

**KYALAMI PARK CLUB
FORMERLY GAUTENG HORSE SOCIETY
ANNUAL FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Index

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

Index	Page
Independent Auditors' Report	2 - 4
Executive Committee's Responsibilities and Approval	5
Executive Committee's Report	6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement Of Cash Flows	10
Accounting Policies	11 - 16
Notes to the Annual Financial Statements	17 - 22

The following supplementary information does not form part of the annual financial statements and is unaudited:

Statement of Financial Performance	23 - 24
------------------------------------	---------

Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the club's constitution.

Prepared

J.A. Telle

Professional Accountant (SA)

Independent Auditor's Report

To the executive committee of Kyalami Park Club

Opinion

We have audited the annual financial statements of Kyalami Park Club set out on 8 to 23, which comprise the statement of financial position as at 31 December 2019, 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 Kyalami Park Club as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the organisation governed by a constitution and non profit organisation.

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 organisation governed by a constitution and non profit organisation in accordance with the sections 280 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 18 in the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of COVID-19 on Kyalami Park Club future prospects, performance and cashflows. Management have also described how they plan to deal with these events and circumstances. Our opinion is not modified in respect of this matter.

Other information

The executive committee is responsible for the other information. The other information comprises the information included in the document titled 'Kyalami Park Club annual financial statements for the year ended 31 December 2019', which includes the annual financial statements as required by the organisation governed by a constitution and non profit organisation and the Detailed Income Statement, which we obtained prior to the date of this report. The 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 on the other information obtained prior to the date of this auditor's report, 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 executive committee for the Annual Financial Statements

The executive committee is 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 organisation governed by a constitution and non profit organisation, and for such internal control as the executive committee 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 executive committee is responsible for assessing the organisation governed by a constitution and non profit organisation 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 executive committee either intend to liquidate the organisation governed by a constitution and non profit organisation or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 judgment and maintain professional skepticism 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 organisation governed by a constitution and non profit organisation internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee.
- Conclude on the appropriateness of the executive committee 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 organisation governed by a constitution and non profit organisation ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the organisation governed by a constitution and non profit organisation 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 executive committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

Thoft Chartered Accountants Inc
Chartered Accountants (SA)
Registered Auditors

19 April 2020

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Executive Committee's Responsibilities and Approval

The members of the executive committee are required by the club's constitution, 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 club as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standards 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 Standards 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 members of the executive committee acknowledge that they are ultimately responsible for the system of internal financial control established by the club and place considerable importance on maintaining a strong control environment. To enable the members of the executive committee to meet these responsibilities, the executive committee sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the club and all employees are required to maintain the highest ethical standards in ensuring the club's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the club is on identifying, assessing, managing and monitoring all known forms of risk across the club. While operating risk cannot be fully eliminated, the club endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members of the executive committee 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 members of the executive committee have reviewed the club's cash flow forecast for the period to 31 December 2020 and, in the light of this review and the current financial position, they are satisfied that the club has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the club's annual financial statements. The annual financial statements have been examined by the club's external auditors and their report is presented on pages 2 - 4.

The annual financial statements set out on pages 8 to 24, which have been prepared on the going concern basis, were approved by the executive committee on 10 April 2020 and were signed on its behalf by:

Executive Committee Member



Executive Committee Member



Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Executive Committee's Report

The executive committee submit it's report for the period ended 31 December 2019

1. Review of activities

Main business and operations

The club is engaged as an equestrian sports club in Gauteng.

The operating results and state of affairs of the club are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. 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 ability of the club to continue as a going concern is dependent on a number of factors. The most significant of these is that the executive committee procures additional revenue and/or funding for the ongoing operations of the club and that all legal requirements applicable to converting to a club have been met.

3. Events after the reporting period

The members of the executive committee are not aware of any other matter or circumstance arising since the end of the financial year.

4. Non-current assets

Details of major changes in the nature of the non-current assets of the club during the year are as set out in the note thereto.

There has been no major changes in the policy relating to the use of non-current assets.

5. Executive committee

The members of the executive committee during the year and to the date of this report are as follows:

Current Member	Changes
A Botha	Appointed 25 April 2018
K Byrney	Appointed 10 April 2019
J Curtin (Treasurer)	Appointed 10 April 2019
S Dewar	Appointed 25 April 2018
A Eslinger (Chairperson)	Appointed 25 April 2018
A Uthgow	Appointed 10 April 2019
J A Telle (Governance)	Appointed 10 April 2019
J-M Tutol	Appointed 10 April 2019

6. Secretary

The club had no secretary during the year.

