

KYALAMI PARK CLUB
FORMERLY GAUTENG HORSE SOCIETY
ANNUAL FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

DRAFT
Awaiting AGM Approval

Kyalami Park Club

Formerly Gauteng Horse Society

Annual Financial Statements for the period ended 31 December 2020

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

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

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Level of assurance

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

Preparer

JA Telle

Professional Accountant (SA)

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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 2021 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 - 3.

The annual financial statements set out on pages 8 to 23, which have been prepared on the going concern basis, were approved by the executive committee on 26 March 2021 and were signed on its behalf by:

Executive Committee Member

Executive Committee Member

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Executive Committee's Report

The executive committee submit it's report for the period ended 31 December 2020

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

Details are reflected in Note 19 - Events after the Reporting Date

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 Members

A Botha
K Byerley
J Curtin (Treasurer)
S Dewar
A Esslinger (Chairperson)
A Lithgow
J A Telle (Governance)
J-M Turlot

Changes

Appointed 15 September 2020
Appointed 10 April 2019
Appointed 10 April 2019
Appointed 15 September 2020
Appointed 15 September 2020
Appointed 10 April 2019
Appointed 10 April 2019
Appointed 10 April 2019

6. Secretary

The club had no secretary during the year.

7. Auditors

Thort 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 9 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.

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Annual Financial Statements for the period ended 31 December 2020

Statement of Financial Position

| | Note(s) | December 2020 R | December 2019 R |
|-------------------------------------|---------|--------------------|--------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 2 | R 3,230,699 | R 3,516,684 |
| Investments | 3 | R 200 | R 200 |
| | | R 3,230,899 | R 3,516,884 |
| Current Assets | | | |
| Inventories | | R 15,267 | R - |
| Trade and other receivables | 5 | R 102,067 | R 180,270 |
| Cash and cash equivalents | 6 | R 3,489,173 | R 3,136,582 |
| | | R 3,606,506 | R 3,316,852 |
| Total Assets | | R 6,837,406 | R 6,833,736 |
| Equity and Liabilities | | | |
| Equity | | | |
| Retained surplus | | R 5,583,608 | R 5,358,932 |
| | | R 5,583,608 | R 5,358,932 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 7 | R 565,477 | R 654,661 |
| Other financial liabilities | 4 | R 42,370 | R 25,734 |
| Deferred Income | | R 617,333 | R 736,139 |
| Provisions | 8 | R 28,618 | R 58,271 |
| | | R 1,253,798 | R 1,474,804 |
| Total Equity and Liabilities | | R 6,837,406 | R 6,833,736 |

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Statement of Comprehensive Income

| | Note(s) | December 2020 R | December 2019 R |
|-----------------------------------|---------|--------------------|--------------------|
| Revenue | | R 3,945,496 | R 5,358,864 |
| Other income | | R 430,141 | R 549,104 |
| Operating expenses | | R -4,234,028 | R -4,883,200 |
| Operating surplus | | R 141,608 | R 1,024,768 |
| Investment revenue | | R 102,395 | R 75,782 |
| Finance costs | 9 | R -19,328 | R -1,315 |
| Total surplus for the year | | R 224,675 | R 1,099,234 |

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Statement of Changes in Equity

| | Retained Surplus | R | Total Equity | R |
|--|---------------------|-----------|-----------------|-----------|
| Balance at 01 January 2019 | R | 4,259,698 | R | 4,259,698 |
| Changes in equity | | | | |
| Total comprehensive surplus for the year | R | 1,099,234 | R | 1,099,234 |
| Total changes | R | 1,099,234 | R | 1,099,234 |
| Balance at 31 December 2019 | R | 5,358,932 | R | 5,358,932 |
| Changes in equity | | | | |
| Total comprehensive surplus for the year | R | 224,675 | R | 224,675 |
| Total changes | R | 224,675 | R | 224,675 |
| Balance at 31 December 2020 | R | 5,583,608 | R | 5,583,608 |

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Statement of Cash Flows

| | Note(s) | December 2020 R | December 2019 R |
|---|---------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 12 | R 741,287 | R 1,869,676 |
| Interest income | | R 102,395 | R 75,782 |
| Finance costs | | R -19,328 | R -1,315 |
| Net cash from operating activities | | R 824,354 | R 1,944,142 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 2 | R -498,598 | R -9,748 |
| Proceeds on disposal of property, plant and equipment | 2 | R 26,835 | R - |
| Net cash from financing activities | | R -471,764 | R -9,748 |
| Total cash movement for the year | | R 352,590 | R 1,924,647 |
| Cash at the beginning of the year | | R 3,136,582 | R 1,202,187 |
| Total cash at end of the year | 6 | R 3,489,173 | R 3,126,834 |

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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.

