

**CYCLING SOUTH AFRICA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

CYCLING SOUTH AFRICA
Annual Financial Statements for the year ended 31 August 2014
General Information

Country of incorporation and domicile	South Africa
Directors	W Newman (President) H Wagener (Vice President and Management Committee Road Cycling) 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) Y Xatasi (Executive Member Eastern Cape) R Thomas (Executive Member Northern Cape) 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) E Joubert (Executive Associate Member University Sport of South Africa)
Registered office	Mazars House Rialto Road Grand Moorings Precinct Century City 7441
Bankers	ABSA Bank Limited
Auditors	Mazars Registered Auditor
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were compiled by: Norman Silbowitz Chartered Accountant (SA)
Published	25 May 2015

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Annual Financial Statements for the year ended 31 August 2014
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The reports and statements set out below comprise the annual financial statements presented to the trustees:

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MAZARS

INDEPENDENT AUDITOR'S REPORT

To the trustees of Cycling South Africa

We have audited the annual financial statements of Cycling South Africa, as set out on pages 7 to 17, which comprise the statement of financial position as at 31 August 2014, and the statement of income and expenditure, 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.

Trustees' Responsibility for the Annual Financial Statements

The organisation's trustees are responsible for the preparation and fair presentation of the annual financial statements in accordance with the organisation's accounting policies and for such internal control as the trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

REGISTERED AUDITOR -- A FIRM OF CHARTERED ACCOUNTANTS(SA), IRSA REGISTRATION NUMBER 900922

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MEMBERS: H. SWEN (NATIONAL CHAIRMAN), MC OLCKERS (MANAGING PARTNER), LD ABRET, AK BOTT, H. GASTEL, DPC EGWIP, I CSOMJE, AC DE JAGER, DS DOLLAND, M EDLBERG,
Y FERDINA, F HOOSMAN, MY ISMAIL, FM SHLEER, P MINNAAS, S NAIPOO, MC ODPHEAAL, S RUSHICK, TA ROBINSON, BC SACCS, MA SALLE, H SILGOWITZ, SA SMITH, SM SOLOMON,
KH SWAMPEDEL, MJA TEUCHERT, CC VAN KEERDEN, JC VAN TUBBERGEN, J WESSELS, K ZACKS

A FULL LIST OF NATIONAL PARTNERS IS AVAILABLE ON REQUEST OR AT WWW.MAZARS.CO.ZA



Independent Auditor's Report

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 annual financial statements of Cycling South Africa for the year then ended 31 August 2014 are prepared, in all material respects, in accordance with the organisation's accounting policies.



Mazaf
Partner: Yaseen Ismail
Registered Auditor
25 May 2015
Cape Town

CYCLING SOUTH AFRICA

Annual Financial Statements for the year ended 31 August 2014

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 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 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 organisation's accounting policies. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the organisation's accounting policies 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 committee 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 trustees 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees 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 annual financial statements. The annual financial statements have been examined by the organisation's external auditors and their report is presented on pages 3 to 4.

The annual financial statements set out on pages 6 to 17, which have been prepared on the going concern basis, were approved by the committee on 25 May 2015 and were signed on its behalf by:



W Newman (President)



H Wagener (Vice President)

CYCLING SOUTH AFRICA
Annual Financial Statements for the year ended 31 August 2014
Trustees' Report

The trustees have pleasure in submitting their report on the annual financial statements of Cycling South Africa for the year ended 31 August 2014.

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. Trustees

The trustees in office at the date of this report are as follows:

Trustees

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)
Y Xatasi (Executive Member Eastern Cape)
R Thomas (Executive Member Northern Cape)
D Steyn (Executive Associate Member Schools Cycling)
E Joubert (Executive Associate Member University Sport of South Africa)

A Harding (Executive Member Eastern Cape) resigned effective 16/11/2013 and Y Xatasi (Executive Member Eastern Cape) was appointed on 16/11/2013.

3. Events after the reporting period

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

4. 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.

5. Auditors

Mazars continued in office as auditors for the organisation for 2015.

