

**The University of Cape Town Academics' Union
Annual financial statements
for the year ended 31 December 2015**

**The University of Cape Town Academics' Union
Annual Financial Statements for the year ended 31 December 2015**

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Report of the Independent Auditors

To the members of The University of Cape Town Academics' Union

We have audited the accompanying annual financial statements of The University of Cape Town Academics' Union, which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes and the office-bearers' report, as set out on pages 6 to 13.

Responsibility for the annual financial statements

The union's office-bearers are responsible for the preparation and presentation of these annual financial statements. The office-bearers policy is to prepare the annual financial statements on the basis of accounting as set out in Note 1 to the annual financial statements. Their responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 that the annual financial statements are free of 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 auditor's judgement, including the assessment of the risk of material misstatement of the annual financial statements, whether due to fraud or error. In making those 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 opinion.

Opinion

In our opinion, the annual financial statements present, in all material respects, the financial position of the union at 31 December 2015 and the results of its operations and cash flows for the year then ended in accordance with Note 1 to the annual financial statements and has complied with the relevant provisions of its constitution relating to financial matters, as required in accordance with section 98(2) of the Labour Relations Act, 1995.

Report of the Independent Auditors

Other Matters

Supplementary information

Without qualifying our opinion above, we draw your attention to the fact that the supplementary information set out on page 14 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly we do not express an opinion thereon.

Nolands Inc
Registered Auditors
Practice number 900583e
Per: Craig Stansfield CA (SA), RA
Director

Cape Town
24 August 2016

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Office-bearers' Responsibilities and Approval

The office-bearers are required 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 union 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 Note 1 to the annual financial statements. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with Note 1 to the annual financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

The office-bearers 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.

Although the office-bearers are primarily responsible for the financial affairs of the union, they are supported by the union's external auditors.

The external auditors are responsible for independently auditing and reporting on the union's annual financial statements. The annual financial statements have been examined by the union's external auditors and their report is presented on pages 2 and 3.

The annual financial statements set out on pages 5 to 14, which have been prepared on the going concern basis, were approved by the office-bearers and were signed on their behalf by:

Office-bearer

Office-bearer

Cape Town

24 August 2016

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Office-bearers' Report

The office-bearers submit their report for the year ended 31 December 2015.

1. Review of activities

Main business and operations

The union is engaged in advancing and protecting the interests of the University of Cape Town academic staff.

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

2. Events subsequent to the reporting period

The office-bearers are not aware of any matter or circumstance of a material nature arising since the end of the financial year.

3. Office-bearers

The office-bearers of the union at the date of this report were as follows:

Name

B Davidowitz

K Moulton (Vice-president)

C Hutchings

M Massyn (Treasurer)

S Chirikure

M Mulaudzi (President)

E Fergus

N Fischer

A Lilley

T Low

H Suleman

C Swart

M Harty

4. Auditors

Nolands Inc will continue in office for the next financial period.

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Annual Financial Statements for the year ended 31 December 2015

Statement of Financial Position

Figures in Rand	Note(s)	2015	2014
Assets			
Non-Current Assets			
Property, plant and equipment	2	3 705	6 663
Current Assets			
Cash resources	3	2 373 453	1 828 190
Total Assets		2 377 158	1 834 853
Equity and Liabilities			
Funds and reserves			
Accumulated surplus		2 366 039	1 823 735
Liabilities			
Current Liabilities			
Accounts payable	4	11 119	11 118
Total Equity and Liabilities		2 377 158	1 834 853

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2015	2014
Income	5	449 940	360 015
Other income		293 717	275 880
Operating expenses		<u>(357 748)</u>	<u>(318 948)</u>
Operating surplus	6	385 909	316 947
Investment income	7	<u>156 395</u>	<u>219 962</u>
Surplus before taxation		542 304	536 909
Taxation	8	<u>-</u>	<u>-</u>
Surplus for the year		<u>542 304</u>	<u>536 909</u>

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Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 January 2014	1 286 826	1 286 826
Surplus for the year	536 909	536 909
Balance at 01 January 2015	1 823 735	1 823 735
Surplus for the year	542 304	542 304
Balance at 31 December 2015	2 366 039	2 366 039

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Statement of Cash Flows

Figures in Rand	Note(s)	2015	2014
Cash flows from operating activities			
Cash generated from operations	9	388 868	322 032
Interest received		91 202	60 142
Profit on disposal of investments		65 193	159 820
Net cash from operating activities		545 263	541 994
Cash flows from investing activities			
Additions to property, plant and equipment	2	-	(8 876)
Net cash movement for the year		545 263	533 118
Cash and cash equivalents at the beginning of the year		1 828 190	1 295 072
Cash and cash equivalents at the end of the year	3	2 373 453	1 828 190

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Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with generally accepted accounting practice. The annual financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

The cost of 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 union; and
- the cost of the item can be measured reliably.

