

**SOUTH AFRICAN SHOW JUMPING
(REGISTRATION NUMBER 136-781 NPO)
ANNUAL FINANCIAL STATEMENTS
FOR THE 17 MONTHS ENDED 31 DECEMBER 2015**

**LSG Integrated
Registered Auditors
Published 28 May 2016**

South African Show Jumping

(Registration number 136-781 NPO)
Annual Financial Statements for the 17 months 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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Prepared
SP Swanepoel
Registered Auditor

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

LSG INTEGRATED

REGISTERED AUDITORS

Entrepreneurial Specialists for SMEs

Integrated value added financial services

Divisions:

Accounting and Bookkeeping Services
Auditing and Assurance Services
Company Secretarial Services
Trusts and Estate Planning
Taxation Services

Independent Auditors' Report

To the members of South African Show Jumping

We have audited the annual financial statements of South African Show Jumping, as set out on pages 7 to 22, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 17 months then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Governing Committee's Responsibility for the Annual Financial Statements

The members of the association's governing committee are 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 constitution of the association, and for such internal control as the governing committee determine 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.

Basis for Qualified Opinion

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

Qualified Opinion

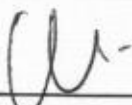
In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of South African Show Jumping as at 31 December 2015, and its financial performance and its cash flows for the 17 months then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the constitution of the association.

Supplementary Information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on pages 23 to 24 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Governing Committee's Report

As part of our audit of the annual financial statements for the 17 months ended 31 December 2015, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited annual financial statements. This report is the responsibility of the respective preparer. Based on reading this report we have not identified material inconsistencies between this report and the audited annual financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.



LSG Integrated
Partner
B Gordon
Registered Auditors

28 May 2016
Sunninghill

South African Show Jumping

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Governing Committee's Responsibilities and Approval

The members of the governing committee are required by the constitution of the association, 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 association as at the end of the financial 17 months 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.

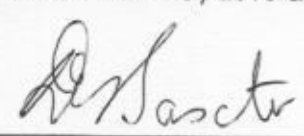
The members of the governing committee acknowledge that they are ultimately responsible for the system of internal financial control established by the association and place considerable importance on maintaining a strong control environment. To enable the members of the governing committee to meet these responsibilities, the governing 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 association and all employees are required to maintain the highest ethical standards in ensuring the association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the association is on identifying, assessing, managing and monitoring all known forms of risk across the association. While operating risk cannot be fully eliminated, the association endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members of the governing 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 governing committee have reviewed the association's cash flow forecast for the 17 months to 31 December 2016 and, in the light of this review and the current financial position, they are satisfied that the association has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the association's annual financial statements. The annual financial statements have been examined by the association's external auditors and their report is presented on page 2.

The annual financial statements set out on pages 5 to 24, which have been prepared on the going concern basis, were approved by the governing committee on 28 May 2016 and were signed on its behalf by:


B Neill (President)
D Baxter (Technical)

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Annual Financial Statements for the 17 months ended 31 December 2015

Governing Committee's Report

The governing committee has pleasure in submitting their report on the annual financial statements of South African Show Jumping for the 17 months ended 31 December 2015.

1. Nature of business

The association holds the status of a constituent member under the SAEF Constitution with jurisdiction over the equestrian sport of show jumping in South Africa.

There have been no material changes to the nature of the association's business from the prior 17 months.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the constitution of the association. The accounting policies have been applied consistently compared to the prior 17 months.

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

3. Governing Committee

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

| Governing Committee | Changes |
|-------------------------------|----------------------------|
| B Neill (President) | |
| C Dos Santos (Vice President) | Appointed 07 March 2015 |
| D Baxter (Technical) | |
| H Pretorius (Finance) | |
| M Butcher (International) | |
| D Pienaar (Veterinary) | |
| C Cunningham (Development) | |
| M Clough (PR) | Appointed 03 February 2015 |
| C Nessling (Western Cape) | |
| B Kok (Mpumalanga) | |
| R Lemme (Limpopo) | |
| M de Lange (North West) | |
| B Webber (Free State) | |
| R Ras (Northern Cape) | |
| R Gerber (Eastern Cape) | Appointed 26 January 2015 |
| R Martin (Kwazulu Natal) | Appointed 12 November 2015 |
| P Morrison (Gauteng) | Appointed 17 November 2015 |
| G Langley | Resigned 27 January 2015 |
| P Penrose | Resigned 26 January 2015 |
| M Slade | Resigned 17 November 2015 |
| C Garton | Resigned 12 November 2015 |

