

SOUTHERN GAUTENG BADMINTON ASSOCIATION
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2011

Southern Gauteng Badminton Association
Annual Financial Statements for the year ended 30 September 2011

General Information

Country of incorporation and domicile	South Africa	
Nature of business and principal activities	Badminton Association	
Committee	Acting President Hon. Secretary Hon. Treasurer Hon. League Secretary	Darryll Robinson Sarah Rice Glen Brothers Russell Stroud
Postal address	P O Box 1776 Southdale 2135	
Bankers	Standard Bank of South Africa Limited	
Auditors	IAPA Johannesburg Chartered Accountants (S.A.) Registered Auditor	

Southern Gauteng Badminton Association

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

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Committees' Responsibilities and Approval

The committee are required 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 association 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 International Financial Reporting Standard for Small and Medium-sized Entities. 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 International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

The members 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 committee have reviewed the association's cash flow forecast for the year to 30 September 2012 and, in the light of this review and the current financial position, they are satisfied that the association has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the association's annual financial statements. The annual financial statements have been examined by the association's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 5 to 13, which have been prepared on the going concern basis, were approved by the committee on 14 November 2011 and were signed on its behalf by:

President

Treasurer

Secretary

Independent Auditors' Report

To the trustee of Southern Gauteng Badminton Association

We have audited the annual financial statements of Southern Gauteng Badminton Association, which comprise the statement of financial position as at 30 September 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the committee's report, as set out on pages 5 to 13.

Trustees' Responsibility for the Annual Financial Statements

The association's committee are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Association's constitution. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual 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 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 auditors' judgment, 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 audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Southern Gauteng Badminton Association as at 30 September 2011, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Association's constitution.

**IAPA Johannesburg
Registered Auditor**

**Johannesburg
14 November 2011**

Southern Gauteng Badminton Association

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Committees' Report

The committee members submit their report for the year ended 30 September 2011.

1. Review of activities

Main business and operations

The association is engaged as a provincial badminton association and operates principally in South Africa.

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

Net deficit of the body corporate was R 31,585 (2010: profit R 2,793), after taxation of R NIL (2010: R NIL).

2. Events after the reporting period

The committee members are not aware of any matter or circumstance arising since the end of the financial year.

3. Accounting policies

International Financial Reporting Standard for Small and Medium-sized Entities was applied in the current year:

4. Non-current assets

Details of major changes to the non-current assets of the company during the year are detailed in note 2 of the annual financial statements. There have been no changes in the policy relating to the use of non-current assets

5. Committee members

The committee members of the association during the year and to the date of this report are as follows:

Name	Position	Changes
Erskine du Toit	Former president	Resigned 05 September 2011
Darryll Robinson	Acting President	
Sarah Rice	Hon. Secretary	
Glen Brothers	Hon. Treasurer	
Russell Stroud	Hon. League Secretary	

6. Auditors

IAPA Johannesburg will continue in office for the next financial period.

Southern Gauteng Badminton Association
Annual Financial Statements for the year ended 30 September 2011

Statement of Financial Position

	Notes	2011 R	2010 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	5,868	1
Current Assets			
Inventories	3	8,968	10,153
Trade and other receivables	4	30,939	12,907
Cash and cash equivalents	5	119,844	133,245
		159,751	156,305
Total Assets		165,619	156,306
Equity and Liabilities			
Owners' funds and reserves			
Development funds		2,850	2,850
Accumulated surplus		100,751	99,345
		103,601	102,195
Liabilities			
Current Liabilities			
Trade and other payables	6	62,018	54,111
Total Equity and Liabilities		165,619	156,306

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Statement of Comprehensive Income

	Notes	2011 R	2010 R
Revenue	7	74,944	44,248
Cost of sales			
Opening inventory		(10,153)	(14,842)
Purchases		(9,051)	(6,873)
Closing inventory		8,968	10,153
		(10,236)	(11,562)
Gross surplus		64,708	32,686
Other income			
Interest received	8	3,083	3,791
Operating expenses			
Affiliation fees		(1,257)	-
Auditors' remuneration	9	-	(4,686)
Bad debts		(8,337)	-
Bank charges		(1,202)	(1,163)
Capitation fees		(19,850)	-
Computer expenses		(737)	(1,450)
Depreciation, amortisation and impairments	2	(533)	-
Honoraria		(2,400)	(3,960)
Meetings		(2,688)	-
Printing and stationery		(162)	(1,057)
Sponsorship		(14,000)	(10,500)
Taxation services		-	(1,694)
Tournament costs		-	(7,850)
Training		(7,950)	-
Travel and accommodation		(7,269)	(1,324)
		(66,385)	(33,684)
Surplus for the year		1,406	2,793
Other comprehensive income		-	-
Total comprehensive income		1,406	2,793

