

**CYCLING SOUTH AFRICA
FINANCIAL STATEMENTS
FOR THE 8 MONTHS ENDED 31 AUGUST 2013**

Mazars Inc.
Registered Auditor
Issued 11 June 2014

CYCLING SOUTH AFRICA
Financial Statements for the 8 months ended 31 August 2013
General Information

Country of incorporation and domicile	South Africa
Directors	W Newman (President) H Wagener (Vice President) P Herbst (Financial Trustee) S Khan (Executive Member Gauteng) G Stedman (Executive Member Kwa-Zulu Natal) C Bence (Executive Member Western Cape) T Viljoen (Executive Member Mpumalanga) P Aucamp (Executive Member North West) G Stroebel (Executive Member Free State) H de Jager (Executive Member Limpopo) A Harding (Executive Member Eastern Cape) R Thomas (Executive Member Northern Cape) E Joubert (Executive Associate Member University Sport of South Africa) D Steyn (Executive Associate Member Schools Cycling) R Bouton (Management Committee Track) B Coates (Management Committee MTB) M Gerber (Management Committee BMX) M Burns (Management Committee Para) H Wagener (Management Committee Road Cycling)
Registered office	Mazars House Rialto Road Grand Moorings Precinct Century City 7441
Bankers	ABSA Bank Limited
Auditors	Mazars Registered Auditor

CYCLING SOUTH AFRICA
Financial Statements for the 8 months ended 31 August 2013
Index

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

Index	Page
Independent Auditor's Report	4 - 5
Trustees' Responsibilities and Approval	6
Trustees' Report	7
Statement of Financial Position	8
Statement of Income and Expenditure	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Accounting Policies	12 - 13
Notes to the Financial Statements	14 - 19

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CYCLING SOUTH AFRICA

We have audited the financial statements of Cycling South Africa, which comprise the statement of financial position as at 31 August 2013, and the statement of income and expenditure, statement of changes in equity and statement of cash flows for the 8 months then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 8 to 19.

Trustees' Responsibility for the Financial Statements

The organisation's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small to Medium-sized Entities. 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.

Auditor's 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.

Continued-

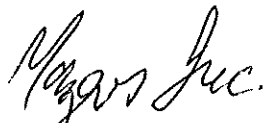
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CYCLING SOUTH AFRICA
(continued)**

Basis for Qualified Opinion

As is common with similar organisations, it is not feasible for the organisation to institute accounting controls over cash collections from donations, sponsorship income and prize money, prior to the initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Cycling South Africa as at 31 August 2013, and its financial performance and cash flows for the 8 months then ended in accordance with International Financial Reporting Standards for Small to Medium-sized Entities, and in the manner required by the organisation's constitution.



Mazars Inc.
Director: Yaseen Ismail
Registered Auditor
11 June 2014
Cape Town

CYCLING SOUTH AFRICA
Financial Statements for the 8 months ended 31 August 2013
Trustees' Responsibilities and Approval


The trustees are required in terms of the organisation's constitution 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 period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards for Small to Medium-sized Entities. 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 for Small to Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.


The trustees acknowledge 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 trustees to meet these responsibilities, the board 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 external auditors are responsible for independently reviewing 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 pages 4 to 5.

The financial statements and supplementary information set out on pages 8 to 19, which have been prepared on the going concern basis, were approved by the committee on 30 April 2014 and were signed on its behalf by:



W Newman (President)



H Wagener (Vice President)



CYCLING SOUTH AFRICA
Financial Statements for the 8 months ended 31 August 2013
Trustees' Report

The trustees submit their report for the 8 months ended 31 August 2013.

1. Review of activities

Main business and operations

The organisation is engaged in cycling and operates principally in South Africa.

The operating results and state of affairs of the organisation are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

The 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.

3. Events after the reporting period

The trustees are not aware of any matter or circumstance arising since the end of the financial period that materially affects the financial statements.

4. Directors/Trustees

The directors of the organisation during the period and to the date of this report are as follows:

W Newman (President)
H Wagener (Vice President)
P Herbst (Financial Trustee)
S Khan (Executive Member Gauteng)
G Stedman (Executive Member Kwa-Zulu Natal)
C Bence (Executive Member Western Cape)
T Viljoen (Executive Member Mpumalanga)
P Aucamp (Executive Member North West)
G Stroebel (Executive Member Free State)
H de Jager (Executive Member Limpopo)
A Harding (Executive Member Eastern Cape)
R Thomas (Executive Member Northern Cape)
D Steyn (Executive Member Schools Cycling)

5. Auditors

Mazars will continue in office in accordance with the organisation's constitution.