4. Property, plant and equipment

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

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Annual Financial Statements for the 17 months ended 31 December 2015

Governing Committee's Report

5. Events after the reporting period

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

6. Going concern

The governing committee believe that the association has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The members have satisfied themselves that the association is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The members are not aware of any new material changes that may adversely impact the members. The members are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the association.

7. Auditors

LSG Integrated continued in office as auditors for the association for 2015.

8. Secretary

The association had no secretary during the year.

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Annual Financial Statements for the 17 months ended 31 December 2015

Statement of Financial Position as at 31 December 2015

| | Note(s) | 2015 R | 2014 R |
|-------------------------------------|---------|------------------|------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 2 | 243 439 | 246 855 |
| Intangible assets | 3 | 195 856 | 445 334 |
| | | 439 295 | 692 189 |
| Current Assets | | | |
| Inventories | 4 | 25 320 | 42 430 |
| Trade and other receivables | 5 | 345 317 | 598 054 |
| Cash and cash equivalents | 6 | 1 716 771 | 1 805 279 |
| | | 2 087 408 | 2 445 763 |
| Total Assets | | 2 526 703 | 3 137 952 |
| Equity and Liabilities | | | |
| Equity | | | |
| Reserves | 7 | 1 853 786 | 1 406 613 |
| Accumulated surplus | | 394 190 | 707 149 |
| | | 2 247 976 | 2 113 762 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 10 | 278 727 | 847 994 |
| Provisions | 8 | - | 176 196 |
| | | 278 727 | 1 024 190 |
| Total Equity and Liabilities | | 2 526 703 | 3 137 952 |

South African Show Jumping

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Annual Financial Statements for the 17 months ended 31 December 2015

Statement of Comprehensive Income

| | Note(s) | 2015 R | 2014 R |
|--|---------|------------------|------------------|
| Revenue | | 3 895 302 | 3 506 279 |
| Other income | | 1 052 883 | 890 992 |
| Operating expenses | | (3 377 023) | (2 025 960) |
| Operating surplus | | 1 571 162 | 2 371 311 |
| Investment revenue | 11 | 109 083 | 43 008 |
| Finance costs | 12 | (72 799) | - |
| Funds transferred to specific reserves | 18 | (1 920 405) | (1 707 170) |
| (Deficit) Surplus for the 17 months | | (312 959) | 707 149 |

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Annual Financial Statements for the 17 months ended 31 December 2015

Statement of Changes in Equity

| | Specific reserves R | Accumulated surplus R | Total equity R |
|-------------------------------------|---------------------------|-----------------------------|-------------------|
| Surplus for the year | 1 406 613 | 707 149 | 2 113 762 |
| Balance at 01 August 2014 | 1 406 613 | 707 149 | 2 113 762 |
| Surplus (deficit) for the 17 months | 447 173 | (312 959) | 134 214 |
| Balance at 31 December 2015 | 1 853 786 | 394 190 | 2 247 976 |

Note(s)

South African Show Jumping

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Annual Financial Statements for the 17 months ended 31 December 2015

Statement of Cash Flows

| | Note(s) | 2015 R | 2014 R |
|--|---------|------------------|------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 15 | 1 443 824 | 2 889 922 |
| Interest income | | 109 083 | 43 008 |
| Finance costs | | (72 799) | - |
| Net cash from operating activities | | 1 480 108 | 2 932 930 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 2 | (84 457) | (281 448) |
| Purchase of other intangible assets | 3 | (26 125) | (545 644) |
| Movement in specific reserves | | 462 371 | 1 401 084 |
| Net cash from investing activities | | 351 789 | 573 992 |
| Cash flows from financing activities | | | |
| Funds transferred to reserves | | (1 920 405) | (1 701 643) |
| Total cash movement for the 17 months | | (88 508) | 1 805 279 |
| Cash at the beginning of the 17 months | | 1 805 279 | - |
| Total cash at end of the 17 months | 6 | 1 716 771 | 1 805 279 |

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Annual Financial Statements for the 17 months 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 constitution of the association. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

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

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

The following are the 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 17 months.