7. Auditors

Thorl Chartered Accountants Inc. were appointed as the auditors of Kyalami Park Club and will continue in office in accordance with section 13 of the club's constitution.

8. Consolidated annual financial statements

The club is required to present consolidated financial statements in terms of Section 7 of the International Financial Reporting Standards for Small to Medium Enterprises. The executive committee however elected not to prepare consolidated financial statements because the financial implications of preparing consolidated financial statements outweigh the benefit to the members of the club.

All members have been informed of this fact and did not object thereto. Consolidated annual financial statements will however be prepared if the need, for whatever reason, arises, and minuted as such at the annual general meeting.

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Statement of Financial Position

	Note(s)	December 2019 R	December 2018 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	R 3,516,684	R 4,160,006
Investments	3	R 200	R 200
		<u>R 3,516,884</u>	<u>R 4,160,206</u>
Current Assets			
Inventories		R -	R -
Other financial assets	4	R -	R -
Trade and other receivables	5	R 180,270	R 121,459
Operating lease asset		R -	R -
Cash and cash equivalents	6	R 3,136,582	R 1,202,187
		<u>R 3,316,852</u>	<u>R 1,323,646</u>
Total Assets		<u><u>R 6,833,736</u></u>	<u><u>R 5,473,852</u></u>
Equity and Liabilities			
Equity			
Retained surplus		R 5,358,932	R 4,259,698
		<u>R 5,358,932</u>	<u>R 4,259,698</u>
Liabilities			
Current Liabilities			
Trade and other payables	7	R 654,661	R 234,776
Other financial liabilities	4	R 25,734	R 527,237
Deferred income		R 736,139	R 406,489
Provisions	8	R 58,271	R 45,652
		<u>R 1,474,804</u>	<u>R 1,214,154</u>
Total Equity and Liabilities		<u><u>R 6,833,736</u></u>	<u><u>R 5,473,852</u></u>

Kyalami Park Club

Formerly Gauleng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Statement of Comprehensive Income

	Note(s)	December 2019 R	December 2018 R
Revenue		R 5,358,864	R 3,528,447
Other income		R 549,104	R 564,160
Operating expenses		R -4,883,200	R -4,929,754
Operating surplus / (deficit)		R 1,024,768	R -837,147
Investment revenue		R 75,782	R 12,315
Finance costs	9	R -1,315	R -120
Total surplus / (deficit) for the year		R 1,099,234	R -624,952

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Statement of Changes in Equity

	Specific Reserves R	Retained Surplus R	Total Equity R
Balance at 01 January 2018	R -	R 5,084,450	R 5,084,450
Changes in equity			
Total comprehensive (deficit) for the year	R -	R -824,952	R -824,952
Transfer from reserves	R -	R -	R -
Total changes	R -	R -824,952	R -824,952
Balance at 31 December 2018	R -	R 4,259,498	R 4,259,498
Changes in equity			
Total comprehensive surplus for the year	R -	R 1,099,234	R 1,099,234
Transfer from reserves	R -	R -	R -
Total changes	R -	R 1,099,234	R 1,099,234
Balance at 31 December 2019	R -	R 5,358,732	R 5,358,732

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Statement of Cash Flows

		December 2019		December 2018	
	Note(s)	R		R	
Cash flows from operating activities					
Cash generated from operations	12	R 1,869,676	R	989,936	
Interest income		R 75,782	R	12,315	
Finance costs		R -1,315	R	-120	
Net cash from operating activities		R 1,944,143	R	1,002,111	
Cash flows from investing activities					
Purchase of property, plant and equipment	2	R -9,748	R	-1,795,456	
Cash flows from financing activities					
Movement in other financial assets		R -	R	911,688	
Net cash from financing activities		R -	R	911,688	
Total cash movement for the year		R 1,934,394	R	118,344	
Cash at the beginning of the year		R 1,202,187	R	1,083,843	
Total cash at end of the year	6	R 3,136,581	R	1,202,187	

Kyalami Park Club

Formerly Gauleng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Accounting Policies

1. Basis of presentation 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 Standards for Small and Medium-sized Entities, and the club's constitution. 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 statements.

