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**SKATEISTAN SOUTH AFRICA  
(REGISTRATION NUMBER 132-083 NPO)  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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## Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2014

### General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Non profit organisation
<b>Management committee</b>	Dr. S Adams A Mnyandu O Percovich C Rowe L Terblanche
<b>Registered office and business address</b>	308 Fox Street Jeppestown Johannesburg 2001
<b>Postal address</b>	PO Box 33249 Jeppestown Johannesburg 2043
<b>Bankers</b>	First National Bank
<b>Auditors</b>	GL Palmer and Company Registered Auditors
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Non Profit Organisaion Act, 1997 of South Africa and the requirements set forth in Danida's "General Guidelines for Accounting and Auditing of Grants through National NGOs.
<b>Preparer</b>	The annual financial statements were independently compiled by: KP Christou CA(SA)
<b>Published</b>	30 January 2015

# Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2014

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

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# G.L. PALMER AND COMPANY

CHARTERED ACCOUNTANTS (SA)



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## Independent Auditors' Report

To the members of Skateistan South Africa

### Report on the Annual Financial Statements

We have audited the annual financial statements of Skateistan South Africa, as set out on pages 7 to 15, which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### Management Committees' Responsibility for the Annual Financial Statements

The organisation's management committee is responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and requirements of the Non Profit Organisaion Act, 1997 of South Africa and the requirements set forth in Danida's "General Guidelines for Accounting and Auditing of Grants through National NGOs, and for such internal control as the management committee determines is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

Similar to various other organisations in South Africa, the organisation also derives income from voluntary contributions. Such income cannot be recognised unless it is entered into the books of accounts. Accordingly our verification was limited to the income recognised in the books of accounts.

## Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of Skateistan South Africa as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Non Profit Organisaion Act, 1997 of South Africa and the requirements set forth in Danida's "General Guidelines for Accounting and Auditing of Grants through National NGOs.

*GL Palmer & Company*

**GL PALMER AND COMPANY**

**Registered Auditors**

**Muriel Zackey CA(SA)**

**30 January 2015**

**Johannesburg**

## Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2014

### Management Committees' Responsibilities and Approval

The management committee is required by the Non Profit Organisaion Act, 1997 of South Africa and the requirements set forth in Danida's "General Guidelines for Accounting and Auditing of Grants through National NGOs, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and relatæd 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 management committee acknowledge that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable the management committee to meet these responsibilities, the organisation 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 organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The management 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 management committee have reviewed the organisation's cash flow forecast for the year to 31 December 2015 and, in light of this review and the current financial position, they are satisfied that the organisation has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 6 to 15, which have been prepared on the going concern basis, were approved by the management committee on 30 January 2015 and signed on its behalf by:

*O. Perovicich*

Office bearer

Office bearer

Johannesburg

## Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2014

### Management Committees' Report

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The management committee have pleasure in submitting their report on the annual financial statements of Skateistan South Africa for the year ended 31 December 2014.

#### 1. Incorporation

The organisation was incorporated on 08 January 2014 and obtained its certificate to commence on the same day.

#### 2. Nature of business

Skateistan South Africa was incorporated in South Africa as a non profit organisation with a vision to guiding youth-led community projects.

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

#### 3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Non Profit Organisaion Act, 1997 of South Africa and the requirements set forth in Danida's "General Guidelines for Accounting and Auditing of Grants through National NGOs. 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.

#### 4. Management committee

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

Management committee	Changes
Dr. S Adams	Appointed 08 January 2014
A Mnyandu	Appointed 17 December 2014
O Percovich	Appointed 08 January 2014
C Rowe	Appointed 08 January 2014
L Terblanche	Appointed 08 January 2014

#### 5. Management committees' interests in contracts

During the financial year, no contracts were entered into which the management committee or officers of the organisation had an interest and which significantly affected the business of the company.

#### 6. Events after the reporting period

On 01 January 2015, the organisation entered into a "rent free", 20 year lease agreement with the Artisan's Trust for use of its premises. The monthly rental would have been equivalent to R27 000.