Financial assets measured at cost and amortised cost

The association assesses its financial assets measured at cost and amortised cost for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the association makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for financial assets measured at cost and amortised cost is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting period that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The company reviews and tests the carrying value of 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.

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.

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Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

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 company 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.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.2 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 |
|------------------------|---------------------|
| Computer equipment | 3 years |
| Furniture and fittings | 6 years |
| Office equipment | 5 years |
| Team equipment | 5 years |
| Timing equipment | 5 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.

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Accounting Policies

1.2 Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are initially recognised at cost.

All research and development costs are recognised as an expense unless they form part of the cost of another asset that meets the recognition criteria.

If the association is unable to make a reliable estimate of the useful life of an intangible asset, the life is presumed to be 10 years.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date if there are indicators present that there is a change from the previous estimate.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| Item | Useful life |
|-------------------|-------------|
| Computer software | 3 years |

1.4 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 amortised cost

Debt instruments, as defined in the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At the end of 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 so, an impairment loss is recognised

Financial instruments at cost

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

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

Financial instruments at fair value

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

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Accounting Policies

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term except in cases where 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 where the payments are structured to increase in line with expected general inflation.

1.6 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of the business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories is assigned using the first-in, first out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.7 Impairment of assets

The association 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.

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 paid vacation leave 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 association has an obligation at the reporting date as a result of a past event;

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Accounting Policies

1.9 Provisions and contingencies (continued)

- it is probable that the association will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

Contingent assets and contingent liabilities are not recognised.

1.10 Government grants

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

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

1.11 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the association has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the association retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the association; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the association;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

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

Revenue from membership fees, horse registration and levies are recognised on the accrual basis in accordance with the substance of the relevant agreements.

1.12 Borrowing costs

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

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Accounting Policies

1.13 Specific reserves

Province Reserves

A percentage of membership fees in excess of R1 300 000 per annum and 50% of show levies is transferred to a reserve for each province that can be spent by the various provinces for the advancement of the discipline of show jumping. Included in the province reserves are other income items specifically approved by the Governing Committee which the association may collect from time to time on behalf of each province and expenses incurred on behalf of each province. The income is reflected in the statement of comprehensive income and transferred to specific reserves. The related expenditure from each province is recorded directly to each reserve and the surplus/deficit for the year for all provinces is shown as a separate line item on the Statement of Changes in Equity.

Equestrian Development Scheme (EDS) Levies Reserve

EDS levies are amounts retained for future use and are accessible to previously disadvantaged candidates. The EDS levies are received from show entries and are used for training day shows, clinics with show jumping coaches and seminars for riders. EDS levies income is reflected in the statement of comprehensive income and transferred to specific reserves. The related expense is recorded directly to reserves and the surplus/deficit for the year is shown as a separate line item on the Statement of Changes in Equity.

International Riders Fund Reserve

International Riders Fund are amounts retained for future use for riders. The funds are received from prize money received by riders at certain status shows, as well as any income specifically approved by the Governing Committee to be designated as such. The funds are used for contributions towards expenses for venues to have world class shows and for competitors who represent South Africa in international competitions. International Riders Fund income is reflected in the statement of comprehensive income and transferred to specific reserves. The related expense is recorded directly to reserves and the surplus/deficit for the year is shown as a separate line item on the Statement of Changes in Equity.

National Lottery Reserve

The National Lottery paid a lump sum to South African Show Jumping which will be used to finance show jumping timing equipment and for hosting Tri Nations and Capacity building. The funds received are transferred to the National Lottery reserve and expenses are recognised directly against the reserve.

1.14 Other income

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

Fund raising income is recognised in profit or loss when the association's right to receive payment has been established.

