

**The University of Cape Town  
Academics' Union  
Annual financial statements  
for the year ended 31 December 2013**

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**The University of Cape Town Academics' Union  
Annual Financial Statements for the year ended 31 December 2013**

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The reports and statements set out below comprise the annual financial statements presented to the members:

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## **Report of the Independent Auditors**

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### **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 2013, 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 2013 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 in the manner required by the Labour Relations Act, 1995.

## Report of the Independent Auditors

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### Other Matter

#### *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**

**Cape Town**  
**19 August 2014**

**The University of Cape Town Academics' Union  
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**Office-bearers' Responsibilities and Approval**

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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 page 2.

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:

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Office-bearer

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Office-bearer

Cape Town

19 August 2014

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

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The office-bearers submit their report for the year ended 31 December 2013.

**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. Post reporting date events**

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  
A Dalvie  
B Davidowitz  
T Moultrie (Deputy-President)  
C Hutchings  
I Jay (Treasurer)  
M Mulaudzi  
U Rivett  
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 2013

Statement of Financial Position

Figures in Rand	Note(s)	2013	2012
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	6	6
<b>Current Assets</b>			
Cash resources	3	1,295,072	1,018,138
<b>Total Assets</b>		<b>1,295,078</b>	<b>1,018,144</b>
<b>Equity and Liabilities</b>			
<b>Funds and reserves</b>			
Accumulated surplus		1,286,826	1,009,894
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	4	8,252	8,250
<b>Total Equity and Liabilities</b>		<b>1,295,078</b>	<b>1,018,144</b>

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2013	2012
Income	5	298,546	262,117
Other income		252,389	232,038
Operating expenses		<u>(315,404)</u>	<u>(304,905)</u>
<b>Operating surplus</b>	6	<b>235,531</b>	<b>189,250</b>
Investment income	7	41,401	33,288
<b>Surplus before taxation</b>		<b>276,932</b>	<b>222,538</b>
Taxation	8	-	-
<b>Surplus for the year</b>		<b><u>276,932</u></b>	<b><u>222,538</u></b>

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Statement of Changes in Equity

<b>Figures in Rand</b>	<b>Accumulated surplus</b>	<b>Total equity</b>
Balance at 01 January 2012	787,356	787,356
Surplus for the year	222,538	222,538
Balance at 01 January 2013	1,009,894	1,009,894
Surplus for the year	276,932	276,932
Balance at 31 December 2013	1,286,826	1,286,826

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The University of Cape Town Academics' Union  
Annual Financial Statements for the year ended 31 December 2013

Statement of Cash Flows

Figures in Rand	Note(s)	2013	2012
<b>Cash flows from operating activities</b>			
Cash generated from operations	9	235,533	198,255
Interest received		30,555	33,288
Profit on disposal of investments		10,846	-
<b>Net cash from operating activities</b>		<b>276,934</b>	<b>231,543</b>
<b>Net cash movement for the year</b>			
Cash and cash equivalents at the beginning of the year		1,018,138	786,595
<b>Cash and cash equivalents at the end of the year</b>	3	<b>1,295,072</b>	<b>1,018,138</b>

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## Accounting Policies

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### 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**

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**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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The University of Cape Town Academics' Union  
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Notes to the Annual Financial Statements

Figures in Rand 2013 2012

2. Property, plant and equipment

	2013			2012		
	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	9,916	(9,913)	3	9,916	(9,913)	3
<b>Total</b>	<b>16,715</b>	<b>(16,709)</b>	<b>6</b>	<b>16,715</b>	<b>(16,709)</b>	<b>6</b>

Reconciliation of property, plant and equipment - 2013

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

Reconciliation of property, plant and equipment - 2012

	Opening Balance	Depreciation	Total
Furniture and fittings	4,285	(4,283)	2
Office equipment	1,671	(1,670)	1
Computer equipment	6,749	(6,746)	3
	<b>12,705</b>	<b>(12,699)</b>	<b>6</b>

3. Cash resources

Cash resources consist of:

Cash on hand	232	124
UCT operating funds	275,862	446,842
UCT investment funds	1,018,978	571,172
	<b>1,295,072</b>	<b>1,018,138</b>

4. Accounts payable

Accrued expense	8,252	8,250
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5. Income

Membership fees	298,546	262,117
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Membership fees currently represent contributions from members at R42.85 per month for full-time staff and R22.00 for part-time staff of the University of Cape Town.

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Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>6. Operating surplus</b>		
Operating surplus for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	-	12,699
Employee costs	248,083	222,624
Grants received	(252,389)	(232,038)
	<u>                    </u>	<u>                    </u>
<b>7. Investment income</b>		
Interest received on investments	30,555	33,288
Profit on disposal of investments	10,846	-
	<u>                    </u>	<u>                    </u>
	<b>41,401</b>	<b>33,288</b>
<b>8. Taxation</b>		
No provision for 2013 taxation has been made as the union has received tax exemption status from the South African Revenue Services.		
<b>9. Cash generated from operations</b>		
Surplus for the year:	276,932	222,538
<b>Adjustments for:</b>		
Depreciation	-	12,699
Interest received	(30,555)	(33,288)
Profit on disposal of investments	(10,846)	-
<b>Changes in working capital:</b>		
Accounts payable	2	(3,694)
	<u>                    </u>	<u>                    </u>
	<b>235,533</b>	<b>198,255</b>
<b>10. Auditors' remuneration</b>		
Audit fees	<u>                    </u>	<u>                    </u>
	9,120	9,120

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Detailed Income statement

Figures in Rand	Note(s)	2013	2012
<b>Income</b>			
Membership fees		298,546	262,117
<b>Other income</b>			
Grants received from University of Cape Town		252,389	232,038
Investment income	7	41,401	33,288
		<b>293,790</b>	<b>265,326</b>
<b>Operating expenses</b>			
Auditors' remuneration	10	9,120	9,120
Bank charges		103	209
Computer consumables		1,847	1,689
Consulting and professional fees		42,395	23,235
Depreciation on property, plant and equipment		-	12,699
Entertainment and functions		4,442	6,446
General		51	470
Photocopying and printing		162	19,994
Salaries		248,083	222,624
Stationery and books		1,101	2,230
Subscription fees (UCT Law@Work)		4,863	-
Telephone, fax and postage		3,130	3,875
Travel - local		106	2,314
		<b>315,404</b>	<b>304,905</b>
<b>Surplus before taxation</b>		<b>276,932</b>	<b>222,538</b>
Taxation	8	-	-
<b>Surplus for the year</b>		<b>276,932</b>	<b>222,538</b>

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