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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

Judgement 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 |
| Electronic equipment | Straight line | 5 years |
| Fencing | Straight line | 5 years |
| Jumping equipment | Straight line | 20 years |

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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 |
| Timing 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.

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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 substantially 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.

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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.

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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.

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Annual Financial Statements for the period ended 31 December 2020

Notes to the Annual Financial Statements

2. Property, plant and equipment

| | December 2020 | | | | | |
|---------------------|---------------|------------------|--------------------------|-------------------|----------------|------------------|
| | Cost | | Accumulated depreciation | | Carrying value | |
| | R | | R | | R | |
| Arenas | R | 4,662,575 | R | -2,325,521 | R | 2,337,054 |
| Catering equipment | R | 364,516 | R | -336,879 | R | 27,638 |
| Computer equipment | R | 176,819 | R | -171,119 | R | 5,700 |
| Fencing | R | 145,240 | R | -143,367 | R | 1,873 |
| Motor vehicles | R | 283,938 | R | -283,938 | R | 0 |
| Office equipment | R | 212,332 | R | -85,691 | R | 126,640 |
| Plant and machinery | R | 684,029 | R | -440,640 | R | 243,389 |
| Seating | R | 396,665 | R | -247,504 | R | 149,162 |
| Show equipment | R | 765,176 | R | -425,932 | R | 339,244 |
| Total | R | 7,691,290 | R | -4,460,590 | R | 3,230,699 |

| | December 2019 | | | | | |
|---------------------|---------------|------------------|--------------------------|-------------------|----------------|------------------|
| | Cost | | Accumulated depreciation | | Carrying value | |
| | R | | R | | R | |
| 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 | -396,396 | 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 |
| Seating | 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 |

Reconciliation of property, plant and equipment - December 2020

| | Opening balance | Additions / (Disposals) | Depreciation | Total |
|---------------------|--------------------|-------------------------|-------------------|--------------------|
| Arenas | R 2,489,261 | R 247,530 | R -399,737 | R 2,337,054 |
| Catering equipment | R - | R 36,850 | R -9,213 | R 27,638 |
| Computer equipment | R 9,975 | R - | R -4,275 | R 5,700 |
| Fencing | R 8,353 | R - | R -6,480 | R 1,873 |
| Motor vehicles | R - | R 0 | R - | R 0 |
| Office equipment | R 13,527 | R 116,663 | R -3,550 | R 126,640 |
| Plant and machinery | R 315,086 | R 29,740 | R -101,437 | R 243,389 |
| Seating | R 172,950 | R -3,005 | R -20,783 | R 149,162 |
| Show equipment | R 507,532 | R -50,173 | R -118,115 | R 339,244 |
| Total | R 3,516,684 | R 377,605 | R -663,590 | R 3,230,699 |

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Notes to the Annual Financial Statements

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 |
| Seating | R 193,733 | R - | R -20,783 | R 172,950 |
| Show equipment | R 599,526 | R 5,400 | R -97,394 | R 507,532 |
| | R 4,150,006 | R 9,748 | R -643,070 | R 3,516,684 |

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 2020 | % holding 2019 | Carrying amount 2020 | Carrying amount 2019 |
|--|-------------------|-------------------|-------------------------|-------------------------|
| 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 -42,370 | R -25,734 |
|--|------------------|------------------|

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

| | | |
|---------------------|-----------|-----------|
| Current assets | R - | R - |
| Current liabilities | R -42,370 | R -25,734 |

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Notes to the Annual Financial Statements

