

**University Sport South Africa
(Registration number 043-773-NPO)
Financial statements
for the year ended 31 December 2015**

Audit • Advisory • Tax

University Sport South Africa

(Registration number 043-773-NPO)

Financial Statements for the year ended 31 December 2015

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	University Sport South Africa (USSA) is the national umbrella sports structure for the regulation, organisation and coordination of university sports in South Africa.
National Executive Committee	Prof Tyrone Pretorius Mrs Ilhaam Groenewald Ms Luleka Rene Haya Mr Louis Nel Mr Matsobane Jerry Laka Mr Mandla Gagayi Ms Nomsa Mahlangu Ms Sarah Bishop Mr Menzi Ngcobo Mr Ofentse Seitshiro
Registered office	Room 12, 2nd Floor North Pavilion Loftus Versfeld Stadium Kirkness Street Sunnyside 0002
Postal address	PO Box 14734 Hatfield 0028
Auditors	BDO South Africa Incorporated Registered Auditors
Company registration number	043-773-NPO
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Constitution of University Sport South Africa.

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National Executive Committee (NEC) Responsibilities and Approval

The NEC is required to maintain adequate accounting records and they 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 organisation 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 Constitution of University Sport South Africa. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the Constitution of University Sport South Africa and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.


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

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

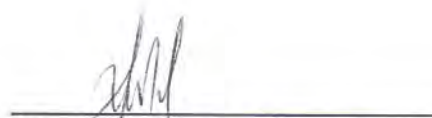
The NEC have reviewed the organisation's cash flow forecast for the year from the date of approval of this report and, in the light of this review and the current financial position, they are satisfied that the organisation has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the organisation's financial statements. The financial statements have been examined by the organisation's external auditors and their report is presented on page 5.

The financial statements set out on pages 3 to 17, were approved by the National Executive Committee on 30 April 2016 and were signed on their behalf by:



Prof Tyrone Pretorius (President)



Mr Louis Nel (Secretary General)

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National Executive Committee (NEC) Report

The NEC have pleasure in submitting their report on the financial statements of University Sport South Africa for the year ended 31 December 2015.

1. Review of financial results and activities

The financial statements have been prepared in accordance with the requirements of the Constitution of University Sport South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the organisation are set out in these financial statements.

2. Plant and equipment

There was no change in the nature of the plant and equipment of the organisation or in the policy regarding their use.

At 31 December 2015 the organisation's investment in plant and equipment amounted to R24 604 (2014:R23 491), of which R13 041 (2014: R18 782) was added in the current year through additions.

3. Events after the reporting period

The NEC members are not aware of any material event which occurred after the reporting date and up to the date of this report.

4. Going concern

The National Executive Committee believes that the organisation has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The National Executive Committee has satisfied themselves that the organisation is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The National Executive Committee is not aware of any new material changes that may adversely impact the organisation. The National Executive Committee is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the organisation.

5. Auditors

BDO South Africa Incorporated continued in office as auditors of the organisation for 2015.

At the AGM, the council will be requested to reappoint BDO South Africa Incorporated as the independent external auditors of the organisation and to confirm Mr Bradley White as the designated lead audit partner for the 2016 financial year.

6. National Executive Committee (NEC) Members

National Executive Committee Members	Designation
Prof Tyrone Pretorius	President
Mrs Ilhaam Groenewald	First Vice-President
Ms Nneile Nkholise / Ms Luleka Rene Haya *	Second Vice-President (Student)
Mr Louis Nel	Secretary General / Chief Executive Officer (CEO)
Mr Matsobane Jerry Laka	Chief Finance and Marketing Officer
Mr Mandla Gagayi	Assessor
Ms Nomsa Mahlangu	Assessor
Ms Sarah Bishop	Assessor (Student)
Ms Shonisani Masutha / Mr Menzi Ngcobo *	Assessor (Student)
Ms Luleka Rene Haya / Mr Ofentse Seitshiro *	Assessor (Student)

* At their meeting on 10 October 2015, the USSA Council elected new student representatives to serve on the National Executive Committee.

