

TENNIS NELSON MANDELA BAY

**Annual Financial Statements
for the year ended 31 March 2018**

For discussion purposes only

Tennis Nelson Mandela Bay
Annual Financial Statements for the year ended 31 March 2018

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

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Tennis Nelson Mandela Bay

Annual Financial Statements for the year ended 31 March 2018

Committee's Responsibilities and Approval

The committee is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the 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 basis of accounting as set out in Note 1 to the financial statements. 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 basis of accounting as set out in Note 1 to the financial statements 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 employees 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 committee 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 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 has reviewed the associations's cash flow forecast for the year to 31 March 2019 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 auditing 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 3.

The annual financial statements set out on pages 3 to 11, which have been prepared on the going concern basis, were approved by the committee on 04 June 2018 and were signed on its behalf by:

M Bladen

W McCay

Port Elizabeth

04 June 2018

TREVOR WAIT (PE)

Registered Auditors - Chartered Accountants (SA)
Geregistreerde Ouditeure - Geoktrooieerde Rekenmeesters (SA)

276 Cape Road, Newton Park, PORT ELIZABETH, 6045
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Independent Auditor's Report

To the committee members of Tennis Nelson Mandela Bay

Qualified opinion

We have audited the annual financial statements of Tennis Nelson Mandela Bay set out on pages 5 to 11, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including significant accounting policies.

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the annual financial statements present fairly, in all material respects, the financial position of Tennis Nelson Mandela Bay as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with basis of accounting as set out in Note 1 to the financial statements and the requirements of the .

Basis for qualified opinion

In common with similar organisations, it is not feasible for the association to institute accounting controls over the collection of all fees from the clubs and members. Accordingly, it was impractical for us to extend our examination beyond the receipts actually received.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the trust in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of the committee for the Annual Financial Statements

The committee is responsible for the preparation and fair presentation of the annual financial statements in accordance with basis of accounting as set out in Note 1 to the financial statements and the requirements of the association's constitution, and for such internal control as the trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the committee is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

TREVOR WAIT (PE)

Registered Auditors - Chartered Accountants (SA)
Geregistreerde Ouditeure - Geoktrooïeerde Rekenmeesters (SA)

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Independent Auditor's Report

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.
- Conclude on the appropriateness of the committee's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

TREVOR WAIT (PE)
Chartered Accountants (SA)
Registered Auditors

JPD Botha

04 June 2018
Port Elizabeth

Tennis Nelson Mandela Bay

Annual Financial Statements for the year ended 31 March 2018

Statement of Financial Position as at 31 March 2018

| Figures in Rand | Notes | 2018 | 2017 |
|--------------------------------------|-------|----------------|----------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 2 | 15 625 | 24 193 |
| Current Assets | | | |
| Trade and other receivables | 3 | 24 500 | 30 000 |
| Cash and cash equivalents | 4 | 106 467 | 96 454 |
| Total Current Assets | | 130 967 | 126 454 |
| Total Assets | | 146 592 | 150 647 |
| Equity and Liabilities | | | |
| Equity | | | |
| Accumulated surplus | | 76 043 | 102 267 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 5 | 27 989 | 17 160 |
| Tennis South Africa Affiliation fees | | 42 560 | 31 220 |
| Total Current Liabilities | | 70 549 | 48 380 |
| Total Equity and Liabilities | | 146 592 | 150 647 |

Tennis Nelson Mandela Bay

Annual Financial Statements for the year ended 31 March 2018

Statement of Comprehensive Income

| Figures in Rand | Notes | 2018 | 2017 |
|--|-------|-----------------|-----------------|
| Income | | | |
| Donation Park Avenue tennis club | | 2 447 | - |
| League fees | | 4 300 | 1 280 |
| Tennis ball sales | | 864 | - |
| Top Guns tournament | | 6 000 | - |
| Interest received | 6 | 3 716 | 5 345 |
| | | 17 327 | 6 625 |
| Operating expenses | | | |
| AGM expenses | | 1 929 | 1 000 |
| Affiliation fees - TSA | | 420 | 200 |
| Auditors' remuneration | 7 | 11 300 | 9 261 |
| Bank charges | | 469 | 516 |
| Depreciation, amortisation and impairments | | 8 568 | 8 568 |
| Development | | - | 2 000 |
| Entertainment | | 2 029 | 3 380 |
| Gifts | | - | 4 600 |
| PO Box rental | | - | 380 |
| Salaries and honorarium | | 6 000 | 5 500 |
| Sponsorships | | 5 376 | 12 200 |
| Tennis court re-surfacing | | - | 35 000 |
| Travelling | | 3 344 | 5 964 |
| Trophies | | 630 | 480 |
| Web design and hosting | | 3 486 | 2 798 |
| | | 43 551 | 91 847 |
| Deficit for the year | | (26 224) | (85 222) |