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.

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

Item	Average useful life in years
Furniture and fixtures	6
Office equipment	3
Computer equipment	3

The residual value and the useful life of each asset are reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any; and the carrying amount of the item.

1.2 Financial instruments

Initial recognition

The union classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the union's statement of financial position when the union becomes party to the contractual provisions of the instrument.

Accounts payables

These payables are initially measured at fair value; and are subsequently measured at cost.

Accounting Policies

1.2 Financial instruments (continued)

Cash resources

The amounts disclosed under "*Cash resources*" represents the total of the amounts of money held on investment funds by the union.

1.3 Income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the union and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Membership fees

Membership fees are recognised on the accrual basis.

Grant revenue

Grants are recognised when the union's right thereto has been established.

Investment income

Investment income is reported as income in the period that it is earned.

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Notes to the Annual Financial Statements

Figures in Rand 2015 2014

2. Property, plant and equipment

	2015			2014		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fittings	4 976	(4 974)	2	4 976	(4 974)	2
Office equipment	1 823	(1 822)	1	1 823	(1 822)	1
Computer equipment	18 791	(15 089)	3 702	18 791	(12 131)	6 660
Total	25 590	(21 885)	3 705	25 590	(18 927)	6 663

Reconciliation of property, plant and equipment - 2015

	Opening Balance	Depreciation	Total
Furniture and fittings	2	-	2
Office equipment	1	-	1
Computer equipment	6 660	(2 958)	3 702
	6 663	(2 958)	3 705

Reconciliation of property, plant and equipment - 2014

	Opening Balance	Additions	Depreciation	Total
Furniture and fittings	2	-	-	2
Office equipment	1	-	-	1
Computer equipment	3	8 876	(2 219)	6 660
	6	8 876	(2 219)	6 663

3. Cash resources

Cash resources consist of:

Cash on hand	80	151
UCT operating funds	552 038	463 099
UCT investment funds	1 821 335	1 364 940
	2 373 453	1 828 190

4. Accounts payable

Accrued expense	11 119	11 118
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5. Income

Membership fees	449 940	360 015
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Membership fees currently represent contributions from members at 0.1% of cost of employment of each member.

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
6. Operating surplus		
Operating surplus for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	2 958	2 219
Employee costs	308 499	277 322
Grants received	(293 717)	(275 880)
	<u> </u>	<u> </u>
7. Investment income		
Interest received on investments	91 202	60 142
Profit on disposal of investments	65 193	159 820
	<u>156 395</u>	<u>219 962</u>
8. Taxation		
No provision for 2015 taxation has been made as the union has received tax exemption status from the South African Revenue Services.		
9. Cash generated from operations		
Surplus for the year:	542 304	536 909
Adjustments for:		
Depreciation on property, plant and equipment	2 958	2 219
Interest received	(91 201)	(60 142)
Profit on disposal of investments	(65 193)	(159 820)
Changes in working capital:		
Accounts payable	-	2 866
	<u>388 868</u>	<u>322 032</u>
10. Auditors' remuneration		
Audit fees	11 115	11 115
Underprovision prior year	-	2 865
	<u>11 115</u>	<u>13 980</u>

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Detailed Income statement

Figures in Rand	Note(s)	2015	2014
Income			
Membership fees		449 940	360 015
Other income			
Grants received from University of Cape Town		293 717	275 880
Investment income	7	156 395	219 962
		450 112	495 842
Operating expenses			
Auditors' remuneration	10	11 115	13 980
Computer consumables		1 642	3 058
Consulting and professional fees		20 903	6 584
Depreciation on property, plant and equipment		2 958	2 219
Entertainment and functions		5 991	7 168
General		2 401	231
Salaries		308 499	277 322
Stationery and books		571	961
Subscription fees (UCT Law@Work)		1 351	4 863
Telephone, fax and postage		2 317	2 562
		357 748	318 948
Surplus before taxation		542 304	536 909
Taxation	8	-	-
Surplus for the year		542 304	536 909