

Endurance Ride Association of South Africa
Financial Statements
For the year ended 31 December 2016

Endurance Ride Association of South Africa (ERASA)

(Registration number: 124-153 NPO)

Financial Statements for the year ended 31 December 2016

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	To promote and control endurance riding as an amateur sport amongst all population groups in South Africa
Council members	Niel Kirstein – President Pieter Streicher – Vice President Gisela Pieterse – Treasurer Werner Bosch Jimmy Neethling Kobus de Beer Margaret Hobson – Eastern Cape Province Christo Engelbrecht – Free State Province Johann Raubenheimer – Gauteng Province Theo Jordaan – Limpopo Province Theo Hoffmann – Mpumulanga Province Breggie Scholtz – Northern Cape Province Brand Pretorius - North West Province Altus Hanekom – Western Cape Province Ben Liebenberg – Kwa Zulu Natal
Registered office	Stud Book Building 118 Henry Street Bloemfontein 9300
Business address	Stud Book Building 118 Henry Street Bloemfontein 9300
Postal address	Postnet Suite 241 Private Bag X01 Brandhof 9324
Bankers	ABSA
Registration number	124-153 (NPO)

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

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The financial statements set out on pages 5 -13 , which have been prepared on the going concern basis, were approved by the council on 4 July 2017 and were signed on its behalf by:

President

Vice President

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Accounting Officers Report

I have performed the duties of Accounting Officer to Endurance Ride Association of South Africa (ERASA) as required in terms of the Companies Act of South Africa, 2008. No audit is required by the Act to be carried out and no audit was conducted. Accordingly I do not imply or express an opinion or any other form of assurance on the financial statements.

The financial statements set out on pages 3 to 15 are the responsibility of the Association's Council Members. I have determined that the financial statements are in agreement with the accounting records, summarised in the manner required by the Act, and have done so by adopting such procedures and conducting such enquiries in relation to the books of account and records as I considered necessary in the circumstances. I have also reviewed the accounting policies which have been represented to me as having been applied in the preparation of the annual financial statements, and I consider that they are appropriate to the association.

Gisela Pieterse
Chartered Accountant

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Statement of Financial Position for the year ended 31 December 2016

Figures in Rand	Note(s)	2016	2015
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	13,104	13,545
Loan Account - U.V.V.S.A Trust		<u>3,580,551</u>	<u>3,435,450</u>
		<u>3,593,655</u>	<u>2,691,344</u>
Current Assets			
Trade and other receivables	3	182,346	127,312
Cash and cash equivalents		<u>427,724</u>	<u>610,949</u>
		<u>610,070</u>	<u>738,261</u>
TOTAL ASSETS		<u>4,203,725</u>	<u>4,187,256</u>
Equity and Liabilities			
Equity			
Retained income		<u>2,660,318</u>	<u>3,673,383</u>
		<u>2,660,318</u>	<u>3,673,383</u>
Liabilities			
Current liabilities			
Trade and other payables	4	831,021	331,066
Provisions	5	<u>712,386</u>	<u>182,807</u>
		<u>1,543,407</u>	<u>513,873</u>
Total Equity and Liabilities		<u>4,203,725</u>	<u>4,187,256</u>

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Statement of Comprehensive Income for the year ended 31 December 2016

Figures in Rand	Note(s)	2016	2015
Turnover		4,513,894	4,282,381
Gross Profit		<u>4,513,894</u>	<u>4,282,381</u>
Operating expenses		(5,543,405)	(4,468,994)
Operating loss		<u>(1,029,511)</u>	<u>(186,613)</u>
Finance income		16,446	8,368
Loss before taxation		<u>(1,013,065)</u>	<u>(178,245)</u>
Taxation		-	-
Loss for the year		<u>(1,013,065)</u>	<u>(178,245)</u>
Prior year adjustment		-	-
Total comprehensive loss		<u>(1,013,065)</u>	<u>(178,245)</u>
Total comprehensive income attributable to:		<u>(1,013,065)</u>	<u>(178,245)</u>