Prize money is recognised on the accrual basis in accordance with the substance of the relevant agreements.

Grant income is recognised on the accrual basis in accordance with the substance of the relevant agreements.

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Notes to the Annual Financial Statements

| | 2015 | | | 2014 | | |
|----------------------------------|---------|--|----------------|---------|--|----------------|
| | R | | | R | | |
| 2. Property, plant and equipment | | | | | | |
| | 2015 | | | 2014 | | |
| | Cost | Accumulated depreciation and impairments | Carrying value | Cost | Accumulated depreciation and impairments | Carrying value |
| Computer equipment | 47 022 | (33 969) | 13 053 | 45 477 | (12 110) | 33 367 |
| Furniture and fittings | 76 239 | (29 565) | 46 674 | 76 239 | (11 572) | 64 667 |
| Office equipment | 3 787 | (1 719) | 2 068 | 3 787 | (646) | 3 141 |
| Team equipment | 28 500 | (9 025) | 19 475 | 28 500 | (950) | 27 550 |
| Timing equipment | 210 357 | (48 188) | 162 169 | 127 445 | (9 315) | 118 130 |
| Total | 365 905 | (122 466) | 243 439 | 281 448 | (34 593) | 246 855 |

Reconciliation of property, plant and equipment - 2015

| | Opening balance | Additions | Depreciation | Total |
|------------------------|-----------------|---------------|-----------------|----------------|
| Computer equipment | 33 367 | 1 545 | (21 859) | 13 053 |
| Furniture and fittings | 64 667 | - | (17 993) | 46 674 |
| Office equipment | 3 141 | - | (1 073) | 2 068 |
| Team equipment | 27 550 | - | (8 075) | 19 475 |
| Timing equipment | 118 130 | 82 912 | (38 873) | 162 169 |
| | 246 855 | 84 457 | (87 873) | 243 439 |

Reconciliation of property, plant and equipment - 2014

| | Opening balance | Additions | Depreciation | Total |
|------------------------|-----------------|----------------|-----------------|----------------|
| Computer equipment | - | 45 477 | (12 110) | 33 367 |
| Furniture and fittings | - | 76 239 | (11 572) | 64 667 |
| Office equipment | - | 3 787 | (646) | 3 141 |
| Team equipment | - | 28 500 | (950) | 27 550 |
| Timing equipment | - | 127 445 | (9 315) | 118 130 |
| | - | 281 448 | (34 593) | 246 855 |

3. Intangible assets

| | 2015 | | | 2014 | | |
|-------------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
| | Cost / Valuation | Accumulated amortisation | Carrying value | Cost / Valuation | Accumulated amortisation | Carrying value |
| Computer software | 555 607 | (359 751) | 195 856 | 545 644 | (100 310) | 445 334 |

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| | 2015 R | 2014 R |
|--|-----------|-----------|
|--|-----------|-----------|

Reconciliation of intangible assets - 2015

| | Opening balance | Additions | Amortisation | Total |
|-------------------|--------------------|-----------|--------------|---------|
| Computer software | 445 334 | 26 125 | (275 603) | 195 856 |

Reconciliation of intangible assets - 2014

| | Opening balance | Additions | Amortisation | Total |
|-------------------|--------------------|-----------|--------------|---------|
| Computer software | - | 545 644 | (100 310) | 445 334 |

4. Inventories

| | | |
|----------|--------|--------|
| Clothing | 25 320 | 42 430 |
|----------|--------|--------|

5. Trade and other receivables

| | | |
|-------------------|----------------|----------------|
| Trade receivables | 267 196 | 596 898 |
| Deposits | 1 156 | 1 156 |
| VAT | 76 965 | - |
| | 345 317 | 598 054 |

The directors 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:

| | | |
|---------------|------------------|------------------|
| Cash on hand | 2 000 | 1 204 |
| Bank balances | 1 714 771 | 1 804 075 |
| | 1 716 771 | 1 805 279 |