Critical judgements in applying accounting policies

Management are required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual financial statements, are outlined as follows:

Key sources of estimation uncertainty

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Financial assets measured at cost and amortised cost

The club reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date. During the current year, the executive committee determined that the useful lives of certain items of surveillance equipment should be shortened, due to developments in technology.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to increase the depreciation expense in the current financial year and for the next three years.

Impairment testing

The club reviews and tests the carrying value of property, plant and equipment and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Accounting Policies

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 8 - Provisions.

Taxation

Judgment is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The club recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

1.2 Property, plant and equipment

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

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 club, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Cost includes 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.

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 estimate residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the club.

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

Item	Depreciation method	Average useful life
Arenas	Straight line	10 years
Catering equipment	Straight line	4 years
Computer equipment	Straight line	4 years
Mechanic equipment	Straight line	5 years
Fencing	Straight line	5 years
Jumping equipment	Straight line	20 years

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Accounting Policies

Motor vehicles	Straight line	5 years
Office equipment	Straight line	7 years
Plant and machinery	Straight line	5 years
Seating	Straight line	20 years
Tinting equipment	Straight line	3 years

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

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount.

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant or equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.3 Investments

Investments are recognised at cost less any accumulated impairment losses.

1.4 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. 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.

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Accounting Policies

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 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.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

1.5 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities / (assets) for the current and prior periods are measured at the amount expected to be paid to / (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.6 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 - lessor

Operating lease income is recognised as an income 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 receipt of payments is 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.

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Accounting Policies

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

1.7 Impairment of assets

The club assesses at each reporting period date whether there is any indication that an asset may be impaired. If any such indication exists, the club estimates the recoverable amount of the asset.

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.

1.8 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.

1.9 Provisions and contingencies

Provisions are recognised when:

- the club has an obligation at the reporting period date as a result of a past event;
- it is probable that the club will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

1.10 Revenue

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

Revenue from entrance fees and surplus on shows are recognised, in profit or loss, when the club's right to receive the payment has been established.

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Accounting Policies

Membership fees are recognised on the accrual basis in accordance with the substance of the relevant agreements.

1.11 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.12 Other income

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

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

Income from hire of ground and equipment is recognised on the accrual basis in accordance with the substance of the relevant agreements.

Insurance refunds are recognised in profit or loss, when the club's right to receive payment has been established.

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Notes to the Annual Financial Statements

2. Property, plant and equipment

	December 2019		
	Cost	Accumulated depreciation	Carrying value
Arenas	R 4,415,075	R -1,925,814	R 2,489,261
Catering equipment	R 327,666	R -327,666	R -
Computer equipment	R 406,371	R -396,398	R 9,975
Fencing	R 318,595	R -310,242	R 8,353
Motor vehicles	R 313,229	R -313,229	R -
Office equipment	R 359,072	R -345,545	R 13,528
Plant and machinery	R 781,315	R -466,230	R 315,086
Sealing	R 415,667	R -242,718	R 172,950
Show equipment	R 1,022,773	R -515,241	R 507,532
Total	R 8,359,763	R -4,843,079	R 3,516,684

	December 2018		
	Cost	Accumulated depreciation	Carrying value
Arenas	R 4,415,075	R -3,520,478	R 2,894,597
Catering equipment	R 327,666	R -327,666	R -
Computer equipment	R 406,371	R -392,121	R 14,250
Fencing	R 318,595	R -303,766	R 14,829
Motor vehicles	R 313,229	R -310,312	R 2,917
Office equipment	R 359,072	R -341,861	R 17,212
Plant and machinery	R 776,968	R -364,025	R 412,942
Sealing	R 415,667	R -221,934	R 193,733
Show equipment	R 1,017,373	R -417,847	R 599,526
Total	R 8,350,015	R -4,200,010	R 4,150,006

