

**The University of Cape Town Academics' Union
Annual financial statements
for the year ended 31 December 2016**

**The University of Cape Town Academics' Union
Annual Financial Statements for the year ended 31 December 2016**

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Independent Auditors' Report

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

Opinion

We have audited the annual financial statements of The University of Cape Town Academics' Union set out on pages 7 to 14, which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present, in all material respects, the financial position of The University of Cape Town Academics' Union as at 31 December 2016, and its financial performance 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Financial Statements* section of our report. We are independent of the union in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of Accounting

Without modifying our unqualified 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 management's own accounting policies to satisfy the financial information needs of the members. As a result the annual financial statements may not be suitable for another purpose.

Other information

The office-bearers are responsible for the other information. The other information comprises the office bearers' report as required by the Labour Relations Act, 1995 and the supplementary information set out on page 15. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an opinion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

AUDITING & INSIGHT

Independent Auditors' Report

Responsibility for the annual financial statements

The office-bearers are responsible for the preparation and fair presentation of the annual financial statements on the basis of accounting as set out in Note 1 to the financial statements, and for such internal control as the office-bearers determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the office-bearers are responsible for assessing the union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the office-bearers either intend to liquidate the union or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the office-bearers.
- Conclude on the appropriateness of the office-bearers' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditors' Report

Furthermore, we communicate with the office-bearers regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nolands

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

Cape Town
05 September 2017

The University of Cape Town Academics' Union Annual Financial Statements for the year ended 31 December 2016

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 6 to 15, 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

05 September 2017

**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 2016.

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. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. 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.

4. Office-bearers

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

Name
M Mulaudzi (President)
K Moul (Vice-president)
M Massyn (Treasurer)
C Hutchings
F Gamielien
B Davidowitz
J John-Langba
N Fischer
A Lilley
T Low
H Suleman
C Swart
S Mowla

5. 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 2016

Statement of Financial Position

Figures in Rand	Note(s)	2016	2015
Assets			
Non-Current Assets			
Property, plant and equipment	2	<u>747</u>	<u>3 705</u>
Current Assets			
Cash resources	3	<u>2 843 636</u>	<u>2 373 453</u>
Total Assets		<u>2 844 383</u>	<u>2 377 158</u>
Equity and Liabilities			
Funds and reserves			
Accumulated surplus		<u>2 833 264</u>	<u>2 366 039</u>
Liabilities			
Current Liabilities			
Accounts payable	4	<u>11 119</u>	<u>11 119</u>
Total Equity and Liabilities		<u>2 844 383</u>	<u>2 377 158</u>

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2016	2015
Income	5	475 621	449 940
Other income		300 000	293 717
Operating expenses		<u>(431 949)</u>	<u>(357 748)</u>
Operating surplus	6	343 672	385 909
Investment income	7	<u>123 553</u>	<u>156 395</u>
Surplus before taxation		467 225	542 304
Taxation	8	<u>-</u>	<u>-</u>
Surplus for the year		<u>467 225</u>	<u>542 304</u>

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Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 January 2015	1 823 735	1 823 735
Surplus for the year	<u>542 304</u>	<u>542 304</u>
Balance at 01 January 2016	2 366 039	2 366 039
Surplus for the year	<u>467 225</u>	<u>467 225</u>
Balance at 31 December 2016	<u>2 833 264</u>	<u>2 833 264</u>

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Statement of Cash Flows

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Cash generated from operations	9	346 630	388 868
Interest received		123 553	91 202
Profit on disposal of investments		-	65 193
Net cash from operating activities		470 183	545 263
Net cash movement for the year			
Cash and cash equivalents at the beginning of the year		2 373 453	1 828 190
Cash and cash equivalents at the end of the year	3	2 843 636	2 373 453

The University of Cape Town Academics' Union Annual Financial Statements for the year ended 31 December 2016

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.

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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 2016 2015

2. Property, plant and equipment

	2016			2015		
	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	(18 047)	744	18 791	(15 089)	3 702
Total	25 590	(24 843)	747	25 590	(21 885)	3 705

Reconciliation of property, plant and equipment - 2016

	Opening Balance	Depreciation	Total
Furniture and fittings	2	-	2
Office equipment	1	-	1
Computer equipment	3 702	(2 958)	744
	3 705	(2 958)	747

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

3. Cash resources

Cash resources consist of:

Cash on hand	500	80
UCT operating funds	899 400	552 038
UCT investment funds	1 943 736	1 821 335
	2 843 636	2 373 453

4. Accounts payable

Accrued expense	11 119	11 119
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5. Income

Membership fees	475 621	449 940
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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	2016	2015
6. Operating surplus		
Operating surplus for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	2 958	2 958
Employee costs	373 706	308 499
Grants received	(300 000)	(293 717)
	<u> </u>	<u> </u>
7. Investment income		
Interest received on investments	123 553	91 202
Profit on disposal of investments	-	65 193
	<u>123 553</u>	<u>156 395</u>
8. Taxation		
No provision for 2016 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:	467 225	542 304
Adjustments for:		
Depreciation on property, plant and equipment	2 958	2 958
Interest received	(123 553)	(91 201)
Profit on disposal of investments	-	(65 193)
	<u>346 630</u>	<u>388 868</u>
10. Auditors' remuneration		
Audit fees	<u>14 250</u>	<u>11 115</u>
11. Going concern		
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.		
12. 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.		

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Detailed Income statement

Figures in Rand	Note(s)	2016	2015
Income			
Membership fees		475 621	449 940
Other income			
Grants received from University of Cape Town		300 000	293 717
Investment income	7	123 553	156 395
		423 553	450 112
Operating expenses			
Auditors' remuneration	10	14 250	11 115
Computer consumables		-	1 642
Consulting and professional fees		21 450	20 903
Depreciation on property, plant and equipment		2 958	2 958
Entertainment and functions		13 026	5 991
General		3 188	2 401
Salaries		373 706	308 499
Stationery and books		1 154	571
Subscription fees (UCT Law@Work)		-	1 351
Telephone, fax and postage		2 217	2 317
		431 949	357 748
Surplus before taxation		467 225	542 304
Taxation	8	-	-
Surplus for the year		467 225	542 304