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| | 2015 R | 2014 R |
|--|------------------|------------------|
| 7. Specific Reserves | | |
| Opening balance | 1 406 613 | - |
| Funds transferred to specific reserves | 1 569 848 | 1 707 170 |
| Expenses funded by specific reserves | (1 473 232) | (1 012 500) |
| Funds transferred from Western Province to specific reserves | - | 411 943 |
| Funds transferred from South African Equestrian Association to specific reserves | - | 300 000 |
| Funds received from the National Lottery | 350 557 | - |
| | 1 853 786 | 1 406 613 |
| Gauteng Province | 312 475 | 273 274 |
| KwaZulu-Natal Province | (24 886) | 15 259 |
| Western Province | 290 874 | 457 259 |
| Eastern Cape Province | 74 412 | 59 077 |
| Free State Province | 11 418 | 16 376 |
| Mpumalanga Province | 5 263 | 17 468 |
| North-West Province | 8 903 | 8 903 |
| Northern Cape Province | 12 507 | 9 008 |
| Limpopo Province | 87 259 | 40 987 |
| International Riders Fund | 189 891 | 290 976 |
| Equity Development Scheme | 535 113 | 218 026 |
| National Lottery Reserve | 350 557 | - |
| | 1 853 786 | 1 406 613 |

8. Provisions

Reconciliation of provisions - 2015

| | Opening balance | Utilised during the year | Total |
|-----------------|--------------------|--------------------------------|-------|
| World Cup Shows | 176 196 | (176 196) | - |

Reconciliation of provisions - 2014

| | Opening balance | Additions | Utilised during the year | Total |
|-----------------|--------------------|-----------|--------------------------------|---------|
| World Cup Shows | - | 200 000 | (23 804) | 176 196 |

Provision for World Cup Shows:

The provision represents management's best estimate of the society's obligations towards world cup shows and related expenses.

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| | 2015 R | 2014 R |
|---|------------------|----------------|
| 9. Employee costs | | |
| Gross employee costs | 1 060 220 | 1 496 005 |
| Recoveries - Dressage SA | - | (467 272) |
| Recoveries - Eventing SA | - | (281 333) |
| | 1 060 220 | 747 400 |
| 10. Trade and other payables | | |
| Accrued expenses | 75 052 | 41 395 |
| Amounts received in advance | 30 305 | 4 200 |
| Deposits received | 500 | 500 |
| Other payables | 14 320 | 20 931 |
| Salaries clearing account | 67 528 | 377 197 |
| Trade payables | 91 022 | 57 065 |
| VAT | - | 346 706 |
| | 278 727 | 847 994 |
| The directors consider that the carrying amount of trade and other payables approximates their fair value. | | |
| 11. Investment revenue | | |
| Interest revenue | | |
| Bank | 109 083 | 43 008 |
| 12. Finance costs | | |
| Late payment of tax | 72 799 | - |
| 13. Taxation | | |
| The association has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act, and the receipts and accruals are exempt from income tax in terms of section 10(1)(cN) of the Act. | | |
| 14. Auditors' remuneration | | |
| Fees | 45 668 | 41 395 |

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Notes to the Annual Financial Statements

| | 2015 R | 2014 R |
|--|------------------|------------------|
| 15. Cash generated from operations | | |
| Profit before taxation | 1 607 446 | 2 414 319 |
| Adjustments for: | | |
| Depreciation and amortisation | 348 278 | 134 902 |
| Interest received - investment | (109 083) | (43 008) |
| Finance costs | 72 799 | - |
| Movements in operating lease assets and accruals | - | 3 |
| Movements in provisions | (176 196) | 176 196 |
| Changes in working capital: | | |
| Inventories | 17 110 | (42 430) |
| Trade and other receivables | 252 737 | (598 054) |
| Trade and other payables | (569 267) | 847 994 |
| | 1 443 824 | 2 889 922 |

16. Going concern

The governing committee believe that the association has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The members have satisfied themselves that the association is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The members are not aware of any new material changes that may adversely impact the members. The members are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the association.

