 2013

## Statement of Comprehensive Income

Figures in Rand	Note(s)	2013	2012
Revenue	5	67,530	463,893
Operating expenses		(530,552)	(5,371,562)
<b>Operating (deficit) surplus</b>		<b>(463,022)</b>	<b>(4,907,669)</b>
Investment revenue		-	25
<b>Surplus / (deficit) for the year</b>		<b>(463,022)</b>	<b>(4,907,644)</b>

# Basketball South Africa

Annual Financial Statements for the year ended 31 March 2013

## Statement of Changes in Surplus and Deficit

Figures in Rand		Accumulated Surplus / (deficit)	Total equity
<b>Balance at 01 April 2011</b>	-	<b>2,678,443</b>	<b>2,678,443</b>
Surplus / (deficit) for the year	-	(4,907,644)	(4,907,644)
Total changes	-	(4,907,644)	(4,907,644)
<b>Balance at 01 April 2012</b>	-	<b>(2,229,201)</b>	<b>(2,229,201)</b>
Surplus/(deficit) for the year	-	(463,022)	(463,022)
Total changes	-	(463,022)	(463,022)
<b>Balance at 31 March 2013</b>	-	<b>(2,692,223)</b>	<b>(2,692,223)</b>

# Basketball South Africa

Annual Financial Statements for the year ended 31 March 2013

## Statement of Cash Flow

Figures in Rand	Note(s)	2013	2012
<b>Cash flows from operating activities</b>			
Cash generated from operations	7	18,356	114,297
Interest income		-	25
Tax received		-	67,394
<b>Net cash from operating activities</b>		<b>18,356</b>	<b>181,716</b>
<b>Cash flows from financing activities</b>			
Repayment of loans from sascoc		-	(302,000)
Non-cash item		-	61,771
<b>Net cash from financing activities</b>		<b>-</b>	<b>(240,229)</b>
<b>Total cash movement for the year</b>		<b>18,356</b>	<b>(58,513)</b>
Cash at the beginning of the year		5,919	64,432
<b>Total cash at end of the year</b>	3	<b>24,275</b>	<b>5,919</b>

# Basketball South Africa

Annual Financial Statements for the year ended 31 March 2013

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and other requirements as per agreements with the funders, and the Association's Constitution. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below

These accounting policies are consistent with the previous period

#### 1.1 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.

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

Item	Average useful life
Furniture and fixtures	6 years
IT equipment	3 years
Computer software	2 Years
Technical equipment	10 years

The residual value and the useful life of each asset are reviewed at each financial period-end.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset

#### 1.2 Impairment of assets

The federation assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the federation estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease

#### 1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts received or receivable. Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and that these benefits can be measured reliably

#### 1.4 Interest Income

Interest income is accrued on a time proportioned basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

# Basketball South Africa

Annual Financial Statements for the year ended 31 March 2013

## Notes to the Annual Financial Statements

Figures in Rand

2013

2012

### 2. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	73,877	(36,893)	36,984	73,877	(24,578)	49,299
IT equipment	75,848	(78,150)	(2,302)	75,848	(52,870)	22,978
Computer software	3,499	(3,498)	1	3,499	(3,498)	1
Technical Equipment	3,185,100	(637,020)	2,548,080	3,185,100	(318,510)	2,866,590
<b>Total</b>	<b>3,338,324</b>	<b>(755,561)</b>	<b>2,582,763</b>	<b>3,338,324</b>	<b>(399,456)</b>	<b>2,938,868</b>

#### Reconciliation of property, plant and equipment - 2013

	Opening Balance	Depreciation	Total
Furniture and fixtures	49,299	(12,315)	36,984
Computer equipment	22,978	(25,280)	(2,302)
Computer software	1	-	1
Technical Equipment	2,866,590	(318,510)	2,548,080
	<b>2,938,868</b>	<b>(356,105)</b>	<b>2,582,763</b>

#### Reconciliation of property, plant and equipment - 2012

	Opening Balance	Depreciation	Total
Furniture and fixtures	61,613	(12,314)	49,299
Computer equipment	48,258	(25,280)	22,978
Computer software	1,749	(1,748)	1
Technical Equipment	3,185,100	(318,510)	2,866,590
	<b>3,296,720</b>	<b>(357,852)</b>	<b>2,938,868</b>