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

#### 7. Auditors

GL Palmer and Company was appointed in office as auditors for the organisation for 2014.

**Skateistan South Africa**

Annual Financial Statements for the year ended 31 December 2014

**Statement of Financial Position as at 31 December 2014**

Figures in Rand	Note	2014
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	2	75 287
Related party receivable	3	1 283 827
		<u>1 359 114</u>
<b>Current Assets</b>		
Inventories	4	3 410
Trade and other receivables	5	39 344
Cash and cash equivalents	6	209 748
		<u>252 502</u>
<b>Total Assets</b>		<u>1 611 616</u>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Accumulated surplus		<u>1 556 708</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	7	54 908
<b>Total Equity and Liabilities</b>		<u>1 611 616</u>



# Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2014

## Statement of Comprehensive Income

Figures in Rand	Note	2014
<b>Income</b>		
Grants	8	2 638 142
General donations		400
Donations in kind		67 657
Deficit from sale of branded items	9	(4 261)
		<u>2 701 938</u>
<b>Operating expenses</b>		
Accommodation		10 449
Accounting fees		2 839
Assets under R7 000		85 225
Auditors' remuneration	13	40 000
Bank charges		4 570
Cleaning		773
Computer expenses		5 356
Consulting fees		518 142
Depreciation		5 448
Employee costs		73 200
Events		10 450
Government compliance		1 089
Learning supplies		18 704
Insurance		17 826
Lease rentals on operating lease		102 869
Legal expenses		5 620
Motor vehicle expenses		16 109
Municipal expenses		9 888
Office expenses		2 935
Postage		2 847
Printing and stationery		7 617
Profit and loss on exchange differences		2 464
Repairs and maintenance		2 052
Staff welfare		4 282
Telephone and fax		6 585
Training		401
Transport and freight		38 840
Travel - local		21 082
Travel - overseas		120 641
Visas and work permits		6 927
		<u>1 145 230</u>
<b>Profit for the year</b>		<u>1 556 708</u>
<b>Total comprehensive income for the year</b>		<u>1 556 708</u>

## Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2014

### Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
<b>Balance at 01 January 2014</b>		
Changes in equity		
Total comprehensive surplus for the year	1 556 708	1 556 708
Total changes	1 556 708	1 556 708
<b>Balance at 31 December 2014</b>	<b>1 556 708</b>	<b>1 556 708</b>

**Skateistan South Africa**

Annual Financial Statements for the year ended 31 December 2014

**Statement of Cash Flows**

Figures in Rand	Note	2014
<b>Cash flows from operating activities</b>		
Cash generated from operations	14	<u>1 574 310</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	2	(80 735)
Grants receivable		<u>(1 283 827)</u>
<b>Net cash from investing activities</b>		<u><b>(1 364 562)</b></u>
<b>Total cash movement for the year</b>		<u><b>209 748</b></u>
<b>Total cash and cash equivalents at end of the year</b>	6	<u><b>209 748</b></u>

# Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2014

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Non Profit Organisaion Act, 1997 of South Africa and the requirements set forth in Danida's "General Guidelines for Accounting and Auditing of Grants through National NGOs. 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 Rand.

#### 1.1 Property, plant and equipment

Property, plant and equipment are tangible items that:

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

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

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Motor vehicles	5 years
Skateboard ramp	10 years

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

#### 1.2 Impairment of assets

The company assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

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.

## **Skateistan South Africa**

Annual Financial Statements for the year ended 31 December 2014

### **Accounting Policies**

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#### **1.3 Financial instruments**

##### **Initial measurement**

Financial instruments are initially measured at the transaction price. This includes transaction costs, except for financial instruments which are measured at fair value through profit or loss.

##### **Financial instruments at cost**

Commitments to receive a loan are measured at cost less impairment.

##### **Financial instruments at fair value**

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

#### **1.4 Inventories**

Inventories are measured at the lower of cost and selling price less costs to complete and sell, on the weighted average cost basis.