17. Events after the reporting period

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

18. Funds transferred to specific reserves

| | | |
|---|------------------|------------------|
| Levies transferred to specific reserves | 1 022 072 | 706 890 |
| Membership fees transferred to specific reserves | - | 489 546 |
| Equity Development Scheme income transferred to specific reserves | 358 862 | 219 226 |
| Prize money transferred to specific reserves | 188 914 | 291 508 |
| National Lottery Reserve | 350 557 | - |
| | 1 920 405 | 1 707 170 |

19. Profit (Loss) on sale of clothing

| | | |
|-------------------|------------|-----------------|
| Opening inventory | (42 430) | - |
| Clothing income | 18 570 | 47 011 |
| Purchases | - | (118 338) |
| Closing inventory | 24 235 | 42 430 |
| | 375 | (28 897) |

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Notes to the Annual Financial Statements

| | 2015 R | 2014 R |
|------------------------|-----------------|---------------|
| 20. Development | | |
| Development income | (693 188) | (146 497) |
| Development expenses | 653 021 | 210 335 |
| | (40 167) | 63 838 |

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Statement of Financial Performance

| | Note(s) | 2015 R | 2014 R |
|--|---------|--------------------|--------------------|
| Revenue | | | |
| EDS levies | | 358 862 | 219 226 |
| Levies | | 2 044 144 | 1 413 779 |
| Membership fees | | 1 492 296 | 1 873 274 |
| | | 3 895 302 | 3 506 279 |
| Other income | | | |
| Development income | 20 | 40 167 | - |
| Fundraising income | | 193 102 | 346 014 |
| Government grants | | 350 557 | 258 996 |
| Interest received | 11 | 109 083 | 43 008 |
| Prize money | | 468 682 | 285 982 |
| Profit on sale of clothing | 19 | 375 | - |
| | | 1 161 966 | 934 000 |
| Expenses (Refer to page 24) | | (3 377 023) | (2 025 960) |
| Operating surplus | | 1 680 245 | 2 414 319 |
| Finance costs | 12 | (72 799) | - |
| Funds transferred to reserves | 18 | (1 920 405) | (1 707 170) |
| (Deficit) surplus for the 17 months | | (312 959) | 707 149 |

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Annual Financial Statements for the 17 months ended 31 December 2015

Statement of Financial Performance

| | Note(s) | 2015 R | 2014 R |
|--|---------|------------------|------------------|
| Operating expenses | | | |
| Accounting fees | | 309 645 | 236 975 |
| Advertising | | 25 088 | 42 548 |
| Auditors remuneration | 14 | 45 668 | 41 395 |
| Bad debts | | - | 124 520 |
| Bank charges | | 48 153 | 19 026 |
| Cleaning | | 1 416 | - |
| Computer expenses | | 562 358 | 81 476 |
| Consulting and professional fees | | 250 | 40 000 |
| Depreciation, amortisation and impairments | | 348 278 | 134 902 |
| Development expenses | 20 | - | 63 838 |
| Employee costs | 9 | 1 060 220 | 747 400 |
| Entertainment | | 2 472 | 1 982 |
| Insurance | | 60 501 | 19 660 |
| Interest and penalties | | 2 025 | 36 416 |
| Lease rentals on operating lease | | 103 773 | 60 591 |
| Legal expenses | | 265 766 | - |
| Loss on sale of clothing | 19 | - | 28 897 |
| Medication control and drug testing | | 209 254 | 78 835 |
| Meetings | | 33 427 | 14 971 |
| Municipal expenses | | 10 436 | - |
| Officials | | 49 806 | - |
| Pony height measuring | | 46 837 | - |
| Postage | | 1 243 | 595 |
| Printing and stationery | | 13 938 | 22 586 |
| Repairs and maintenance | | 3 212 | 98 397 |
| Security | | 9 965 | 4 919 |
| Show expenses | | 37 155 | - |
| Staff welfare | | 23 738 | 9 264 |
| Subscriptions | | - | 150 |
| Telephone and fax | | 31 592 | 25 475 |
| Timing equipment | | 18 567 | 6 710 |
| Training | | - | 48 978 |
| Travel and accommodation | | 13 587 | 5 245 |
| Trophies and engraving | | 38 653 | 30 209 |
| | | 3 377 023 | 2 025 960 |