

**Dressage South Africa
(Registration number 133-147 NPO)
Annual Financial Statements
for the year ended 31 December 2017**

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The control of the equestrian discipline of dressage in South Africa
Registered office	173 Crocus Road Equifox Park Kyalami 1684
Postal address	P O Box 30875 Kyalami 1684
Auditors	Nolands Jhb Inc. Chartered Accountants (S.A.) Registered Auditor Practice number: 905119
Company registration number	133-147 NPO
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the constitution of the association.
Preparer	The annual financial statements were independently compiled by: RL Smith CA(SA), RA
Issued	17 March 2018

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Index

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

	Page
Council's Responsibilities and Approval	3
Independent Auditor's Report	4 - 5
Council's Report	6 - 7
Statement of Financial Position	8
Statement of Comprehensive Income	9
Statement of Changes in Reserves	10
Statement of Cash Flows	11
Accounting Policies	12 - 16
Notes to the Annual Financial Statements	17 - 23
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	24 - 25

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Council's Responsibilities and Approval

The Council is required by the constitution of the association, 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 International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is 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 Council 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 council to meet these responsibilities, the Council 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 Council 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 Council have reviewed the association's cash flow forecast for the year to 31 December 2018 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 auditor is 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 auditor and their report is presented on page 4 - 5.

The annual financial statements set out on pages 8 - 23, which have been prepared on the going concern basis, were approved by the Council on 17 March 2018 and were signed on its behalf by:

P Hefer

C Pickering

Johannesburg

17 March 2018

Independent Auditor's Report

To the members of Dressage South Africa

Qualified opinion

We have audited the annual financial statements of Dressage South Africa set out on pages 8 to 23, which comprise the statement of financial position as at 31 December 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, 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 Dressage South Africa as at 31 December 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 constitution of the association.

Basis for qualified opinion

As with similar organisations, it is not feasible for the association to institute accounting controls over cost recovery income for seminars and fundraisers prior to the initial entry in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the income actually recorded. Consequently, we were unable to express an opinion on the completeness of seminar and fundraising cost recovery income.

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 qualified opinion.

Other information

The Council is responsible for the other information. The other information comprises the Council's Report as required by the constitution of the association, 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 Council for the Annual Financial Statements

The Council is responsible for the preparation and fair presentation of the annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the constitution of the association, and for such internal control as the council 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 council 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 council 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.

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 council.
- Conclude on the appropriateness of the council'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 council 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.

Nolands Jhb Inc.
Registered Auditor
Practice number: 905119
Per: DW Fordham CA(SA), RA
Director

17 March 2018
Johannesburg

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Council's Report

The Council have pleasure in submitting their report on the annual financial statements of Dressage South Africa for the year ended 31 December 2017.

1. Nature of business

Dressage South Africa was Incorporated in South Africa on 1 August 2013 and is engaged in the control of the equestrian discipline of dressage in South Africa.

There have been no material changes to the nature of the association'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 constitution of the association. The accounting policies have been applied consistently compared to the prior year, with the exception of the depreciation policy which has been adjusted to be in line with the anticipated increased useful life of the assets.

Full details of the financial position, results of operations and cash flows of the association are set out in these annual financial statements.

3. Council

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

Council	Title	Association	Changes
P Hefer	President	Dressage South Africa	Appointed 31 March 2017
D Smith	Vice president	Dressage South Africa	Appointed 31 March 2017
E Vuorinen	Technical Portfolio	Dressage South Africa	Appointed 31 March 2017
H Camfferman	Judges Portfolio	Dressage South Africa	Appointed 31 March 2017 Resigned 21 November 2017
I Sanne	International Portfolio	Dressage South Africa	
C Pickering	Treasurer	Dressage South Africa	Appointed 31 March 2017
A Meredith	Venues and Schedules	Dressage South Africa	
L Records	Development and Transformation	Dressage South Africa	Appointed 31 March 2017 Resigned 21 July 2017
S Records	Chairman	Gauteng Dressage	Resigned 05 November 2017
H Jacobs	Chairman	Northern Cape Dressage	
R Bush	Chairman	Eastern Cape Dressage	
R Munro	Chairman	KwaZulu-Natal Dressage	Appointed 31 March 2017
L Mohr	Chairman	Western Cape Dressage	Appointed 31 March 2017
A McLean	Chairman	Northern Cape Dressage	
K Ebersohn	Chairman	Mpumalanga Dressage	
D Gray	Chairman	Limpopo Dressage	
R Balmer	Chairman	Free State Dressage	

4. Council members' interests in contracts

During the financial year, no contracts were entered into which council or officers of the association had an interest and which significantly affected the business of the association.