# Basketball South Africa

Annual Financial Statements for the year ended 31 March 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>3. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	6,000	6,000
Bank balances	18,276	-
Bank overdraft	-	(81)
	<b>24,276</b>	<b>5,919</b>
Current assets	24,276	6,000
Current liabilities	-	(81)
	<b>24,276</b>	<b>5,919</b>
<b>4. Trade and other payable</b>		
Wheelchair Basketball	837,051	837,049
Stellenbosch University	278,558	278,558
Sedgars Mondo	1,286,000	1,286,000
Accrued audit fees	248,064	162,792
Molten	37,996	37,996
Players/Technical Allowance	412,500	412,500
Sedgars Shop	541,626	541,626
Accrued UIF & PAYE	479,211	479,461
Thembisile Tours	24,067	24,067
Mahlo Shuttle Services	32,600	32,600
University of Free State	152,250	152,250
Team Clothing	808,907	768,907
	<b>5,138,830</b>	<b>5,013,806</b>
<b>5. Revenue from sponsors and grants</b>		
Other sponsors	67,530	463,893
<b>6. Auditors' remuneration</b>		
Fees	85,272	85,272
Consulting	-	279,159
	<b>85,272</b>	<b>364,431</b>
<b>7. Cash generated from operations</b>		
Surplus for the year	(463,022)	(4,907,644)
<b>Adjustments for:</b>		
Depreciation and amortisation	356,104	357,853
Interest received	-	(25)
<b>Changes in working capital:</b>		
Trade and other receivables	250	117,500
Income Accrued	-	2,300,000
Trade and other payable	125,024	2,246,613
	<b>18,356</b>	<b>114,297</b>
<b>8. Going concern</b>		

We draw attention to the fact that at 31 March 2013, the federation had accumulated losses of R (2,692,223) and that the federation's total liabilities exceed its assets by R (2,692,223)

# Basketball South Africa

Annual Financial Statements for the year ended 31 March 2013

## Notes to the Annual Financial Statements

Figures in Rand

2013

2012

### 8. Going concern (continued)

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.

### 9. Contingent liabilities

The National Lotteries Distribution Trust Fund has demanded Basketball South Africa to refund back a grant of R6,900,000.00, which was paid to the federation as grant funding over a period of 2 years, due to the failure to comply with the provision of the funding agreement. The interim committee has entered into the discussion with National Lotteries Distribution Trust Fund to address the outstanding issues.

## Basketball South Africa

Annual Financial Statements for the year ended 31 March 2013

### Detailed Income statement

Figures in Rand	Note(s)	2013	2012
<b>Revenue</b>			
Subsidy Income		67,530	463,893
<b>Other income</b>			
Interest received		-	25
<b>Expenses (Refer to page 16)</b>		<b>(530,552)</b>	<b>(5,371,562)</b>
<b>Deficit for the year</b>		<b>(463,022)</b>	<b>(4,907,644)</b>



# Basketball South Africa

Annual Financial Statements for the year ended 31 March 2013

## Detailed Income statement

Figures in Rand	Note(s)	2013	2012
<b>Operating expenses</b>			
Accounting fees		(40,000)	(80,000)
Accommodation and vehicle hire		-	(152,895)
Affiliation		-	(33,507)
Athlete Support		-	(79,750)
Auditors remuneration	6	(85,272)	(364,431)
Bank charges		(2,350)	(8,225)
Board Allowance		-	(10,000)
Board Meeting Expenses		-	(4,600)
Catering expenses		-	(541,125)
Claiming expenses		-	(6,209)
Cleaning		-	(9,700)
Depreciation, amortisation and impairments		(356,104)	(357,853)
Employee costs		-	(387,922)
General Expenses		(26,400)	(152,087)
Insurance		(386)	-
Leasing & Hire Cost		-	(19,058)
Medical expenses		-	(49,650)
Players Lunch		-	(500)
Club Development Balls		-	(37,996)
Petrol and oil		(500)	(4,270)
Physiotherapist -Libya		-	(136,045)
Referees and table officials		-	(72,020)
Repairs and maintenance		-	(9,800)
Rent Paid		-	(13,959)
Staff welfare		-	(15,000)
Subscriptions		(209)	(2,370)
Team clothing		-	(746,908)
Telephone and fax		(100)	(38,430)
Visitations		-	(2,100)
Travel - overseas		(19,231)	(1,535,152)
Wheelchair SRSA		-	(500,000)
		<b>(530,552)</b>	<b>(5,371,562)</b>