#### **1.5 Revenue**

##### **Grant income**

Grant income is recognised in the period in which the performance conditions imposed by the grant are met.

##### **Donations**

Donations are recognised on receipt basis.

##### **Revenue from sale of branded items**

Revenue from sale of branded items are recognised on the delivery of these to customers and proceeds from sale are realised.

##### **Donations in kind**

Donations in kind are measured at the fair value of the donated items received.

## Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2014

### Notes to the Annual Financial Statements

Figures in Rand

2014

#### 2. Property, plant and equipment

	2014		
	Cost	Accumulated depreciation and impairments	Carrying value
Motor vehicles	50 000	(4 167)	45 833
Skateboard ramp	30 735	(1 281)	29 454
<b>Total</b>	<b>80 735</b>	<b>(5 448)</b>	<b>75 287</b>

#### Reconciliation of property, plant and equipment - 2014

	<u>Opening balance</u>	<u>Additions</u>	<u>Depreciation</u>	<u>Total</u>
Motor vehicles	-	50 000	(4 167)	45 833
Skateboard ramp	-	30 735	(1 281)	29 454
	-	<b>80 735</b>	<b>(5 448)</b>	<b>75 287</b>

#### 3. Related party receivable

Skateistan gGmbH	1 283 827
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Represents funds held by the Skateistan headquarter on behalf of the organisation and various expenses paid on behalf of the organisation. Funds are transferred to the organisation as needed to cover costs of the operation. The receivable amounts to €91 734.32.

#### 4. Inventories

Branded items	3 410
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#### 5. Trade and other receivables

Prepayments	20 454
Deposits	18 890
	<b>39 344</b>

#### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 480
Bank balances	208 268
	<b>209 748</b>

# Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2014

## Notes to the Annual Financial Statements

Figures in Rand	2014
<b>7. Trade and other payables</b>	
Accrued expenses	14 908
Accrued audit fees	40 000
	<u>54 908</u>
<b>8. Grants</b>	
<b>Grants received from:</b>	
Danish Embassy	<u>2 638 142</u>
<b>9. Deficit from sale of branded items</b>	
Sale of branded items	2 100
Less: cost of sales	10 (6 361)
	<u>(4 261)</u>
<b>10. Cost of sales</b>	
Opening inventory	-
Purchases	9 771
Closing inventory	(3 410)
	<u>6 361</u>
<b>11. Operating surplus</b>	
Operating surplus for the year is stated after accounting for the following:	
<b>Operating lease charges</b>	
Premises	
• Contractual amounts	<u>102 869</u>
Profit on exchange differences	2 464
Depreciation on property, plant and equipment	5 448
Employee costs	<u>73 200</u>
<b>12. Taxation</b>	
No provision has been made for 2014 tax as the organisation is in the process of registering with the tax authorities for tax exempt status.	
<b>13. Auditors' remuneration</b>	
Fees	<u>40 000</u>

# Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2014

## Notes to the Annual Financial Statements

Figures in Rand

2014

### 14. Cash generated from operations

Profit before taxation	1 556 708
<b>Adjustments for:</b>	
Depreciation	5 448
<b>Changes in working capital:</b>	
Inventories	(3 410)
Trade and other receivables	(39 344)
Trade and other payables	54 908
	<u>1 574 310</u>

### 15. Related parties

#### Related party balances and transactions with other related parties

#### Related party balances

Terms and conditions of outstanding balances including if the balances are secured, guarantees given or received and the nature of the consideration to be provided in settlement are reflected in note 3.

### 16. Office bearers' remuneration

#### Executive

#### 2014

	<u>Emoluments</u>	<u>Total</u>
A Mnyandu	42 000	42 000

The emoluments paid are in the capacity of operations officer and not of office bearer.

There were no emoluments paid to the other office bearers during the year.

### 17. Comparative figures

No comparative figures have been presented as these are the first annual financial statements of the organisation.