CYCLING SOUTH AFRICA
Annual Financial Statements for the year ended 31 August 2014
Statement of Financial Position as at 31 August 2014

Figures in Rand	Notes	2014	2013
Assets			
Non-Current Assets			
Property, plant and equipment	2	-	16,517
Current Assets			
Other financial assets	3	-	3,425,619
Trade and other receivables	4	1,216,387	3,361,950
Cash and cash equivalents	5	5,575,050	1,140,508
		<u>6,791,437</u>	<u>7,928,077</u>
Total Assets		<u>6,791,437</u>	<u>7,944,594</u>
Equity and Liabilities			
Equity			
Retained income		828,850	1,935,709
Liabilities			
Current Liabilities			
Trade and other payables	6	5,962,587	6,008,885
Total Equity and Liabilities		<u>6,791,437</u>	<u>7,944,594</u>

CYCLING SOUTH AFRICA
Annual Financial Statements for the year ended 31 August 2014
Statement of Income and Expenditure

Figures in Rand	2014	2013
Revenue		
Admin		
Affiliation fees income	10,664	6,889
Collection fees	57,595	49,265
Interest income	119,850	55,962
Membership fees	1,964,987	2,082,041
Exco		
Calendar registration fees	326,153	112,196
Grants and subsidies claimed	4,451,279	4,283,003
Levies	1,424,533	319,753
Sponsorship and prize money	31,634	(4,671)
Sports SRSA Awards	15,000	-
Newsletter advertising	2,632	-
Administration fee income	2,631	-
	8,406,958	6,904,438
Expenses (Refer to page 9)	(9,513,817)	(6,982,818)
Loss for the year	(1,106,859)	(78,380)

CYCLING SOUTH AFRICA
Annual Financial Statements for the year ended 31 August 2014
Notes to the Annual Financial Statements

Figures in Rand	2014	2013
Operating expenses		
Admin		
Accounting fees	93,450	130,000
Advertising	(6,404)	780
Affiliation fees	2,168	1,776
Auditors remuneration	125,000	50,000
Bad debts	621,107	-
Bank charges	161,808	110,744
Computer expenses	-	19,714
Courier & postage	43,022	29,854
Database costs	231,076	163,505
Database costs - claimed	-	(119,600)
Depreciation	16,518	51,241
Electricity, water & rates	17,503	28,382
General expenses	19,360	22,991
Insurance	25,341	11,114
Lease rentals on operating lease	23,981	19,736
Membership card costs	28,587	19,136
Office expenses	18,535	12,438
Printing and stationery	14,289	15,704
Rental premises	169,970	104,446
Repairs and maintenance	1,085	110
Salaries	696,511	477,682
Security	-	2,125
Software upgrades	11,749	17,228
Telephone	62,335	47,085
UCI expenses	48,180	42,587
Exco		
Cellphone expenses	13,000	12,000
Executive salaries	995,569	506,933
Human resources	-	149,429
Legal expenses	220,176	155,253
Marketing	218,357	1,910
Meeting and workshop expenses	107,215	205,613
Webpage maintenance	144,382	100,060
Travel and accommodation	479,789	309,839
Grants applied	4,451,279	4,283,003
Overspend of grants	458,879	-
	9,513,817	6,982,818

CYCLING SOUTH AFRICA
Annual Financial Statements for the year ended 31 August 2014
Statement of Changes in Equity

Figures in Rand	Revaluation Reserve	Retained income	Total equity
Balance at 01 September 2012	488,593	1,640,747	2,129,340
Loss for the year	-	(78,380)	(78,380)
Sale of Non-Current Asset	(115,251)	-	(115,251)
Non-current asset held for sale	(373,342)	373,342	-
Total contributions by and distributions to owners of company recognised directly in equity	(488,593)	373,342	(115,251)
Balance at 01 September 2013	-	1,935,709	1,935,709
Loss for the year	-	(1,106,859)	(1,106,859)
Balance at 31 August 2014	-	828,850	828,850