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Council's Report

5. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the association or in the policy regarding their use.

6. Events after the reporting period

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

7. Going concern

The Council believe that the association 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 Council has satisfied itself that the association is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Council is not aware of any new material changes that may adversely impact the association. The Council 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 association.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The 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.

The Council would in addition want to report that the full General Reserve as stipulated in clause 8.20 of the Constitution of the Association has been fully provided for during this financial year.

8. Auditors

At the Ordinary General Meeting (OGM) on 29 July 2017, the Council requested to appoint Nolands Jhb Inc. as the independent external auditors of the association and to confirm DW Fordham (CA)SA, RA as the designated lead audit partner for the 2018 financial year.

9. Date of authorisation for issue of annual financial statements

The annual financial statements have been authorised for issue by the Council on 17 March 2018. No authority was given to anyone to amend the financial statements after the date of issue.

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Statement of Financial Position as at 31 December 2017

	Note(s)	2017 R	2016 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	9 504	9 705
Current Assets			
Trade and other receivables	3	31 296	91 101
Cash and cash equivalents	4	1 611 085	972 284
		<u>1 642 381</u>	<u>1 063 385</u>
Total Assets		<u>1 651 885</u>	<u>1 073 090</u>
Reserves and Liabilities			
Reserves			
Specific reserves	5	958 765	589 836
Accumulated surplus		9 091	136 022
		<u>967 856</u>	<u>725 858</u>
Liabilities			
Current Liabilities			
Trade and other payables	6	684 029	347 232
Total Reserves and Liabilities		<u>1 651 885</u>	<u>1 073 090</u>

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Statement of Comprehensive Income

	Note(s)	2017 R	2016 R
Revenue	7	1 462 759	1 402 861
Specific venture cost recovery	8	93 818	193 955
Operating expenses		(1 338 684)	(1 163 950)
Operating surplus	11	217 893	432 866
Finance income	12	79 571	84 653
Finance costs	13	(695)	(1 370)
Surplus for the year		296 769	516 149
Funds transferred to specific reserves		(423 700)	(647 432)
Surplus for the year		(126 931)	(131 283)

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Statement of Changes in Reserves

	Specific Reserves R	Accumulated surplus R	Total R
Balance at 01 January 2016	1 063 170	267 305	1 330 475
Surplus for the year	-	516 149	516 149
Transfer between reserves	647 432	(647 432)	-
Utilisation of reserves	(1 120 766)	-	(1 120 766)
Total changes	(473 334)	(647 432)	(1 120 766)
Balance at 01 January 2017	589 836	136 022	725 858
Surplus for the year	-	296 769	296 769
Other comprehensive income	-	-	-
Transfer between reserves	423 700	(423 700)	-
Utilisation of reserves	(54 771)	-	(54 771)
Total changes	368 929	(423 700)	(54 771)
Balance at 31 December 2017	958 765	9 091	967 856
Note	5		

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Statement of Cash Flows

	Note(s)	2017 R	2016 R
Cash flows from operating activities			
Cash generated from operations	17	617 325	734 019
Finance income		79 571	84 653
Finance costs		(695)	(1 370)
Net cash from operating activities		696 201	817 302
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(2 629)	(6 961)
Movement in specific reserves		(54 771)	(1 120 767)
Net cash from investing activities		(57 400)	(1 127 728)
Total cash and cash equivalents movement for the year		638 801	(310 426)
Cash and cash equivalents at the beginning of the year		972 284	1 282 711
Total cash and cash equivalents at end of the year	4	1 611 085	972 285

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

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 constitution of the association. 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 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the annual financial statement.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies.

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

The association reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that there has been no material change since the most recent reporting date.

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
Furniture and fixtures	Straight line	10 Years
Computer equipment	Straight line	5 Years

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Accounting Policies

1.2 Property, plant and equipment (continued)

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

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.

1.3 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 trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, 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.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

1.4 Tax

Tax expenses

No estimation of taxation has been made as the association is a registered non-profit organisation and has been granted tax exempt status in terms of section 10(1)(cN) of the Income Tax Act.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Accounting Policies

1.6 Impairment of assets

The Association assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its 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.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.7 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.8 Government grants

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants are measured at the fair value of the asset received or receivable.