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Statement of Changes in Equity

	Development fund R	Accumulated surplus R	Total equity R
Balance at 01 October 2009	2,850	96,552	99,402
Changes in equity			
Total comprehensive income for the year	-	2,793	2,793
Total changes	-	2,793	2,793
Balance at 01 October 2010	2,850	99,345	102,195
Changes in equity			
Total comprehensive income for the year	-	1,406	1,406
Total changes	-	1,406	1,406
Balance at 30 September 2011	2,850	100,751	103,601

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Statement of Cash Flows

	Notes	2011 R	2010 R
Cash flows from operating activities			
Cash (used in) generated from operations	11	(10,084)	35,871
Interest income		3,083	3,791
Net cash from operating activities		(7,001)	39,662
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(6,400)	-
Total cash movement for the year		(13,401)	39,662
Cash at the beginning of the year		133,245	93,583
Total cash at end of the year	5	119,844	133,245

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Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. The annual 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

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Item	Average useful life
IT equipment	3 years
Club equipment	5 years

1.2 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables and trade and other payables. At the end of each reporting period 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.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting period date.

The tax liability reflects the affect of the possible outcomes of a review by the tax authorities.

Tax expenses

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

The Body Corporate is taxed in terms of Section 10(1)(e) of the Income Tax Act.

1.4 Inventories

Inventories are measured at the lower of cost and selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis.

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Accounting Policies

1.5 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the association has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the association retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the association; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for clothing sales, affiliation fees, league fees and membership registrations from associated clubs and the recovery of costs at the due date.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

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Notes to the Annual Financial Statements

	2011 R	2010 R
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2. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
IT equipment	6,400	(533)	5,867	-	-	-
Club equipment	1	-	1	1	-	1
Total	6,401	(533)	5,868	1	-	1

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Depreciation	Total
IT equipment	-	6,400	(533)	5,867
Club equipment	1	-	-	1
	1	6,400	(533)	5,868

3. Inventories

Merchandise	8,968	10,153
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4. Trade and other receivables

Trade receivables	9,459	12,907
Prepayments	21,480	-
	30,939	12,907

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,540	1,700
Bank balances	117,304	131,545
	119,844	133,245

6. Trade and other payables

Amounts received in advance	21,824	-
Other payables	40,194	47,731
Accrued audit fees	-	6,380
	62,018	54,111

7. Revenue

Income and fees earned

Sales of inventory	12,360	6,738
Club affiliation fees	1,710	675
Club league entry fees	1,650	640
Capitation fees	27,056	22,115
Recovery from championships	6,430	3,580
Donation - Roodepoort club	11,738	-
Sponsorship received - BSA	14,000	10,500
	74,944	44,248

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Notes to the Annual Financial Statements

	2011 R	2010 R
8. Investment revenue		
Interest revenue		
Bank	3,083	3,791

9. Auditors' remuneration

Fees	-	4,686
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10. Taxation

No provision has been made for 2011 tax as the association's receipts and accruals are exempt from income tax in terms of Section 10(1)(cO) of the Income Tax Act in terms of which:

the receipts and accruals of any recreational club approved by the Commissioner in terms of section 30A, to the extent that the receipts and accruals are derived:

- i) in the form of membership fees or subscriptions paid by its members;
- ii) from any business undertaking or trading activity that:
 - aa) is integral and directly related to the provision of social and recreational amenities or facilities for the members of that club;
 - bb) is carried out on a basis substantially the whole of which is directed towards the recovery of cost; and
 - cc) does not result in unfair competition in relation to taxable entities;
- iii) from any fundraising activities of that club, which are of an occasional nature and undertaken substantially with assistance on a voluntary basis without compensation; and
- iv) from any other source and do not in total exceed the greater of:
 - aa) five per cent of the total membership fees and subscriptions due and payable by its members during the relevant year of assessment; or
 - bb) R100 000.

11. Cash (used in) generated from operations

Surplus before taxation	1,406	2,793
Adjustments for:		
Depreciation and amortisation	533	-
Interest received	(3,083)	(3,791)
Changes in working capital:		
Inventories	1,185	4,689
Trade and other receivables	(18,032)	(5,953)
Trade and other payables	7,907	38,133
	(10,084)	35,871