CYCLING SOUTH AFRICA
Financial Statements for the 8 months ended 31 August 2013
Statement of Financial Position

Figures in Rand	Notes	31 August 2013	31 December 2012
Assets			
Non-Current Assets			
Property, plant and equipment	2	<u>16,518</u>	<u>58,817</u>
Current Assets			
Other financial assets	3	3,425,619	-
Trade and other receivables	4	3,361,950	5,233,058
Cash and cash equivalents	5	<u>1,140,508</u>	<u>2,474,202</u>
		7,928,077	7,707,260
Non-current assets held for sale		-	808,400
Total Assets		<u>7,944,595</u>	<u>8,574,477</u>
Equity and Liabilities			
Equity			
Reserves		-	488,593
Accumulated surplus		<u>1,935,705</u>	<u>1,640,747</u>
		1,935,705	2,129,340
Current Liabilities			
Trade and other payables	6	<u>6,008,890</u>	<u>6,445,137</u>
Total Liabilities		<u>6,008,890</u>	<u>6,445,137</u>
Total Equity and Liabilities		<u>7,944,595</u>	<u>8,574,477</u>

CYCLING SOUTH AFRICA
Financial Statements for the 8 months ended 31 August 2013
Statement of Income and Expenditure

Figures in Rand	Notes	8 months ended 31 August 2013	12 months ended 31 December 2012
Revenue	7	6,964,240	8,361,155
Operating expenses			
Admin			
Accounting fees		130,000	343,258
Advertising		780	-
Affiliation Fees		1,776	275,972
Auditors remuneration		50,000	95,664
Bank charges		19,714	-
Computer equipment		110,744	144,458
Courier & postage		29,714	17,575
Database costs		163,505	277,971
Database costs – claimed		(119,600)	-
Depreciation and impairment		51,241	41,743
Electricity & water		28,382	23,193
General expenses		22,991	39,237
Insurance		11,114	17,778
Lease rentals on operating lease		19,736	31,044
Membership card costs		19,136	-
Office expenses		12,438	17,221
Printing and stationery		15,704	40,667
Rental premises		104,446	-
Repairs and maintenance		253	6,340
Salaries		477,682	948,596
Security		2,125	4,793
Software upgrades		17,228	-
Telephone		47,085	65,561
UCI expenses		42,587	35,449
Exco			
Cellular phone allowances		12,000	-
Executive salaries		506,933	-
Honoraria		-	177,728
Human resources		149,429	46,700
Legal expenses		155,253	255,211
Marketing		1,910	-
Meeting and workshop expenses		205,613	2,465
Travel and accommodation		309,839	681,128
Webpage maintenance		100,060	-
Grants applied	8	4,342,806	4,636,841
		<u>7,042,624</u>	<u>8,226,593</u>
Net surplus for the period		<u>(78,384)</u>	<u>134,562</u>

CYCLING SOUTH AFRICA
Financial Statements for the 8 months ended 31 August 2013
Statement of Changes in Equity

Figures in Rand	Revaluation reserve	Accumulated surplus	Total equity
Balance at 01 January 2012	797,678	1,506,185	2,303,863
Surplus for the period	-	134,562	134,562
Non-current asset held for sale	(309,085)	-	(309,085)
Balance at 31 December 2012	488,593	1,640,747	2,129,340
Deficit for the period	-	(78,384)	(78,384)
Sale of Non-Current Asset	(115,251)	-	(115,251)
Non-current asset held for sale	(373,342)	373,342	-
Balance at 31 August 2013	-	1,935,705	1,935,705

CYCLING SOUTH AFRICA
Financial Statements for the 8 months ended 31 August 2013
Statement of Cash Flows

Figures in Rand	Notes	2013	2012
Cash flows from operating activities			
Cash generated from operations	9	1,407,717	(627,957)
Net cash from operating activities		<u>1,431,154</u>	<u>(627,957)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(8,942)	-
Disposal of property		693,150	-
Net movement in other financial assets		(3,425,619)	635,462
Net cash from investing activities		<u>(2,741,411)</u>	<u>635,462</u>
Total cash movement for the period		(1,333,694)	7,505
Cash at the beginning of the period		2,474,202	2,466,697
Total cash at end of the period	5	<u>1,140,508</u>	<u>2,474,202</u>

CYCLING SOUTH AFRICA
Financial Statements for the 8 months ended 31 August 2013
Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small to Medium-sized Entities. 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 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 are 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 carried at cost less accumulated depreciation and any impairment losses.