1.9 Revenue

Revenue is recognised to the extent that the association 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 association. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Revenue from show levies, levies on prize money and membership fees are recognised in profit or loss when the association's right to receive payment has been established.

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Accounting Policies

1.10 Specific Reserves

Province Reserves

50% of membership fees and 50% of show levies are transferred to a reserve for each province that can be spent by the various provinces for the advancement of the discipline of dressage. Included in the province reserves are other income items specifically approved by the Council which the association may collect from time to time on behalf of each province and expenses incurred on behalf of each province. The income is reflected in the statement of comprehensive income and transferred to specific reserves. The related expenditure from each province is recorded directly to each reserve and the surplus/ deficit for the year for all provinces is shown as a separate line item on the Statement of Changes in Equity.

Equestrian Development Scheme (EDS) Levies Reserve

EDS levies are amounts retained for future use. The EDS levies are received from show entries and form part of the FEI Solidarity Programme set up to provide the National Sports Federation with the tools to develop equestrian sport in their own country in a sustainable, structured, progressive and professional manner. EDS levies income is reflected in the statement of comprehensive income and transferred to specific reserves. The related expense is recorded directly to the reserve and the surplus/deficit for the year is shown as a separate line item on the Statement of Changes in Equity.

Para Dressage Reserve

The National Lottery paid a lump sum grant to Dressage SA in the prior year. This was used to finance the support of various para dressage rider related costs and activities. The funds received and expenses incurred are recognised directly in reserves.

The Adriaan Van Wyk Fund

Adriaan Van Wyk raised money on behalf of Dressage SA, to subsidise the funding of high level dressage events. The surplus after paying expenses was used to create a perpetual fund for the purpose of facilitating and subsidising essential high level FEI Dressage events that are limited due to economic considerations. The funds received and expenses incurred are recognised directly in reserves.

Judges Training Reserve

This fund was established from the surplus derived from the hosting of the Dressage SA 2016 Stephen Clarke Seminar. The main purpose of purchasing an airline ticket for the equivalent 2017 seminar. The funds received and expenses incurred are recognised directly in reserves.

Riders Fund Reserve

Riders Fund are amounts retained for future use for riders. The funds are received from prize money received by riders at certain status shows, as well as any income specifically approved by the Council to be designated as such. These funds are utilised in such a fashion as may be determined by the DSA council for the benefit of the discipline and the athletes. Riders Fund income is reflected in the statement of comprehensive income and transferred to specific reserves. The related expense is recorded directly to reserves and the surplus/deficit for the year is shown as a separate line item on the Statement of Changes in Reserves.

1.11 Finance income and expenses

Finance income comprises interest income on funds invested, that is recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest rate method.

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Accounting Policies

1.11 Finance income and expenses (continued)

Finance expenses comprise interest expense on borrowings, that is recognised in profit or loss. All borrowing costs are recognised in profit or loss in the period they are incurred, using the effective interest rate method.

1.12 Other income

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

Income from advertising, fines, publications, donations received and fundraising and events is recognised in profit or loss when the association's right to receive payment has been established.

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Notes to the Annual Financial Statements

	2017	2016
	R	R

2. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	8 722	(4 589)	4 133	8 722	(3 730)	4 992
Computer equipment	27 986	(22 615)	5 371	25 355	(20 642)	4 713
Total	36 708	(27 204)	9 504	34 077	(24 372)	9 705

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	4 992	-	(859)	4 133
Computer equipment	4 713	2 629	(1 971)	5 371
	9 705	2 629	(2 830)	9 504

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	5 561	1 162	(1 731)	4 992
Computer equipment	6 329	5 799	(7 415)	4 713
	11 890	6 961	(9 146)	9 705

Registers with details of property plant and equipment are available for inspection by members or their duly authorised representatives at the registered office of the association.

3. Trade and other receivables

Trade receivables	20 900	81 101
Deposits	10 000	10 000
Other receivable	396	-
	31 296	91 101

The terms and conditions relating to trade and other receivables fall within industry norms as well as normal business practice, discounting of trade and other receivables is not material.