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Statement of Changes in Equity for the year ended 31 December 2016

Figures in Rand	2016	2015
Balance at 1 January 2014	3,851,362	1,940,362
Total comprehensive loss for the year	(178,245)	1,911,266
Total changes	<u>3,673,383</u>	<u>3,851,628</u>
Balance at 1 January 2015	<u>3,673,383</u>	<u>3,851,362</u>
Total comprehensive loss for the year	(1,013,065)	(178,245)
Total changes	<u>(1,013,065)</u>	<u>(178,245)</u>
Balance at 31 December 2016	<u><u>2,660,318</u></u>	<u><u>3,673,383</u></u>

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Statement of Cash Flows for the year ended 31 December 2016

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Cash generated from operations		(49,484)	774,609
Finance income		16,446	8,368
Net cash from operating activities		<u>(33,038)</u>	<u>782,977</u>
Cash flows from Investing activities			
Purchase of property, plant and equipment		(5,086)	-
Increase in loans granted		(145,101)	(761,762)
Net cash from investing activities		<u>(150,187)</u>	<u>(761,762)</u>
Total cash movement for the year		(183,225)	21,215
Cash at the beginning of the year		610,949	589,734
Total cash at end of the year		<u>427,724</u>	<u>610,949</u>

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Financial Statements for the year ended 31 December 2016

Accounting Policies

1. Presentation of Financial Statements

1.1 Significant judgements and estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Critical accounting estimates and judgements

The association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. Refer to the notes below for the estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in accounting policy 1.11 – Provisions.

1.2 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 association; and
- the cost of the item can be measured reliably.

All property, plant and equipment is initially recorded at cost. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use. Depreciation is calculated to write-off the cost of these assets to their estimated values on a straight-line basis over their expected useful lives on a component basis.

Item	Average useful life
Computer equipment	33,3%
Office equipment	12,5%
Fencing and development cost	10%

Where an assets carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in operating profit.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The assets residual value, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

The depreciation charge for each period is recognised in the operating expenses of the statement of comprehensive income unless it is included in the carrying amount of another asset.

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Accounting Policies (continued)

1.3 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating Leases

Lease of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This liability is not discounted.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

1.4 Revenue recognition

The fee is recognised as revenue when no significant uncertainty as to its collectability exists.

Interest is recognised, in the statement of comprehensive income, using the effective interest rate method.

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Notes to the Financial Statements

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Checkpoint Trailer	12,075	12,074	1	12,075	12,074	1
Computer equipment	91,731	88,198	3,533	86,645	85,842	803
Electronic equipment	4,304	4,247	57	4,304	4,247	57
Office equipment	33,580	24,067	9,513	33,580	20,896	12,684
Total	141,690	128,586	13,104	136,604	123,059	13,545

Reconciliation of property, plant and equipment – 2016

	Opening balance	Additions	Depreciation	Total
Checkpoint Trailer	1	-	-	1
Computer equipment	803	5,086	2,356	3,533
Electronic equipment	57	-	-	57
Office equipment	12,684	-	3,171	9,513
	13,545	5,086	5,527	13,104

Reconciliation of property, plant and equipment – 2015

	Opening balance	Additions	Depreciation	Total
Checkpoint Trailer	1	-	-	1
Computer equipment	1,744	-	941	803
Electronic equipment	57	-	-	57
Office equipment	15,855	-	3,171	12,684
	17,657	-	4,112	13,545

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2016 is available for inspection at the registered office of the association.