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Statement of Financial Position as at 31 December 2015

Figures in Rand	Note(s)	2015	2014
Assets			
Non-Current Assets			
Plant and equipment	2	24 604	23 491
Current Assets			
Trade and other receivables	3	436 167	160 799
Cash and cash equivalents	4	6 602 543	2 037 145
		7 038 710	2 197 944
Total Assets		7 063 314	2 221 435
Funding and Liabilities			
Funding and Reserves			
Accumulated funds		220 524	217 898
Reserve funds		3 144 655	780 407
		3 365 179	998 305
Liabilities			
Current Liabilities			
Trade and other payables	6	3 553 426	1 114 987
Provisions	5	144 709	108 143
		3 698 135	1 223 130
Total Funding and Liabilities		7 063 314	2 221 435

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2015	2014
Income	7	10 869 355	4 020 306
Expenditure		(8 618 211)	(5 185 889)
Net Surplus / (Deficit)	8	2 251 144	(1 165 583)
Investment revenue	10	115 730	64 667
Surplus / (Deficit) for the year		2 366 874	(1 100 916)

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Statement of Changes in Equity

Figures in Rand	Tours & Project Fund	International Events Fund - Lotto	Fixed Cost Reserve	Sport & Recreation Fund - SRSA	Total reserves	Accumulated Funds	Total Funding and Reserves
Balance at 01 January 2014	500 000	700 000	152 070	500 000	1 852 070	247 151	2 099 221
Deficit for the year	(178 026)	-	-	-	-	(1 100 916)	(1 100 916)
Movements during the year	(393 637)	(393 637)	-	(500 000)	(1 071 663)	1 071 663	-
Balance at 01 January 2015	321 974	306 363	152 070	-	780 407	217 898	998 305
Surplus for the year	-	-	-	-	-	2 366 874	2 366 874
Movements during the year	-	1 702 086	162 162	500 000	2 364 248	(2 364 248)	-
Balance at 31 December 2015	321 974	2 008 449	314 232	500 000	3 144 655	220 524	3 365 179

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Statement of Cash Flows

Figures in Rand	Note(s)	2015	2014
Cash flows from operating activities			
Cash generated from (used in) operations	11	4 462 709	(806 060)
Interest income		115 730	64 667
Net cash from operating activities		4 578 439	(741 393)
Cash flows from investing activities			
Purchase of plant and equipment	2	(13 041)	(18 782)
Total cash movement for the year		4 565 398	(760 175)
Cash at the beginning of the year		2 037 145	2 797 320
Total cash at end of the year	4	6 602 543	2 037 145

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Accounting Policies

1. Basis of preparation

The financial statements have been prepared in accordance with the Constitution of University Sport South Africa and the accounting policies as set out below. They are presented in South African Rands.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Leave pay provision is calculated by multiplying leave days due to staff at year end by the daily cost of employment for the particular staff member.

1.2 Plant and equipment

Plant and equipment are tangible assets which the organisation holds for its own use and which are expected to be used for more than one year.

An item of plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the organisation, and the cost of the item can be measured reliably.

Plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition of the asset, including the capitalisation of borrowing costs on qualifying assets and other adjustments, where appropriate.

Plant and equipment is subsequently measured at cost less accumulated depreciation and 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 organisation.

The depreciation charge for each year is recognised in profit or loss.

Depreciation is calculated on the straight-line method to write off the cost of each asset, to their residual values over their estimated useful lives. The depreciation rate applicable to each category of fixed assets are as follows:

Item	Average useful life
Computer software	50.00%
Furniture and fixtures	15.00%
IT equipment	33.33%
Office equipment	15.00%

An item of 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 plant and equipment is included in profit or loss when the item is derecognised.

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Accounting Policies

1.3 Financial instruments

Initial measurement

Financial instruments are recognised initially when the association becomes a party to the contractual provisions of the instruments.

The organisation classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Financial instruments are initially measured at the fair value. This includes transaction costs, except for financial instruments which are measured at fair value through profit or loss.

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. 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.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

At the end of 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 so, an impairment loss is recognised.

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 Tax

Income Tax

In terms of section 10(1)(cN) of the Income Tax Act, the organisation is exempt from paying any SA normal income tax.

1.5 Impairment of assets

The organisation assesses at each reporting date whether there is any indication that an asset may be impaired.

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.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

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Accounting Policies

1.6 Provisions and contingencies

Provisions are recognised when:

- the organisation has an obligation at the reporting date as a result of a past event;
- it is probable that the organisation will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

1.7 Revenue

Income is recorded in the financial statements when the amount is received, excluding value added taxation.