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1 768	34
Bank balances	1 609 317	972 250
	1 611 085	972 284
5. Specific Reserves		
Movement in reserves		
Balance at the beginning of the year	589 836	1 063 170
Funds transferred to specific reserves	-	647 432
Funds transferred to general reserves	423 700	-
Utilisation of reserves	-	(1 401 092)
Funds raised by A van Wyk	-	73 500
Funds (utilised)/received for the Stephen Clarke 2016 Seminar	(54 771)	206 826
	958 765	589 836
Ring-fenced Reserves		
Equestrian Development Scheme (EDS)	205 127	197 359
The Adriaan Van Wyk Fund	60 347	60 347
Judges Training Reserve	3 322	58 694
Riders Fund	11 776	19 544
Provincial Reserves		
Gauteng Province	78 963	96 899
KwaZulu-Natal Province	72 559	59 251
Western Cape Province	(20 618)	7 278
Eastern Cape Province	36 169	31 263
Free State Province	6 901	10 515
Mpumalanga Province	25 106	15 491
North West Province	30 101	11 227
Northern Cape Province	19 833	16 833
Limpopo Province	5 479	5 135
General reserves		
National general reserve	280 000	-
Gauteng Province	76 000	-
KwaZulu-Natal Province	15 000	-
Western Cape Province	35 000	-
Eastern Cape Province	6 000	-
Free State Province	3 000	-
Mpumalanga Province	3 500	-
North West Province	1 600	-
Northern Cape Province	3 600	-
	958 765	589 836

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
6. Trade and other payables		
Trade payables	127 910	50 712
Amounts received in advance	334 536	10 277
VAT	208 816	13 007
Gold Circle donation repayable	-	223 792
Accrued expenses	12 767	16 379
Deposits received	-	600
Accrued audit fees	-	32 465
	<u>684 029</u>	<u>347 232</u>
<p>The terms and conditions relating to trade and other payables fall within industry norms as well as normal business practice, discounting of trade and other payables is not material.</p>		
7. Revenue		
Membership fees	1 001 049	948 637
Show levies	461 710	434 680
Levies on prize money	-	19 544
	<u>1 462 759</u>	<u>1 402 861</u>
8. Specific venture cost recovery		
Fines levied	1 754	1 667
Income/(expenses) on ringfenced reserves	58 676	70 727
Other income	3 698	17 476
Cost recoveries	29 690	104 085
	<u>93 818</u>	<u>193 955</u>
<p>Please refer to Note 9 and Note 10 for additional detail on the income/(expenses) on ringfenced reserves and cost recoveries.</p>		
9. Income/(expenses) on ringfenced reserves		
Judges training reserve		
Income	268 835	-
Expenses	(250 061)	-
Net income	<u>18 774</u>	<u>-</u>
Equestrian Development Scheme		
Income	70 236	-
Expenses	(29 096)	-
Net income	<u>41 140</u>	<u>-</u>

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
9. Income/(expenses) on ringfenced reserves (continued)		
Riders fund		
Income	6 530	-
Expenses	(7 768)	-
Net deficit	(1 238)	-
10. Cost recoveries		
SA Lipizzaner's Joint Fundraiser		
Income	26 145	-
Expenses	(13 277)	-
Net income	12 868	-
Seminar fees		
Income	14 369	-
Expenses	(9 549)	-
Net income	4 820	-
Organising fees		
Income	12 586	-
Expenses	(20 189)	-
Net deficit	(7 603)	-
Dressage Forum		
Income	26 514	-
Expenses	(21 141)	-
Net income	5 373	-
Provincial Awards		
Income	41 394	-
Expenses	(27 163)	-
Net income	14 231	-
11. Operating surplus		
Operating surplus for the year is stated after accounting for the following:		
Operating lease charges		
Lease rentals		
• Contractual amounts	79 506	35 844
Depreciation on property, plant and equipment	2 830	9 146
Employee costs	690 799	544 970