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Notes to the Financial Statements

Figures in Rand	2016	2015	
3. Trade and other receivables			
Affiliations fees	182,346	127,312	
	<u>182,346</u>	<u>127,312</u>	
4. Trade and other payables			
Income received in advance	903,803	314,127	
Value Added Tax	(64,207)	16,939	
	<u>839,596</u>	<u>331,066</u>	
5. Provisions			
Reconciliation of provisions – 2016			
	Opening balance	Additions	Total
Illegal substance allowance	182,807	77,579	260,386
SAEF fees	-	228,000	228,000
Legal Fees	-	224,000	224,000
	<u>-</u>	<u>529,579</u>	<u>712,386</u>
Reconciliation of provisions – 2015			
	Opening balance	Additions	Total
Illegal substance allowance	220,156	(37,349)	182,807
6. Revenue			
Affiliation fees	319,164	1,228,743	
Ride levies	469,094	500,573	
Other income	3,725,636	2,553,065	
Donations	-	-	
	<u>4,513,894</u>	<u>4,282,381</u>	
7. Operating expenses			
Accounting remuneration	75,745	69,123	
Consulting fees	18,000	18,000	
Employee costs	753,945	748,965	
Telephone and fax	42,638	47,405	
Travel and accommodation – air travel	14,980	42,979	
	<u>885,308</u>	<u>1,626,472</u>	
8. Finance income			
Bank interest	16,446	8,368	
	<u>16,446</u>	<u>8,368</u>	

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Notes to the Financial Statements

Figures in Rand	2016	2015
9. Cash generated from operations		
Profit for the year	(1,013,065)	(178,245)
Adjustments for:		
Depreciation	5,527	4,111
Finance income	(16,446)	(8,368)
Change in working capital:		
Trade and other receivables	(55,034)	1,187,890
Trade and other payables	1,029,534	(230,779)
	<u>(49,484)</u>	<u>774,609</u>
10. Contingencies		
Contingent Liability		
SAEF fees under dispute	228,000	277,000
	<u>228,000</u>	<u>-</u>

At this time, it's not possible to predict the precise financial impact on the NPO until the law suit has been finalised, currently in process with our attorneys.

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Detailed Income Statement

Figures in Rand	Note(s)	2016	2015
Revenue			
Affiliations fees		319,164	1,228,743
Ride Levies		469,094	500,573
		<u>788,258</u>	<u>1,729,316</u>
Bibs sold		28,018	31,618
Fauresmith National Ride – entries		1,579,438	1,255,289
FEI Registration Fees recovered		682,054	475,391
Passport Fees Recovered		333,842	188,454
Cost recoveries		40,519	419,647
SAIC		933,865	-
Sandy Mount Express		-	182,666
SMEX		127,900	-
Gross Profit		<u>4,513,894</u>	<u>4,282,381</u>
Interest received		16,446	8,368
Total Income		<u>4,530,340</u>	<u>4,290,749</u>

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Detailed Income Statement

Figures in Rand	Note(s)	2016	2015
Operating expenses			
Accounting fees		75,745	69,123
AGM expenses		4,471	1,904
Bank charges		12,187	14,908
Bib costs		28,821	29,252
Computer costs		6,431	7,164
Consulting fees		18,000	18,000
Council meeting		10,693	15,937
Courier & postage		18,618	19,562
Depreciation		5,527	4,111
Development team		94,972	133,222
Fauresmith national ride expenses		1,133,794	1,715,681
FEI registrations & subscriptions		444,273	-
FEI organising dues & calendar fees		123,098	-
FEI congress		7,432	-
Insurance		17,011	13,327
Legal fees		353,528	260,694
Printing & stationery		13,032	28,184
Refreshments		474	7,137
Rent paid		47,947	39,646
Horse passports		33,074	48,176
SAEF membership fees		891,182	563,271
SAIC		773,713	-
Salaries and wages		753,945	748,965
Sandy Mount Express		-	149,921
SMEX		93,251	-
Team Expenses		68,290	99,542
Telephone & fax		42,638	47,405
Travel & accommodation		14,980	42,979
Walvis Bay expenses		290,220	249,430
Website cost		89,467	55,199
Young Riders World Champs		76,591	86,254
		<u>5,543,405</u>	<u>4,468,994</u>
Profit for the year		<u>(1,013,065)</u>	<u>(178,245)</u>