CYCLING SOUTH AFRICA
Annual Financial Statements for the year ended 31 August 2014
Statement of Cash Flows

Figures in Rand	Notes	2014	2013
Cash flows from operating activities			
Cash generated from operations	8	<u>1,008,923</u>	<u>1,407,716</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	-	(8,941)
Sale of property, plant and equipment	2	-	693,150
Utilisation / (Payment) of financial assets		<u>3,425,619</u>	<u>(3,425,619)</u>
Net cash from investing activities		<u>3,425,619</u>	<u>(2,741,410)</u>
Total cash movement for the year		4,434,542	(1,333,694)
Cash at the beginning of the year		<u>1,140,508</u>	<u>2,474,202</u>
Total cash at end of the year	5	<u>5,575,050</u>	<u>1,140,508</u>

CYCLING SOUTH AFRICA
Annual Financial Statements for the year ended 31 August 2014
Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the accounting policies as set out below. The annual financial statements have been prepared on the historical cost basis, except as indicated. 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 organisation; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially recognised at cost. Cost is the cash price equivalent at the recognition date.

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 is carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is 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, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economical benefits is depreciated separately over its useful life.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

CYCLING SOUTH AFRICA
Annual Financial Statements for the year ended 31 August 2014
Accounting Policies

1.2 Financial instruments

Trade and other receivables

Trade and other receivables are recognised initially at the transaction price and subsequently at the undiscounted amount of the cash or other consideration expected to be received.

Trade and other payables

Trade and other payables are recognised initially at the transaction price and subsequently at the undiscounted amount of the cash or other consideration expected to be paid.

An allowance for doubtful debts is recognised on debts that have not been recovered within 90 days unless there is sufficient evidence to support the recoverability of the debt.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and cash in bank. These balances are initially and subsequently measured at amortised cost.

Other financial assets

Other financial assets are measured at amortised cost using the effective interest method.

1.3 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense in the period it is incurred.

1.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of discounts and value added tax (where applicable).

CYCLING SOUTH AFRICA
Annual Financial Statements for the year ended 31 August 2014
Notes to the Annual Financial Statements

Figures in Rand 2014 2013

2. Property, plant and equipment

	2014			2013		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	14,369	(14,369)	-	14,369	(14,362)	7
Office equipment	41,625	(41,625)	-	41,625	(41,618)	7
Computer equipment	98,145	(98,145)	-	98,145	(91,324)	6,821
Computer software	6,211	(6,211)	-	6,211	(6,210)	1
Sundry Equipment	110,728	(110,728)	-	105,737	(105,730)	7
BMX, MTB, Track & Road Cycles	3,841,820	(3,841,820)	-	3,841,820	(3,841,819)	1
Cycling equipment	598,860	(598,860)	-	598,860	(589,187)	9,673
Total	4,711,758	(4,711,758)	-	4,706,767	(4,690,250)	16,517

Reconciliation of property, plant and equipment - 2014

	Opening balance	Depreciation	Closing balance
Furniture and fixtures	7	(7)	-
Office equipment	7	(7)	-
Computer equipment	6,821	(6,821)	-
Computer software	1	(1)	-
Sundry Equipment	7	(7)	-
BMX, MTB, Track & Road Cycles	1	(1)	-
Cycling equipment	9,673	(9,673)	-
	16,517	(16,517)	-

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	7,997	4,042	(12,032)	7
Office equipment	7	-	-	7
Computer equipment	15,766	4,899	(13,844)	6,821
Computer software	1	-	-	1
Sundry Equipment	7	-	-	7
BMX, MTB, Track & Road Cycles	1	-	-	1
Cycling equipment	30,045	-	(20,372)	9,673
	53,824	8,941	(46,248)	16,517

3. Other financial assets

Loans and receivables		
MTB Worlds 2013 - Deficit	-	3,425,619

CYCLING SOUTH AFRICA
Annual Financial Statements for the year ended 31 August 2014
Notes to the Annual Financial Statements