Tennis Nelson Mandela Bay

Annual Financial Statements for the year ended 31 March 2018

Statement of Changes in Equity

| Figures in Rand | Accumulated surplus | Total equity |
|--------------------------|---------------------|--------------|
| Balance at 01 April 2016 | 187 489 | 187 489 |
| Deficit for the year | (85 222) | (85 222) |
| Balance at 01 April 2017 | 102 267 | 102 267 |
| Deficit for the year | (26 224) | (26 224) |
| Balance at 31 March 2018 | 76 043 | 76 043 |

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Annual Financial Statements for the year ended 31 March 2018

Statement of Cash Flows

| Figures in Rand | Notes | 2018 | 2017 |
|---|-------|----------------|-----------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 17 327 | 6 625 |
| Cash paid to suppliers and employees | | (18 654) | (83 541) |
| Cash used in operations | 8 | (1 327) | (76 916) |
| Net cash from operating activities | | (1 327) | (76 916) |
| Cash flows from financing activities | | | |
| Movement in Tennis SA liability | | 11 340 | 16 520 |
| Total cash movement for the year | | 10 013 | (60 396) |
| Cash at the beginning of the year | | 96 454 | 156 850 |
| Total cash at end of the year | 4 | 106 467 | 96 454 |

Tennis Nelson Mandela Bay

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the accounting policies as set out below. The annual financial statements have been prepared on the historical cost basis. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

Key sources of estimation uncertainty

The financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the association holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less 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 association.

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

| Item | Depreciation method | Average useful life |
|------------------------------|---------------------|---------------------|
| Video camera and accessories | Straight line | 5 years |
| IT equipment | Straight line | 3 years |

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

An item of property, 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 property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

1.3 Revenue

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

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for affiliation and league fees from the individual members.

Tennis Nelson Mandela Bay

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand

2018

2017

2. Property, plant and equipment

| | 2018 | | | 2017 | | |
|------------------------------|---------------------|--------------------------|----------------|---------------------|--------------------------|----------------|
| | Cost or revaluation | Accumulated depreciation | Carrying value | Cost or revaluation | Accumulated depreciation | Carrying value |
| IT equipment | 8 172 | (8 169) | 3 | 8 172 | (8 169) | 3 |
| Video camera and accessories | 51 410 | (35 788) | 15 622 | 51 410 | (27 220) | 24 190 |
| Total | 59 582 | (43 957) | 15 625 | 59 582 | (35 389) | 24 193 |

Reconciliation of property, plant and equipment - 2018

| | Opening balance | Depreciation | Closing balance |
|------------------------------|-----------------|----------------|-----------------|
| IT equipment | 3 | - | 3 |
| Video camera and accessories | 24 190 | (8 568) | 15 622 |
| | 24 193 | (8 568) | 15 625 |

3. Trade and other receivables

| | | |
|-----------------|---------------|---------------|
| Loan to Viljoen | 9 000 | 10 000 |
| Loan to Van Zyl | 15 500 | 20 000 |
| | 24 500 | 30 000 |

4. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|----------------------------|----------------|---------------|
| Cash on hand | 4 371 | - |
| Nedbank current accounts | 37 864 | 36 454 |
| Nedbank investment account | 64 232 | 60 000 |
| | 106 467 | 96 454 |

5. Trade and other payables

| | | |
|---------------------------------|---------------|---------------|
| Deposits from Junior Tennis | 5 649 | 4 396 |
| Deposits from EP Coaches | 12 645 | 3 159 |
| Receipts for Cradock tournament | 495 | 305 |
| Accrued audit fees | 9 200 | 9 300 |
| | 27 989 | 17 160 |

6. Investment revenue

Interest revenue

| | | |
|-------------------------|--------------|--------------|
| Bank | 4 232 | 5 801 |
| Less paid to EP Coaches | (516) | (456) |
| | 3 716 | 5 345 |

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Notes to the Annual Financial Statements

| Figures in Rand | 2018 | 2017 |
|------------------------------------|----------------|-----------------|
| 7. Auditors' remuneration | | |
| Fees | 9 200 | 9 300 |
| Adjustment for previous year | 2 100 | (39) |
| | 11 300 | 9 261 |
| 8. Cash used in operations | | |
| Deficit before taxation | (26 224) | (85 222) |
| Adjustments for: | | |
| Depreciation and amortisation | 8 568 | 8 568 |
| Changes in working capital: | | |
| Trade and other receivables | 5 500 | 1 967 |
| Trade and other payables | 10 829 | (2 229) |
| | (1 327) | (76 916) |

For discussion purposes only