5. Trade and other receivables

| | | | | |
|-------------------------|----------|----------------|----------|----------------|
| Trade receivables | R | 102,067 | R | 180,270 |
| Provision for bad debts | R | - | R | - |
| | R | 102,067 | R | 180,270 |

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 | 3,481,636 | R | 3,133,651 |
| Cash on hand | R | 7,536 | R | 2,931 |
| | R | 3,489,173 | R | 3,136,582 |

7. Trade and other payables

| | | | | |
|------------------------------|----------|----------------|----------|----------------|
| Trade payables | R | 194,632 | R | 421,122 |
| VAT | R | 241,226 | R | 141,028 |
| Accrued payroll taxes | R | - | R | 169 |
| Accrued prize money | R | 47,102 | R | 13,696 |
| Accrued audit fees | R | 47,000 | R | 45,000 |
| Accrued workers compensation | R | 35,517 | R | 33,646 |
| | R | 565,477 | R | 654,661 |

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

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Notes to the Annual Financial Statements

8. Provisions

Reconciliation of provisions - 2020

| | Opening balance | Utilised during the year | Total |
|---------------------|--------------------|-----------------------------|----------|
| Leave pay provision | R 58,271 | R -29,653 | R 28,618 |

Reconciliation of provisions - 2019

| | Opening balance | Utilised during the year | Total |
|---------------------|--------------------|-----------------------------|----------|
| Leave pay provision | R 45,652 | R 12,619 | R 58,271 |

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

9. Finance costs

| | | | | |
|--------------------------|----------|---------------|----------|--------------|
| Trade and other payables | R | - | R | 3 |
| Late payment of tax | R | 19,328 | R | 1,312 |
| | R | 19,328 | R | 1,315 |

10. Taxation

The club is partially exempt from tax under section 10(1)(cO) as it is registered as a non-profit organisation.

11. Auditor's remuneration

| | | | | |
|------------------------------|----------|---------------|----------|---------------|
| Fees for audit | R | 42,000 | R | 45,000 |
| Adjustment for previous year | R | - | R | 20,884 |
| | R | 42,000 | R | 65,884 |

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Notes to the Annual Financial Statements

12. Cash generated from operations

| | | | | |
|--|----------|----------------|----------|------------------|
| Surplus before taxation | R | 224,675 | R | 1,099,234 |
| Adjustments for: | | | | |
| Depreciation and amortisation | R | 663,590 | R | 643,069 |
| Loss on disposal of non-current assets | R | 94,159 | R | - |
| Interest received | R | -102,395 | R | -75,782 |
| Finance costs | R | 19,328 | R | 1,315 |
| Movements in provisions | R | -29,653 | R | 12,619 |
| Changes in working capital: | | | | |
| Inventories | R | -15,267 | R | - |
| Trade and other receivables | R | 78,203 | R | -58,811 |
| Trade and other payables | R | -89,184 | R | 419,885 |
| Income received in advance | R | -102,169 | R | -171,854 |
| | R | 741,287 | R | 1,869,676 |

13. Membership fees

| | | | | |
|-------------------------|----------|------------------|----------|------------------|
| Membership Fees | R | 1,335,814 | R | 1,226,758 |
| Non-member arena levies | R | 206,889 | R | 400,383 |
| Entrance fees | R | 118,173 | R | 174,782 |
| | R | 1,660,877 | R | 1,801,922 |

14. Surplus on shows

Surplus on shows consists of the following:

| | | | | |
|---------------|----------|------------------|----------|------------------|
| Show income | R | 6,547,913 | R | 11,979,351 |
| Show expenses | R | -4,263,294 | R | -8,422,410 |
| | R | 2,284,619 | R | 3,556,942 |

15. Employee costs

| | | | | |
|----------------------------------|----------|------------------|----------|------------------|
| Leave pay | R | -30,703 | R | 18,571 |
| Salaries | R | 1,357,045 | R | 1,400,993 |
| Skill development levy | R | 10,713 | R | 11,432 |
| Unemployment insurance fund | R | 8,744 | R | 9,776 |
| Wages | R | 360,807 | R | 407,850 |
| Workmen's compensation insurance | R | 1,871 | R | 46,853 |
| | R | 1,708,477 | R | 1,895,476 |