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

1.8 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in the functional currency of the organisation, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

1.9 Reserve funds

A Fixed Cost Reserve fund serves to cover staff salaries and the office rent of the Secretariat for at least three (3) months in advance. This fund will serve as a backup to allow the organisation to wind up its activities should the Secretariat be forced to close down.

A Tours & Project fund is accumulated from surplus income generated from specific projects. This fund will then serve as a backup for other projects or to assist needy students financially to participate in international events.

An International Events fund is accumulated from funds received from, amongst others, the National Lotteries Board relating to approved international projects that have not yet been spent / allocated.

A Sport & Recreation fund is accumulated from funds received from the Department of Sports and Recreation relating to approved projects that have not yet been spent / allocated.

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Notes to the Financial Statements

Figures in Rand

2015

2014

2. Plant and equipment

	2015			2014		
	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Computer software	43 714	(42 993)	721	43 714	(42 044)	1 670
Furniture and fixtures	83 290	(78 748)	4 542	83 290	(77 723)	5 567
IT equipment	271 313	(255 906)	15 407	258 666	(246 880)	11 786
Office equipment	18 565	(14 631)	3 934	18 171	(13 703)	4 468
Total	416 882	(392 278)	24 604	403 841	(380 350)	23 491

Reconciliation of plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Computer software	1 670	-	(949)	721
Furniture and fixtures	5 567	-	(1 025)	4 542
IT equipment	11 786	12 647	(9 026)	15 407
Office equipment	4 468	394	(928)	3 934
	23 491	13 041	(11 928)	24 604

Reconciliation of plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Computer software	462	1 898	(690)	1 670
Furniture and fixtures	719	5 431	(583)	5 567
IT equipment	8 843	9 019	(6 076)	11 786
Office equipment	2 947	2 434	(913)	4 468
	12 971	18 782	(8 262)	23 491

3. Trade and other receivables

Other receivables	4 321	4 321
Prepayments	13 168	-
Trade receivables	412 910	156 478
VAT	5 768	-
	436 167	160 799

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	6 600 086	2 018 270
Cash on hand	2 457	18 875
	6 602 543	2 037 145

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Notes to the Financial Statements

Figures in Rand	2015	2014		
5. Provisions				
Reconciliation of provisions - 2015				
	Opening balance	Additions	Utilised during the year	Total
Leave Pay Provision	108 143	102 075	(65 509)	144 709
Reconciliation of provisions - 2014				
	Opening balance	Additions		Total
Leave Pay Provision	31 776	76 367		108 143
6. Trade and other payables				
Other payables		37 693		-
Trade payables		3 515 733		1 095 674
VAT		-		19 313
		3 553 426		1 114 987
7. Income				
Affiliation / Registration fee from institutions		354 790		366 675
Affiliations from sport clubs - NUSA membership fees		595 469		539 495
Contribution to salaries from institutions		1 566 546		1 440 056
Donation and sponsorship fees: ASEM Varsity Sports		610 649		728 005
Grant-in-aid (SRSA: Administration)		100 000		200 000
Grant-in-aid (SRSA: Special Projects)		1 300 000		500 000
International events - NLDTF		6 026 000		-
Miscellaneous		64 901		246 075
Participation fees		251 000		-
		10 869 355		4 020 306

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Notes to the Financial Statements

Figures in Rand	2015	2014
8. Net Surplus / (Deficit)		
Net Surplus / (Deficit) for the year is stated after accounting for the following expenses:		
Current Expenditure		
Affiliations: Sports Associations payments or transfers	495 900	483 021
Auditing and accounting fees	138 480	108 425
Bad debts	22 634	-
Bank charges	17 249	11 917
Cleaning and maintenance	6 375	9 668
Colours, marketing and promotion items	74 010	91 559
Computer software and equipment	7 119	1 791
Conferences / Meetings / Seminars	504 427	529 420
Consultation, research and training	188 051	108 951
Depreciation	11 928	8 263
Development - NUSA USC Varsity Sports projects	305 325	340 484
Employment costs	1 358 655	1 400 596
Gifts and entertainment	15 340	87 263
Insurance	21 823	20 200
International participation	5 142 938	1 643 362
Membership fees	-	11 006
Office rental (utilities included)	154 638	149 562
Postage and courier services	411	313
Printing - External	22 360	20 645
Printing - Internal	19 819	24 300
Projects and events administration	10 749	15 000
Stationery	3 515	3 813
Sundries	2 036	11 578
Telephone, fax and internet costs	68 431	47 163
Travel and accommodation (Secretariat)	25 998	57 589
	8 618 211	5 185 889

