

**The University of Cape Town Academics' Union
Annual financial statements
for the year ended 31 December 2014**

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**The University of Cape Town Academics' Union
Annual Financial Statements for the year ended 31 December 2014**

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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 2014, 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 5 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 2014 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.

Basis of accounting

Without qualifying our opinion above, we draw attention to Note 1 of the annual financial statements, which describes the basis of accounting. The annual financial statements are prepared in accordance with the union's own accounting policies to satisfy the financial information needs of the office-bearers. As a result, the annual financial statements may not be suitable for another purpose.

Report of the Independent Auditors

Without qualifying our opinion above, this audit report supercedes the audit report dated 27 July 2015 previously issued. The changes relate to the wording of the audit opinion after objection by the Department of Labour to the wording used in the previous audit opinion. Such change had no impact on our audit opinion previously provided.

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

Cape Town
03 December 2015

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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
03 December 2015

**The University of Cape Town Academics' Union
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Office-bearers' Report

The office-bearers submit their report for the year ended 31 December 2014.

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
T Moultrie (Deputy-President)
C Hutchings
I Jay (Treasurer)
M Mulaudzi
A Rother
B Weiss (President)
C Rogers
R Roth
I Woolard
M Harty
K Stinson

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4. Auditors

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

The University of Cape Town Academics' Union
Annual Financial Statements for the year ended 31 December 2014

Statement of Financial Position

Figures in Rand	Note(s)	2014	2013
Assets			
Non-Current Assets			
Property, plant and equipment	2	6,663	6
Current Assets			
Cash resources	3	1,828,190	1,295,072
Total Assets		1,834,853	1,295,078
Equity and Liabilities			
Funds and reserves			
Accumulated surplus		1,823,735	1,286,826
Liabilities			
Current Liabilities			
Accounts payable	4	11,118	8,252
Total Equity and Liabilities		1,834,853	1,295,078

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2014	2013
Income	5	360,015	298,546
Other income		275,880	252,389
Operating expenses		<u>(318,948)</u>	<u>(315,404)</u>
Operating surplus	6	316,947	235,531
Investment income	7	<u>219,962</u>	<u>41,401</u>
Surplus before taxation		536,909	276,932
Taxation	8	<u>-</u>	<u>-</u>
Surplus for the year		<u>536,909</u>	<u>276,932</u>

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Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 January 2013	1,009,894	1,009,894
Surplus for the year	276,932	276,932
Balance at 01 January 2014	1,286,826	1,286,826
Surplus for the year	536,909	536,909
Balance at 31 December 2014	1,823,735	1,823,735

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Statement of Cash Flows

Figures in Rand	Note(s)	2014	2013
Cash flows from operating activities			
Cash generated from operations	9	322,032	235,533
Interest received		60,142	30,555
Profit on disposal of investments		159,820	10,846
Net cash from operating activities		541,994	276,934
Cash flows from investing activities			
Additions to property, plant and equipment	2	(8,876)	-
Net cash movement for the year		533,118	276,934
Cash and cash equivalents at the beginning of the year		1,295,072	1,018,138
Cash and cash equivalents at the end of the year	3	1,828,190	1,295,072

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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	2014			2013		
2. Property, plant and equipment						
	2014			2013		
	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	(12,131)	6,660	9,916	(9,913)	3
Total	25,590	(18,927)	6,663	16,715	(16,709)	6

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
	<u>6</u>	<u>8,876</u>	<u>(2,219)</u>	<u>6,663</u>

Reconciliation of property, plant and equipment - 2013

	Opening Balance	Total
Furniture and fittings	2	2
Office equipment	1	1
Computer equipment	3	3
	<u>6</u>	<u>6</u>

3. Cash resources

Cash resources consist of:

Cash on hand	151	232
UCT operating funds	463,099	275,862
UCT investment funds	1,364,940	1,018,978
	<u>1,828,190</u>	<u>1,295,072</u>

4. Accounts payable

Accrued expense	<u>11,118</u>	<u>8,252</u>
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5. Income

Membership fees	<u>360,015</u>	<u>298,546</u>
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Membership fees currently represent contributions from members at R50.00 per month for full-time staff and R24.00 for part-time staff of the University of Cape Town.

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Notes to the Annual Financial Statements

Figures in Rand	2014	2013
6. Operating surplus		
Operating surplus for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	2,219	-
Employee costs	277,322	248,083
Grants received	(275,880)	(252,389)
	<u> </u>	<u> </u>
7. Investment income		
Interest received on investments	60,142	30,555
Profit on disposal of investments	159,820	10,846
	<u>219,962</u>	<u>41,401</u>
8. Taxation		
No provision for 2014 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:	536,909	276,932
Adjustments for:		
Depreciation on property, plant and equipment	2,219	-
Interest received	(60,142)	(30,555)
Profit on disposal of investments	(159,820)	(10,846)
Changes in working capital:		
Accounts payable	2,866	2
	<u>322,032</u>	<u>235,533</u>
10. Auditors' remuneration		
Audit fees	11,115	9,120
Underprovision prior year	2,865	-
	<u>13,980</u>	<u>9,120</u>

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Detailed Income statement

Figures in Rand	Note(s)	2014	2013
Income			
Membership fees		360,015	298,546
Other income			
Grants received from University of Cape Town		275,880	252,389
Investment income	7	219,962	41,401
		495,842	293,790
Operating expenses			
Auditors' remuneration	10	13,980	9,120
Bank charges		-	104
Computer consumables		3,058	1,847
Consulting and professional fees		6,584	42,395
Consumables		-	190
Depreciation on property, plant and equipment		2,219	-
Entertainment and functions		7,168	4,442
General		231	51
Photocopying and printing		-	162
Salaries		277,322	248,083
Stationery and books		961	911
Subscription fees (UCT Law@Work)		4,863	4,863
Telephone, fax and postage		2,562	3,130
Travel - local		-	106
		318,949	315,404
Surplus before taxation		536,908	276,932
Taxation	8	-	-
Surplus for the year		536,908	276,932

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