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Notes to the Annual Financial Statements

16. General expenses

| | | | | |
|--------------------------------|----------|----------------|----------|---------------|
| Covid-19 related expenditure | R | 58,481 | R | - |
| General office expenses | R | 18,342 | R | 44,180 |
| Licence fees | R | 12,737 | R | 12,166 |
| Staff training | R | 3,500 | R | - |
| Staff uniforms | R | 40,143 | R | 31,194 |
| Staff welfare and refreshments | R | 2,574 | R | 4,825 |
| | R | 135,776 | R | 92,364 |

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 | -42,370 | R | -25,734 |
|--|----------|----------------|----------|----------------|

Related party transactions

Lease rentals paid to related parties

| | | | | |
|--|----------|----------------|----------|----------------|
| The South African National Equestrian Centre (Pty) Ltd | R | 437,500 | R | 600,000 |
|--|----------|----------------|----------|----------------|

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

On the 15th of March 2020, the President of the Republic of South Africa declared the COVID-19 outbreak a national disaster.

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Further to this, the President then announced a mandatory lockdown for 21 days except for essential services from midnight on the 26th March to 16th April 2020. This was later extended to 30th April 2020 as

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Awaiting AGM Approval

Kyalami Park Club

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Annual Financial Statements for the period ended 31 December 2020

Statement of Financial Performance

| | Note(s) | December 2020 R | December 2019 R |
|-------------------------------|---------|---------------------|---------------------|
| Revenue | | | |
| Membership fees | 14 | R 1,660,877 | R 1,801,922 |
| Surplus on shows | 13 | R 2,284,619 | R 3,556,942 |
| | | R 3,945,496 | R 5,358,864 |
| Other income | | | |
| Advertising revenue | | R - | R 5,217 |
| Bad debts recovered | | R - | R 144,221 |
| Hire of grounds and equipment | | R 243,414 | R 376,221 |
| Interest received | | R 102,395 | R 75,782 |
| Recoveries | | R 174,100 | R 16,391 |
| Stabling income | | R 348 | R 2,000 |
| Sundry Income | | R 12,279 | R 5,053 |
| | | R 532,536 | R 624,886 |
| Expenses | | R -4,234,028 | R -4,883,200 |
| Operating profit | | R 244,003 | R 1,100,549 |
| Finance costs | 9 | R -19,328 | R -1,315 |
| Surplus for the year | | R 224,675 | R 1,099,234 |

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Annual Financial Statements for the period ended 31 December 2020

Statement of Financial Performance

| | Note(s) | December 2020 R | December 2019 R |
|--|---------|--------------------|--------------------|
| Operating expenses | | | |
| Advertising and promotions | | R 58,400 | R 96,186 |
| Auditors' remuneration | 11 | R 42,000 | R 65,884 |
| Bad debts | | R - | R 10,169 |
| Bank charges | | R 221,663 | R 305,928 |
| Computer expenses | | R 35,006 | R 48,705 |
| Consulting fees | | R 165,855 | R 96,712 |
| Depreciation, amortisation and impairments | | R 663,590 | R 643,069 |
| Discount allowed | | R - | R 522 |
| Employee costs | 15 | R 1,708,477 | R 1,895,476 |
| Entertainment | | R 5,070 | R 11,296 |
| General expenses | 16 | R 135,776 | R 92,364 |
| Insurance | | R 62,836 | R 79,722 |
| Lease rentals on operating lease | | R 437,500 | R 600,000 |
| Legal expenses | | R 5,800 | R - |
| Loss on disposal of non-current assets | | R 94,159 | R - |
| Motor vehicle expenses | | R 118,775 | R 106,738 |
| Printing and stationery | | R 65,765 | R 66,318 |
| Repairs and maintenance | | R 104,370 | R 109,929 |
| Security | | R 826 | R 630 |
| Subscriptions | | R 1,869 | R 3,329 |
| Telephone and fax | | R 12,324 | R 18,240 |
| Upkeep of grounds | | R 293,967 | R 631,985 |
| | | R 4,234,028 | R 4,883,200 |