Reconciliation of property, plant and equipment - December 2019

	Opening balance	Additions / (Disposals)	Depreciation	Total
Arenas	R 2,894,597	R -	R -405,337	R 2,489,261
Catering equipment	R -	R -	R -	R -
Computer equipment	R 14,250	R -	R -4,275	R 9,975
Fencing	R 14,829	R -	R -6,476	R 8,353
Motor vehicles	R 2,917	R -	R -2,917	R -
Office equipment	R 17,212	R -	R -3,685	R 13,527
Plant and machinery	R 412,942	R 4,348	R -102,203	R 315,086
Sealing	R 193,733	R -	R -20,783	R 172,950
Show equipment	R 599,526	R 5,400	R -97,394	R 507,532
Total	R 4,150,006	R 9,748	R -643,070	R 3,516,684

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Notes to the Annual Financial Statements

Reconciliation of property, plant and equipment - December 2018

	Opening balance	Additions / (Disposals)	Depreciation	Total
Arenas	R 2,421,573	R 821,404	R -348,380	R 2,894,597
Catering equipment	R -	R -	R -	R -
Computer equipment	R -	R 17,100	R -2,850	R 14,250
Fencing	R 21,309	R -	R -6,480	R 14,829
Motor vehicles	R 7,917	R -	R -5,000	R 2,917
Office equipment	R 9,880	R 11,748	R -4,416	R 17,212
Plant and machinery	R 27,676	R 479,026	R -93,760	R 412,942
Searing	R 143,951	R 70,000	R -30,218	R 193,733
Show equipment	R 287,005	R 396,178	R -83,657	R 599,526
	R 2,919,311	R 1,795,456	R -544,761	R 4,180,006

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 organisation.

3. Investments

Name of company	% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018
South African National Equestrian Centre (Pty) Ltd	34.59%	34.59%	R 200	R 200

The carrying amounts of investments are shown net of impairment losses.

4. Other financial assets

At amortised cost

The South African National Equestrian Centre (Pty) Ltd	R -25,734	R -527,237
--	-----------	------------

The loan is unsecured, bears no interest and has no fixed terms of repayment.

Current assets	R -	R -
Current liabilities	R -25,734	R -527,237

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Notes to the Annual Financial Statements

5. Trade and other receivables

Trade receivables	R	180,270	R	119,856
Provision for bad debts	R	-	R	-
Deposits	R	-	R	-
VAT	R	-	R	1,603
	R	180,270	R	121,459

The executive committee consider that the carrying amount of trade and other receivables approximates their fair value.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	R	3,133,651	R	1,197,774
Cash on hand	R	2,931	R	4,413
	R	3,136,582	R	1,202,187

7. Trade and other payables

Trade payables	R	421,122	R	129,157
VAT	R	141,028	R	-
Accrued payroll taxes	R	169	R	29,041
Accrued prize money	R	13,696	R	-
Accrued audit fees	R	45,000	R	67,082
Deposits received	R	-	R	-
Accrued workers compensation	R	33,646	R	9,496
	R	654,661	R	234,776

The executive committee consider that the carrying amount of trade and other payables approximates their fair value.

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Notes to the Annual Financial Statements

8. Provisions

Reconciliation of provisions - 2019

	Opening balance	Utilised during the year	Total
Leave pay provision	R 45,652	R 12,619	R 66,271

Reconciliation of provisions - 2018

	Opening balance	Utilised during the year	Total
Leave pay provision	R 62,771	R -17,119	R 45,652

The leave pay provision represents management's best estimate of the liability at year end.

9. Finance costs

Trade and other payables

R 3 R 120

Late payment of tax

R 1,312 R -

R 1,315 R 120

10. Taxation

The club is partially exempt from tax under section 10(1)(c)(i) as it is registered as a public benefit organisation.

11. Auditor's remuneration

Fees for audit

R 45,000 R 62,558

Adjustment for previous year

R 20,884 R -

R 65,884 R 62,558

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Notes to the Annual Financial Statements

12. Cash generated from operations

Surplus / (deficit) before taxation	R	1,099,234	R	-824,952
Adjustments for:				
Depreciation and amortisation	R	643,069	R	564,760
Profit on sale of assets	R	-	R	-
Interest received	R	-75,782	R	-12,315
Finance costs	R	1,315	R	120
Movements in operating lease assets and accruals	R	-	R	163,967
Movements in provisions	R	12,619	R	-17,119
Changes in working capital:				
Inventories	R	-	R	-
Trade and other receivables	R	-58,811	R	1,148,586
Trade and other payables	R	419,885	R	-260,410
Income received in advance	R	-171,854	R	207,279
	R	1,869,474	R	989,916