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

Land is not depreciated.

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

Item	Average useful life
Furniture and fixtures	6 Years
Office equipment	6.67 Years
Computer equipment	3 Years
Cycling equipment	3 Years
Sundry equipment	3 Years
Track and road bicycles	5 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.

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

The gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

CYCLING SOUTH AFRICA
Financial Statements for the 8 months ended 31 August 2013
Accounting Policies

1.2 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

1.3 Revenue

Revenue represents affiliation fees, donations, insurance income, licence fees, sponsorships and prize money and other income received net of value added tax (where applicable).

CYCLING SOUTH AFRICA
Financial Statements for the 8 months ended 31 August 2013
Notes to the Financial Statements

Figures in Rand	Notes	31 August 2013	31 December 2012
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2. Property, plant and equipment

	2013			2012		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
BMX, MTB, Track & Road cycles	3,841,820	(3,841,819)	1	3,841,820	(3,841,819)	1
Furniture and fixtures	14,368	(14,360)	8	10,325	(2,328)	7,997
Office equipment	41,625	(41,618)	7	41,625	(41,618)	7
Computer equipment	98,145	(91,324)	6,821	93,246	(77,480)	15,766
Computer software	6,211	(6,210)	1	6,211	(6,210)	1
Cycling equipment	598,860	(589,187)	9,673	598,860	(568,815)	30,045
Sundry equipment	110,728	(110,721)	7	110,728	(105,728)	5,000
Total	4,711,757	(4,695,239)	16,518	4,702,815	(4,643,998)	58,817

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation and impairment	Total
BMX, MTB, Track & Road cycles	1	-	-	1
Furniture and fixtures	7,997	4,043	(12,032)	8
Office equipment	7	-	-	7
Computer equipment	15,766	4,899	(13,844)	6,821
Computer software	1	-	-	1
Cycling equipment	30,045	-	(20,372)	9,673
Sundry equipment	5,000	-	(4,993)	7
	58,817	8,942	(51,241)	16,518

Reconciliation of property, plant and equipment - 2012

	Opening balance	Transfers	Depreciation	Total
Land & buildings	1,117,485	(1,117,485)	-	-
BMX, MTB, Track & Road cycles	399	-	(398)	1
Furniture and fixtures	9,723	-	(1,726)	7,997
Office equipment	7	-	-	7
Computer equipment	22,733	-	(6,967)	15,766
Computer software	1	-	-	1
Cycling equipment	50,417	-	(20,372)	30,045
Sundry equipment	12,550	-	(7,550)	5,000
	1,213,315	(1,117,485)	(37,013)	58,817

CYCLING SOUTH AFRICA
Financial Statements for the 8 months ended 31 August 2013
Notes to the Financial Statements

Figures in Rand	Notes	31 August 2013	31 December 2012
3. Other financial assets			
Loans and receivables			
MTB Worlds 2013 – Deficit		3,425,619	-
4. Trade and other receivables			
Trade receivables		2,373,020	823,712
CAMS control account		531,884	8,970
Advances		107,713	-
Sundry debtors		349,333	-
Sundry debtor - Lotto grant 46691		-	4,325,953
Sundry debtor - My Race		-	74,423
		3,361,950	5,233,058
5. Cash and cash equivalents			
Cash and cash equivalents consist of:			
Cash on hand		2,387	1,185
Bank balances		1,138,121	2,473,017
		1,140,508	2,474,202
6. Trade and other payables			
Trade payables		245,302	245,300
Accrued expenses		625,820	721,745
UCI World MTB Champs Rights Fee		2,775,000	-
Income received in advance		1,959,116	777,520
VAT		-	64,778
Unutilised grants and subsidies	10	(1,507,518)	3,509,827
Trust and affiliate funds	11	1,911,170	1,125,967
		6,008,890	6,445,137

CYCLING SOUTH AFRICA
Financial Statements for the 8 months ended 31 August 2013
Notes to the Financial Statements

