
**SKATEISTAN SOUTH AFRICA
(REGISTRATION NUMBER 132-083 NPO)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2015

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Non profit organisation
Management committee	Dr. S Adams A Mnyandu O Percovich C Rowe L Terblanche
Registered office and business address	Office 8.12 - Access City 5 Beacon Road New Doornfontein Johannesburg 2094
Postal address	PO Box 33249 Jeppesstown Johannesburg 2043
Bankers	First National Bank
Auditors	GL Palmer and Company Registered Auditors
Level of assurance	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.
Preparer	The annual financial statements were independently compiled by: KP Christou CA(SA)
Published	12 February 2016

Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2015

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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 17, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in reserves 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 Organisation 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 audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Skateistan South Africa as at 31 December 2015, and its financial performance and its 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 AND COMPANY

GL PALMER AND COMPANY

Registered Auditors

Muriel Zackey CA(SA)

12 February 2016

Johannesburg

Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2015

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 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 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.

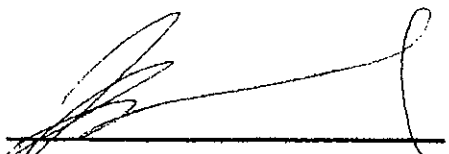
The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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.

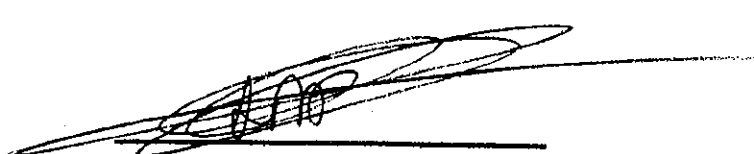
The management committee is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The managment committee have reviewed the organisation's cash flow forecast for the year to 31 December 2016 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 17, which have been prepared on the going concern basis, were approved by the management committee on 12 February 2016 and signed on its behalf by:



Office bearer



Office bearer

Johannesburg

Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2015

Management Committees' Report

The management committee have pleasure in submitting their report on the annual financial statements of Skateistan South Africa for the year ended 31 December 2015.

1. 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.

2. 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.

3. Management committee

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

Management committee

Dr. S Adams
A Mnyandu
O Percovich
C Rowe
L Terblanche

4. 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.

5. Events after the reporting period

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

6. Auditors

GL Palmer and Company was appointed in office as auditors for the organisation for 2015.

Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2015

Statement of Financial Position as at 31 December 2015

Figures in Rand	Note	2015	2014
Assets			
Non-Current Assets			
Property, plant and equipment	2	1 631 657	75 287
Related party receivable	3	741 500	1 283 827
		2 373 157	1 359 114
Current Assets			
Inventories	4	1 045	3 410
Trade and other receivables	5	837 475	39 344
Cash and cash equivalents	6	2 682 578	209 748
		3 521 098	252 502
Total Assets		5 894 255	1 611 616
Reserves and Liabilities			
Reserves			
Accumulated result	7	4 492 433	307 649
Liabilities			
Current Liabilities			
Trade and other payables	8	1 401 822	1 303 967
Total Reserves and Liabilities		5 894 255	1 611 616

Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2015

Statement of Comprehensive Income

Figures in Rand	Note	2015	2014
Income			
Grants	9	2 971 134	1 389 083
General donations		2 619 650	400
Donations in kind		348 599	67 657
Deficit from sale of branded items	10	(1 945)	(4 261)
Honorarium		6 000	-
		5 943 438	1 452 879
Other income			
Profit on exchange differences		73 434	-
Expenses (Refer to page 9)		(1 832 088)	(1 145 230)
Taxation	14	-	-
Result for the year	13	4 184 784	307 649
Total comprehensive result for the year		4 184 784	307 649

Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2015

Statement of Comprehensive Income

Figures in Rand	Note	2015	2014
Operating expenses			
Accommodation		-	10 449
Accounting fees		16 646	2 839
Assets under R7 000		47 796	85 225
Auditors' remuneration	15	61 694	40 000
Bank charges		18 259	4 570
Cleaning		1 053	773
Computer expenses		-	5 356
Consulting fees		772 671	518 142
Depreciation		13 950	5 448
Employee costs		208 548	73 200
Events		5 080	10 450
Donated services		324 000	-
Government compliance		281	1 089
Learning supplies		18 919	18 704
Insurance		12 599	17 826
Lease rentals on operating lease		158 995	102 869
Legal expenses		944	5 620
Motor vehicle expenses		32 547	16 109
Municipal expenses		4 910	9 888
Office expenses		-	2 935
Postage		7 552	2 847
Printing and stationery		8 756	7 617
Loss on exchange differences		-	2 464
Repairs and maintenance		11 969	2 052
Security		8 504	-
Staff welfare		750	4 282
Telephone and fax		9 132	6 585
Training		1 730	401
Transport		25 786	38 840
Travel - local		4 478	21 082
Travel - overseas		49 334	120 641
Visas and work permits		5 205	6 927
		1 832 088	1 145 230

Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2015

Statement of Changes in Reserves

Figures in Rand	Accumulated result	Total reserves
Balance at 01 January 2014		
Changes in reserves		
Total comprehensive result for the year	307 649	307 649
Total changes	307 649	307 649
Balance at 01 January 2015	307 649	307 649
Changes in reserves		
Total comprehensive result for the year	4 184 784	4 184 784
Total changes	4 184 784	4 184 784
Balance at 31 December 2015	4 492 433	4 492 433

Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2015

Statement of Cash Flows

Figures in Rand	Note	2015	2014
Cash flows from operating activities			
Cash generated from operations	16	3 500 823	1 574 311
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1 570 320)	(80 736)
Movement in related party receivable		542 327	(1 283 827)
Net cash from investing activities		(1 027 993)	(1 364 563)
Total cash movement for the year		2 472 830	209 748
Cash and cash equivalents at the beginning of the year		209 748	-
Total cash and cash equivalents at end of the year	6	2 682 578	209 748

Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2015

Accounting Policies

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 2015

Accounting Policies

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 2015

Notes to the Annual Financial Statements

Figures in Rand 2015 2014

2. Property, plant and equipment

	2015			2014		
	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Leasehold property	1 556 733	-	1 556 733	-	-	-
Motor vehicles	50 000	(14 167)	35 833	50 000	(4 167)	45 833
Skateboard ramp	44 322	(5 231)	39 091	30 735	(1 281)	29 454
Total	1 651 055	(19 398)	1 631 657	80 735	(5 448)	75 287

Reconciliation of property, plant and equipment - 2015

	<u>Opening balance</u>	<u>Additions</u>	<u>Depreciation</u>	<u>Total</u>
Leasehold property	-	1 556 733	-	1 556 733
Motor vehicles	45 833	-	(10 000)	35 833
Skateboard ramp	29 454	13 587	(3 950)	39 091
	75 287	1 570 320	(13 950)	1 631 657

3. Related party receivable

Skateistan gGmbH	741 500	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 €44 074.34 (2014 - €91 734.32).

4. Inventories

Branded items	1 045	3 410
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5. Trade and other receivables

Donations receivable	773 460	-
Prepayments	52 825	20 454
Deposits	11 190	18 890
	837 475	39 344

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	760	1 480
Bank balances	2 681 818	208 268
	2 682 578	209 748

Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
7. Accumulated result		
The organisation's reserves can be broken down as follows:		
Unspent grants	1 609 648	238 686
Capex Reserve	1 631 656	75 287
Free reserve	1 251 130	(6 324)
	4 492 434	307 649
8. Trade and other payables		
Accrued audit fees	49 249	39 999
Accrued grant income	1 352 573	1 249 058
Accrued expenses	-	14 910
	1 401 822	1 303 967
9. Grants		
Grants received from:		
Danish Embassy	1 248 179	1 248 180
Tony Hawk Foundation	166 934	140 903
Comic Relief	158 513	-
LinkedIn	119 520	-
Skateistan USA	1 277 988	-
	2 971 134	1 389 083
Grant income has been accounted for over the term of the grant period.		
10. Deficit from sale of branded items		
Sale of branded items	420	2 100
Less: cost of sales	(2 365)	(6 361)
	(1 945)	(4 261)
11. Cost of sales		
Opening inventory	3 410	-
Purchases	-	9 771
Closing inventory	(1 045)	(3 410)
	2 365	6 361

Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
12. Operating result		
Operating result for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	158 995	102 869
Profit on exchange differences	(73 434)	2 464
Depreciation on property, plant and equipment	13 950	5 448
Employee costs	208 548	73 200
13. Result for the year		
Distribution of result is as follows:		
Unspent grants	1 436 501	238 686
Use of unspent grants from prior year	(65 538)	-
Capex	1 556 369	75 287
Own funds	1 257 452	(6 324)
	4 184 784	307 649
14. Taxation		
No provision has been made for 2015 tax as the organisation is exempt from tax in terms of Section 10(1)(cN) of the Income Tax Act.		
15. Auditors' remuneration		
Fees	49 248	40 000
Adjustment for previous year	5 600	-
Other services	6 846	-
	61 694	40 000
16. Cash generated from operations		
Surplus before taxation	4 184 784	307 649
Adjustments for:		
Depreciation	13 950	5 448
Changes in working capital:		
Inventories	2 365	(3 410)
Trade and other receivables	(798 131)	(39 344)
Trade and other payables	97 855	1 303 968
	3 500 823	1 574 311

Skateistan South Africa

Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
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17. 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.

18. Office bearers' remuneration

Executive

2015

A Mnyandu	<u>Emoluments</u> 102 152	<u>Total</u> 102 152
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2014

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

19. Comparative figures

Certain comparative figures have been reclassified to conform with changes in presentation in the current year.

The effects of the reclassification are as follows:

Statement of Financial Position

Accrued grant income	-	1 249 058
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Statement of Comprehensive Income

Grant income	-	(1 249 058)
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