

KZN Breeders Club NPC

(Registration number 1999/000209/08)

Annual Financial Statements
for the year ended 31 July 2017

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General Information

Company registration number	1999/000209/08
Country of incorporation and domicile	South Africa
Directors	B Le Roux L F Scribante W N Render A W Procter C Moodley J H De Klerk L S Norval
Registered office	Yellow Star Stud Farm Mooi River 3300
Business address	Yellow Star Stud Farm Mooi River 3300
Postal address	P O Box 517 Mooi River 3300
Banker	Standard Bank Limited
Tax reference number	9070315206
Auditors	Colenbrander Incorporated Chartered Accountants (S.A.) Registered Auditors
Preparer	The annual financial statements were independently compiled by: Colenbrander Incorporated Chartered Accountants (S.A.)
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

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

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Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, 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 company 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 judgements and estimates.

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

The directors 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 directors have reviewed the company's cash flow forecast for the year to 31 July 2018 and, in the light of this review and the current financial position, they are satisfied that the company 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 company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 5 to 7.

The annual financial statements set out on pages 8 to 14, which have been prepared on the going concern basis, and the directors' report on page 4 were approved by the directors on _____ and were signed by:

Mr B Le Roux - Chairman

Mr L F Scribante - Vice chairman

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Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of KZN Breeders Club NPC for the year ended 31 July 2017.

1. Nature of business

KZN Breeders Club NPC was incorporated in South Africa with interests in the non-profit industry. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. 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 company are set out in these annual financial statements.

3. Dividends

The directors do not recommend the declaration of a dividend for the year.

4. Directors

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

Directors

B Le Roux	Chairman
L F Scribante	Vice-chairman
W N Render	
A W Procter	
C Moodley	
J H De Klerk	
L S Norval	

5. Events after the reporting period

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

6. Going concern

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

7. Auditors

Colenbrander Incorporated continued in office as auditors for the company for 2017.

Independent Auditor's Report

To the shareholders of KZN Breeders Club NPC

Opinion

We have audited the annual financial statements of KZN Breeders Club NPC set out on pages 8 to 14, which comprise the statement of financial position as at 31 July 2017, 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 a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of KZN Breeders Club NPC as at 31 July 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for opinion

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 company 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 opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work We have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company 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.

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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company'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 company 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.

Independent Auditor's Report

We communicate with the directors 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.

Colenbrander Incorporated
Per: M P Black
Director
Registered Auditors
Chartered Accountants (S.A.)
Hilton

Date: _____

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Statement of Financial Position as at 31 July 2017

	Notes	2017 R	2016 Restated R
Assets			
Current Assets			
Trade and other receivables	2	25 913	137 349
Cash and cash equivalents	3	210 266	215 855
		<u>236 179</u>	<u>353 204</u>
Total Assets		<u>236 179</u>	<u>353 204</u>
Equity and Liabilities			
Equity			
Retained income		<u>236 179</u>	<u>300 141</u>
Liabilities			
Current Liabilities			
Trade and other payables	4	-	53 063
Total Equity and Liabilities		<u>236 179</u>	<u>353 204</u>

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Statement of Comprehensive Income

		2017	2016
	Note	R	Restated * R
Revenue			
Awards dinner income and sponsorship		119 250	131 800
Subscriptions and entrance fees		79 675	64 350
Breeders race days and entrance fees		42 100	56 001
Website advertisements		-	3 500
		<u>241 025</u>	<u>255 651</u>
Other income			
Interest received	5	<u>8 028</u>	<u>6 990</u>
Operating expenses			
Administration fees		40 225	13 759
Advertising		24 719	10 800
Auditor's remuneration		15 064	7 201
Awards dinners		111 557	179 763
Bad debts provision		36 450	-
Bad debts written off		85 000	-
Breeders race day		-	458
Donations and sponsorships		-	9 838
		<u>313 015</u>	<u>221 819</u>
(Loss) profit for the year		<u>(63 962)</u>	<u>40 822</u>

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Statement of Changes in Equity

	Retained income R	Total equity R
Restated Balance at 01 August 2015	259 319	259 319
Profit for the year	40 822	40 822
Restated Balance at 01 August 2016	300 141	300 141
Loss for the year	(63 962)	(63 962)
Balance at 31 July 2017	236 179	236 179

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Statement of Cash Flows

	Notes	2017 R	2016 Restated R
Cash flows from operating activities			
Cash (used in) generated from operations	7	(13 617)	19 567
Interest received		8 028	6 990
Net cash from operating activities		(5 589)	26 557
Total cash movement for the year			
Cash at the beginning of the year		215 855	189 298
Total cash at end of the year	3	210 266	215 855

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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 International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. 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 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Debt instruments are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At 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 there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

1.3 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

1.4 Comparative figures

Where necessary, comparative figures have been reclassified to conform with changes in presentation for the current year.

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Notes to the Annual Financial Statements

	2017	2016
	R	Restated R
2. Trade and other receivables		
Trade receivables	62 364	137 349
Provision for doubtful debts	(36 451)	-
	<u>25 913</u>	<u>137 349</u>
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	<u>210 266</u>	<u>215 855</u>
4. Trade and other payables		
Trade payables	<u>-</u>	<u>53 063</u>
5. Investment revenue		
Interest revenue		
Standard Bank Limited - money market account	<u>8 028</u>	<u>6 990</u>
6. Taxation		
No provision has been made for taxation as the company is exempt from income tax in terms of S(10)(i)(d)(iv)(bb).		
7. Cash (used in) generated from operations		
(Loss) profit before taxation	(63 962)	40 822
Adjustments for:		
Interest received	(8 028)	(6 990)
Changes in working capital:		
Trade and other receivables	111 436	(61 349)
Prior period error	-	45 533
Trade and other payables	(53 063)	1 551
	<u>(13 617)</u>	<u>19 567</u>
8. Prior period errors		
In the prior year there was an error in the recording of award dinner expenses. The expenses were recorded in the incorrect period and this resulted in an understatement of the expense and thus a higher profit for the period.		
The correction of the error results in adjustments as follows:		
Statement of Financial Position		
Trade creditors	-	45 533
Retained income	-	(45 533)

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Notes to the Annual Financial Statements

	2017	2016
	R	Restated * R
8. Prior period errors (continued)		
Profit or Loss		
Award dinners expense	-	45 533
9. Going concern		
<p>The annual financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.</p>		
10. Events after the reporting period		
<p>The directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements.</p>		