13. Membership fees

Membership fees	R	1,226,758	R	1,000,392
Non-member arena levies	R	400,383	R	343,577
Entrance fees	R	174,782	R	173,705
	R	1,801,922	R	1,517,674

14. Surplus on shows

Surplus on shows consists of the following:

Show income	R	11,979,361	R	7,139,786
Show expenses	R	-8,422,410	R	-5,148,983
	R	3,556,942	R	1,990,773

15. Employee costs

Leave pay	R	18,571	R	28,893
Salaries	R	1,400,993	R	1,163,591
Severance pay	R	-	R	-
Skill development levy	R	11,432	R	11,540
Unemployment insurance fund	R	9,774	R	7,912
Wages	R	407,850	R	501,758
Workmen's compensation insurance	R	46,853	R	-
	R	1,896,474	R	1,713,695

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Notes to the Annual Financial Statements

16. General expenses

General office expenses	R	44,180	R	15,074
Licence fees	R	12,166	R	14,894
Refreshments	R	3,272	R	1,323
Staff uniform	R	31,194	R	13,397
Staff welfare	R	1,553	R	4,163
	R	92,365	R	48,851

17. Related parties

Relationships

Entity with common management: The South African National Equestrian Centre (Pty) Ltd

Related party balance

Loan account - Owing (to) / by related party

The South African National Equestrian Centre (Pty) Ltd

	R	-26,734	R	-627,337
--	----------	----------------	----------	-----------------

Related party transactions

Lease rentals paid to related parties

The South African National Equestrian Centre (Pty) Ltd

	R	400,000	R	303,000
--	----------	----------------	----------	----------------

18. 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 executive committee believe that the club 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 executive committee have satisfied themselves that the club is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The executive committee are not aware of any new material changes that may adversely impact the club. The executive committee 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 club.

The ability of the club to continue as a going concern is dependent on a number of factors. The most significant of these is that the executive committee continues to procure funding for the ongoing operations for the club.

19. Events after the reporting period

The members of the executive committee are not aware of any other matter or circumstance arising since the end of the financial year.

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Statement of Financial Performance

	Notes(6)	December 2019 R	December 2018 R
Revenue			
Membership fees	14	R 1,601,922	R 1,537,674
Surplus on shows	13	R 3,556,942	R 1,990,773
		R 5,358,864	R 3,528,447
Other income			
Advertising revenue		R 5,217	R 5,570
Bad debts recovered		R 144,221	R -
Hire of grounds and equipment		R 376,771	R 692,510
Interest received		R 75,782	R 12,315
Profit on disposal of non-current assets		R -	R -
Recoveries		R 16,391	R 2,243
Rental income		R -	R -139,641
Stabling income		R 2,000	R 3,478
Sundry income		R 5,053	R -
Special levies		R -	R -
		R 624,664	R 576,676
Expenses		R -4,883,200	R -4,929,784
Operating profit / (loss)		R 1,100,549	R -824,932
Finance costs	9	R -1,315	R -120
Surplus / (deficit) for the year		R 1,099,234	R -824,952

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2019

Statement of Financial Performance

	Note(s)	December 2019	December 2018
		R	R
Operating expenses			
Accounting fees		R -	R -
Advertising and promotions		R 96,186	R 40,651
Auditors' remuneration	11	R 65,884	R 62,558
Bad debts		R 10,169	R 149,229
Bank charges		R 305,928	R 265,959
Computer expenses		R 48,705	R 40,665
Consulting fees		R 96,712	R 410,973
Depreciation, amortisation and impairments		R 643,069	R 564,760
Discount allowed		R 522	R 37
Employee costs	15	R 1,895,476	R 1,891,874
Entertainment		R 11,296	R 9,094
Fines and penalties		R -	R -
General expenses	16	R 92,364	R 48,851
Insurance		R 79,722	R 38,596
Lease rentals on operating lease		R 600,000	R 300,000
Legal expenses		R -	R -
Motor vehicle expenses		R 106,738	R 118,047
Printing and stationery		R 66,318	R 76,081
Repairs and maintenance		R 109,929	R 159,244
Security		R 630	R 5,685
Subscriptions		R 3,329	R 639
Telephone and fax		R 18,240	R 20,212
Upkeep of grounds		R 631,985	R 726,699
		R 4,863,200	R 4,929,764