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
12. Finance income		
Interest revenue		
Bank	<u>79 571</u>	<u>84 653</u>
13. Finance costs		
Interest paid - other	<u>695</u>	<u>1 370</u>
14. Taxation		
<p>The association is a public benefit organisation in terms of Section 30 of the Income Tax Act and the receipts and accruals are exempt from tax in terms of Section 10 (1)(cN) of the Income Tax Act.</p>		
15. Auditor's remuneration		
Fees	<u>49 950</u>	<u>33 161</u>
16. Bad debts		
<p>The association has addressed an average debtors exposure and have raised a provision for bad debts which is a realistic yet conservative figure for the year.</p>		
17. Cash generated from operations		
Surplus before taxation	296 769	516 149
Adjustments for:		
Depreciation	2 830	9 146
Finance income	(79 571)	(84 653)
Finance costs	695	1 370
Changes in working capital:		
Trade and other receivables	59 805	45 025
Trade and other payables	336 797	246 982
	<u>617 325</u>	<u>734 019</u>
18. Commitments		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	<u>74 469</u>	<u>52 488</u>
<p>Operating lease payments represent rentals payable by the association for certain of its office properties. Leases are negotiated for an average term of 1 year. No contingent rent is payable</p>		

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
19. Related parties		
Relationships		
Members of key management	P Hefer I Sanne R Bush C Pickering D Smith A Meredith E Vuorinen H Jacobs L Mohr A McLean R Balmer R Munro K Ebersohn D Gray	
20. Council members' remuneration		
No emoluments were paid to the Council members or any individuals holding office during the year.		
21. Comparative figures		
Certain comparative figures have been reclassified.		
The effects of the reclassification are as follows:		
Profit or Loss		
Fundraising income		402
Organising and venue fees		(402)
22. Going concern		
The annual 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.		
The Council believe that the association 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 Council have satisfied themselves that the association is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Council are not aware of any new material changes that may adversely impact the association. The Council 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 association.		

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Notes to the Annual Financial Statements

	2017	2016
	R	R

23. Events after the reporting period

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

24. Lotto grant refund

At the AGM held on 31 March 2017 it was resolved by the Council that they will pay the amount of R40,291 requested by South African Equestrian Federation, relating to redirecting funds not correctly utilised and are to be paid back. The grant refund liability was settled during the current year.

25. Gold Circle grant refund

On 04 April 2016, Gold Circle (Pty) Ltd agreed to sponsor a South African para olympic team to compete in the Rio Olympic Games in 2017. Due to the fact that the South African team did not participate at the games, the surplus funds were repaid to the sponsor.

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Detailed Income Statement

	Notes	2017 R	2016 R
Revenue			
Membership fees		1 001 049	948 637
Show levies		461 710	434 680
Levies on prize money		-	19 544
	7	<u>1 462 759</u>	<u>1 402 861</u>
Other income			
Ringfenced reserve recoveries	9	58 676	70 727
Finance income	12	79 571	84 653
Fines		1 754	1 667
Cost recoveries	10	29 690	104 085
Sundry income		3 698	17 476
		<u>173 389</u>	<u>278 608</u>
Operating expenses (Refer to page 25)		(1 338 684)	(1 163 950)
Operating profit	11	<u>297 464</u>	<u>517 519</u>
Finance costs	13	(695)	(1 370)
Profit for the year		<u>296 769</u>	<u>516 149</u>

Dressage South Africa

(Registration number: 133-147 NPO)

Annual Financial Statements for the year ended 31 December 2017

Detailed Income Statement

	Notes	2017 R	2016 R
Operating expenses			
Accounting fees		(15 236)	(15 690)
Auditor's remuneration	15	(49 950)	(33 161)
Bad debts	16	(61 774)	-
Bank charges		(39 350)	(43 765)
Big show expenses		(24 054)	-
Calender fees		(7 020)	(10 482)
Computer expenses		(82 343)	(106 470)
Depreciation		(2 830)	(9 146)
Development - coaches		-	(5 108)
Employee costs		(690 799)	(544 970)
Entertainment		-	(1 990)
FEI Affiliation fees		(15 836)	(7 069)
Grant refund		-	(40 291)
Honorary membership discount allowed		(627)	-
Insurance		(15 654)	(32 408)
Lease rentals on operating lease		(79 506)	(35 844)
Medication control and drug testing		(8 211)	(19 637)
Meeting expenses		(16 710)	(4 359)
National officials		(38 116)	(72 578)
Other expenses		(1 782)	(31 906)
Printing and stationery		(5 541)	(8 577)
Repairs and maintenance		(1 196)	(2 616)
Show expenses		(58 061)	-
Staff welfare		(5 621)	(4 994)
Team expenses		(52 517)	-
Telephone		(29 809)	(27 856)
Travel - local		(2 590)	(87 151)
Trophies and engraving		(33 551)	(17 882)
		<u>(1 338 684)</u>	<u>(1 163 950)</u>