Figures in Rand	Notes	31 August 2013	31 December 2012
7. Revenue			
Admin			
Affiliation fees income		6,889	11,579
Collection fees		49,265	-
Insurance fee income		-	4,519
Interest income		55,960	110,233
Membership fees		2,082,042	2,360,623
Exco			
Calendar registration fees		112,196	134,956
Grants and subsidies received	12	4,342,806	4,636,841
Levies		319,753	374,765
Lotto income 2011		-	471,097
Sponsorship and prize money		(4,671)	256,542
		<u>6,964,240</u>	<u>8,361,155</u>
8. Grants applied			
SA Lotteries Board			
- Project 46691			
International competition			
Road		466,056	396,139
MTB		339,717	340,861
Track		190,541	159,549
BMX		339,373	169,096
Para cycling		1,373,209	415,920
		<u>2,708,896</u>	<u>1,481,565</u>
High performance			
Road		161,714	325,000
MTB		468,903	112,029
Track		132,542	184,229
BMX		52,000	72,165
Para cycling		267,961	306,578
		<u>1,083,120</u>	<u>1,000,001</u>
National kit			
Road		-	75,687
MTB		32,564	48,917
Track		-	34,941
BMX		-	4,720
Para cycling		48,854	12,989
		<u>81,418</u>	<u>177,254</u>

CYCLING SOUTH AFRICA
Financial Statements for the 8 months ended 31 August 2013
Notes to the Financial Statements

Figures in Rand	Notes	31 August 2013	31 December 2012
8. Grants applied (continued)			
Training camps			
Road		-	27,338
MTB		-	22,064
Track		62,390	152,542
Para cycling		6,200	-
		<u>68,590</u>	<u>201,944</u>
Equipment			
Track		5,700	-
BMX		17,899	-
		<u>23,599</u>	<u>-</u>
Events and tours			
Grant 46691 – track events		14,926	14,592
		<u>14,926</u>	<u>14,592</u>
Admin			
Road		73,848	37,133
MTB		52,351	52,092
Track		6,000	34,701
BMX		41,345	24,355
Para cycling		9,310	37,680
Technical		-	13,618
Office		119,600	-
		<u>302,454</u>	<u>199,579</u>
SASCOC			
Road		-	32,000
MTB		-	133,000
Track		-	50,000
BMX		-	45,000
Para cycling		-	655,354
		<u>-</u>	<u>915,354</u>
Sports and Recreation SA			
Development		59,803	646,552
		<u>59,803</u>	<u>646,552</u>
Total grants applied		<u>4,342,806</u>	<u>4,636,841</u>

CYCLING SOUTH AFRICA
Financial Statements for the 8 months ended 31 August 2013
Notes to the Financial Statements

Figures in Rand	Notes	31 August 2013	31 December 2012
9. Cash generated from operations			
Net surplus (deficit) for the period		(78,384)	134,562
Adjustments for:			
Depreciation and amortisation		51,241	37,013
Changes in working capital:			
Inventories		-	3,516
Trade and other receivables		1,871,108	(4,186,591)
Trade and other payables		(436,248)	3,383,543
		<u>1,407,717</u>	<u>(627,957)</u>
10. Unutilised grants and subsidies			
Unspent Lotto grant: 32262		42,405	42,405
Unspent Lotto grant: 46691		(2,703,566)	2,728,976
Unspent grant: SRSA		1,153,643	738,446
		<u>(1,507,518)</u>	<u>3,509,827</u>
11. Trust and affiliate funds			
Trust Creditors		356,308	95,313
Membership portion - affiliates		1,029,498	424,055
Provincial fees		525,364	606,599
		<u>1,911,170</u>	<u>1,125,967</u>
12. Grants and subsidies received			
Sports and Recreation South Africa (SRSA)			
Grants not utilised - beginning		-	860,000
Administration		59,803	-
Development		-	524,999
		<u>-</u>	<u>1,384,999</u>
Surplus grant not utilised		-	(738,446)
		<u>59,803</u>	<u>646,553</u>
SA Lotteries Board			
- Project 32262			
Grants not utilised - beginning		-	42,405
Surplus grant not utilised		-	(42,405)
		<u>-</u>	<u>-</u>

CYCLING SOUTH AFRICA
Financial Statements for the 8 months ended 31 August 2013
Notes to the Financial Statements

Figures in Rand	Notes	31 August 2013	31 December 2012
12. Grants and subsidies received (continued)			
SA Lotteries Board			
- Project 46691			
Road		701,620	861,297
MTB		893,534	575,963
Track		349,708	580,552
BMX		513,007	270,335
Para cycling		1,705,534	773,168
Technical		-	13,619
Admin		119,600	-
		<u>4,283,003</u>	<u>3,074,934</u>
SASCOC			
Road		-	32,000
MTB		-	133,000
Track		-	50,000
BMX		-	45,000
Para cycling		-	655,354
		<u>-</u>	<u>915,354</u>
Total grants received		<u>4,342,806</u>	<u>4,636,841</u>