9. Employee cost

Employee cost		
Basic	1 321 544	1 378 760
SDL	12 607	12 913
UIF	8 328	8 923
Workman's Compensation	16 176	-
	1 358 655	1 400 596

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Notes to the Financial Statements

Figures in Rand	2015	2014
10. Investment revenue		
Money market interest	115 730	64 667
11. Cash generated from (used in) operations		
Profit (loss) before taxation	2 366 874	(1 100 916)
Adjustments for:		
Depreciation	11 928	7 679
Interest received	(115 730)	(64 667)
Movements in provisions	36 566	76 367
Other non-cash items	-	583
Changes in working capital:		
Trade and other receivables	(275 368)	310 952
Trade and other payables	2 438 439	(36 058)
	4 462 709	(806 060)
12. Commitments		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	155 991	-
- in second to fifth year inclusive	276 372	-
	432 363	-

Operating lease payments represent rentals payable by the organisation for office space occupied. Leases are negotiated for an average term of three years and rentals are fixed for the lease term with annual increases as per the lease agreement. No contingent rent is payable.

13. Going concern

The financial statements have been prepared on a going concern basis. This basis presumes that the organisation has access to sufficient funding to meet its foreseeable cash requirements.

The ability of the organisation to continue as a going concern is dependent on a number of factors. The most significant of these is that the National Executive Committee continue to procure funding for the ongoing operations for the organisation. This includes affiliation and registration fees from various Institutions of Higher Education and grants from, amongst others, the Department of Sport and Recreation and the National Lotteries Board.

14. Events after the reporting period

There has been no material event which occurred after the reporting date and up to the date of this report.

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Budget vs. Actual

Figures in Rand	Note(s)	Budget	Actual
Total Income:		4 070 000	10 985 085
Affiliation / Registration fee from institutions		365 000	354 790
Affiliations from sport clubs		540 000	595 469
Contribution to salaries from institutions		1 526 000	1 566 546
Donations, sponsorships, projects and development fees		800 000	610 649
Grant-in-aid (SRSA: Administration)		200 000	100 000
Grant-in-aid (SRSA: Special Projects & International Participation)		500 000	1 300 000
International participation (NLDTF)		-	6 026 000
Investment income		49 000	115 730
Miscellaneous		90 000	64 901
Participation Fees		-	251 000
Total Expenditure:		4 235 000	8 631 252
Current Expenditure:		4 200 000	8 618 211
Advertisements		-	-
Affiliations: Sports Associations payments or transfers		486 000	495 900
Auditing and accounting fees		120 000	138 480
Bad debts		-	22 634
Bank charges		17 000	17 249
Cleaning and maintenance		15 000	6 375
Colours, marketing and promotion items		100 000	74 010
Computer software and equipment		10 000	7 119
Conferences / Meetings / Seminars		530 000	504 427
Consultation, research and training		70 000	188 051
Contributions to provinces		30 000	-
Depreciation		15 000	11 928
Development - USC NUSA grants (Varsity Sports projects)		340 000	305 325
Employment costs		1 526 000	1 358 655
Gifts / Refreshments / Entertainment		17 500	15 340
Insurance		23 500	21 823
International guests		10 000	-
International Participation	(1)	-	5 142 938
Membership fees		10 000	-
Office and storage rental (services included)		165 000	154 638
Postage and courier services		5 000	411
Printing - External		23 500	22 360
Printing - Internal		30 000	19 819
Projects and events administration		15 000	10 749
SRSA special projects - Grant-in-Aid		-	-
SRSA special projects - International participation		500 000	-
Stationery		7 500	3 515
Sundries		3 500	2 036
Telephone, fax and internet costs		65 500	68 431
Travel and accommodation (Secretariat)		65 000	25 998
Capital Expenditure:		35 000	13 041
Computers and associated equipment		25 000	12 647
Furniture and office equipment		10 000	394
(Deficit) / Surplus Income after Capital Expenditure:		(165 000)	2 353 833

(1) The International Participation expense was funded from, amongst others, the following sources:

Grant-in-aid (SRSA)	800 000
National Lottery Distribution Trust Fund	4 323 915