Figures in Rand	2014	2013
4. Trade and other receivables		
Trade receivables	688,576	2,373,020
CAMS control account	-	531,884
Advances	169,705	107,713
Sundry debtors	358,106	349,333
	<u>1,216,387</u>	<u>3,361,950</u>
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	9,130	2,387
Bank balances	5,565,920	1,138,121
	<u>5,575,050</u>	<u>1,140,508</u>
6. Trade and other payables		
Trade payables	280,208	185,493
Accrued expenses	1,136,918	625,820
UCI World MTB Champs Rights Fee	1,324,414	2,775,000
Amounts received in advance	2,205,953	1,959,116
Unutilised grants and subsidies	(1,200,017)	(1,447,714)
Trust and affiliate funds	2,215,111	1,911,170
	<u>5,962,587</u>	<u>6,008,885</u>
7. Grants applied		
SA Lotteries Board - Project 46691		
International competition		
Road	204,148	466,056
MTB	184,132	339,717
Track	827,665	190,541
BMX	194,397	339,373
Para cycling	675,287	1,373,209
	<u>2,085,629</u>	<u>2,708,896</u>
High performance		
Road	281,182	161,714
MTB	331,403	468,903
Track	31,930	132,542
BMX	-	52,000
Paracycling	628,614	267,961
	<u>1,273,129</u>	<u>1,083,120</u>

CYCLING SOUTH AFRICA

Annual Financial Statements for the year ended 31 August 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
National kit		
Road	51,556	-
MTB	9,172	32,564
Track	50,250	-
BMX	6,901	-
Para cycling	5,226	48,854
T&D	5,619	-
	<u>128,724</u>	<u>81,418</u>
Training camps		
Road	10,722	-
MTB	49,365	-
Track	12,844	62,390
Para cycling	5,051	6,200
Technical	28,389	-
Coaching	220,797	-
	<u>327,168</u>	<u>68,590</u>
Equipment		
Track	123,408	5,700
BMX	-	-
Coaching	4,574	17,899
	<u>127,982</u>	<u>23,599</u>
Events and tours		
Track	46,437	14,926
BMX	102,501	-
T&D	1,758	-
	<u>150,696</u>	<u>14,926</u>
Admin		
Road	18,917	73,848
MTB	84,149	52,351
Track	17,898	6,000
BMX	34,550	41,345
Para cycling	12,319	9,310
Technical	14,789	-
Office	139,477	119,600
T&D	35,852	-
	<u>357,951</u>	<u>302,454</u>
	<u>4,451,279</u>	<u>4,283,003</u>
8. Cash generated from operations		
Net surplus (deficit) for the year	(1,106,859)	(78,380)
Adjustments for:		
Depreciation and amortisation	16,518	51,241
Changes in working capital:		
Trade and other receivables	2,145,563	1,871,108
Trade and other payables	(46,299)	(436,253)
	<u>1,008,923</u>	<u>1,407,716</u>

CYCLING SOUTH AFRICA
Annual Financial Statements for the year ended 31 August 2014
Notes to the Annual Financial Statements

Figures in Rand	2014	2013
9. Unutilised grants and subsidies		
Unspent Lotto grant: 32262	42,405	42,405
Unspent Lotto grant: 46691	(2,455,868)	(2,703,566)
Unspent grant: SRSA	1,213,446	1,353,643
	<u>(1,200,017)</u>	<u>(1,307,518)</u>
10. Trust and affiliate funds		
Trust creditors	358,288	356,308
Membership portion - affiliates	1,466,238	1,029,498
Provincial fees	715,821	525,364
	<u>2,540,347</u>	<u>1,911,170</u>
11. Grants and subsidies received		
SA Lotteries Board - Project 46691		
Road	555,803	701,618
MTB	619,578	893,535
Track	1,146,953	397,173
BMX	351,193	465,543
Para cycling	1,326,497	1,705,534
Technical	43,178	-
Office	139,477	119,600
T&D	43,229	-
Coaching	225,371	-
Total grants received	<u>4,451,279</u>	<u>4,283,003</u>