



Porsche Club

South Africa - Central



THE PORSCHE CLUB OF SOUTH AFRICA - CENTRAL

ANNUAL FINANCIAL STATEMENTS

for the year ended

31 DECEMBER 2020

These financial statements were independently compiled by:

E Thomas Bookkeeping and tax technician
Elzaan Thomas

These financial statements were externally audited by:

JJD Auditors
JJ Drotskie
Chartered Accountant (SA)
Registered Auditor

THE PORSCHE CLUB OF SOUTH AFRICA - CENTRAL

ANNUAL FINANCIAL STATEMENTS

for the year ended

31 DECEMBER 2020

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The following supplementary information does not form part of the financial statements and is unaudited:

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Level of assurance

These financial statements were externally audited in accordance with the constitution of the club.

Preparer

E Thomas Bookkeeping and tax technician
Elzaan Thomas

Auditor

JJD Auditors
JJ Drotskie
Chartered Accountant (SA)
Registered Auditor

Date published

22 January 2021

THE PORSCHE CLUB OF SOUTH AFRICA - CENTRAL
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

on the financial statements for the year ended

31 DECEMBER 2020

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified opinion

I have audited the financial statements of The Porsche Club of South Africa - Central, which comprise the statement of financial position as at 31 December 2020, and the statement of surplus or deficit and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the matter listed in the basis for qualified audit opinion paragraph the financial statements present fairly, in all material respects, the financial position of the Club as at 31 December 2020, and of the financial performance and its cash flows for the year then ended in accordance with the entity specific basis of accounting and in the manner required by the constitution of the club.

Basis for qualified opinion

As in the case with similar organisations, it is not possible for the club to institute accounting controls over cash received from annual and activity fees, prior to the initial entry into the accounting records. Accordingly, it was not possible for me to extend my procedures beyond the receipts actually recorded in the accounting records.

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (Including International Independence Standards). I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the committee for the Financial Statements

The committee is responsible for the preparation and fair presentation of the Financial Statements in accordance with the entity specific basis of accounting and the requirements of the constitution of the club, and for such internal control as the committee determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the committee are responsible for assessing the clubs'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 committee either intend to liquidate the club or to cease operations, or have no realistic alternative but to do so.

THE PORSCHE CLUB OF SOUTH AFRICA - CENTRAL
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS - CONTINUED

on the financial statements for the year ended

31 DECEMBER 2020

Auditor's responsibilities for the audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 my 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 Financial Statements.

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

- Identify and assess the risks of material misstatement of the 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 my 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 club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.
- Conclude on the appropriateness of the committee's 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 club's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the club to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on legal and other regulatory requirements

The club is registered for income tax as required by the Income Tax Act 58 of 1962. Although the club may qualify as an exempt institution, the club still needs to apply for exemption at the Tax Exemption Unit and obtain such approval in writing. The club then also needs to submit, on an annual basis, the required IT12EI tax return. I was unable to obtain evidence of registration as an exempt institution or evidence of submission of the required income tax returns. This is in contravention of the Act and the commissioner may impose penalties in terms of the Tax Administration Act.



JJ DROTSKIE

Chartered Accountant (SA) | Registered Auditor

22 January 2021

THE PORSCHE CLUB OF SOUTH AFRICA - CENTRAL
COMMITTEE'S RESPONSIBILITIES AND APPROVAL

for the year ended

31 DECEMBER 2020

The committee is required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the club as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

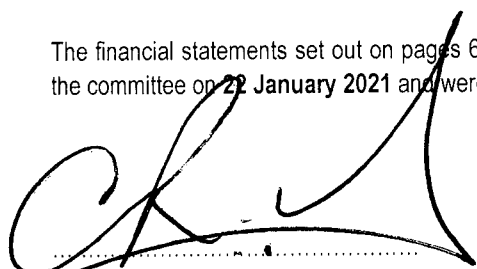
The committee acknowledge that they are ultimately responsible for the system of internal financial control established by the club and place considerable importance on maintaining a strong control environment. To enable the committee to meet these responsibilities, the committee sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities with 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 club and all employees are required to maintain the highest ethical standards in ensuring the club's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the club is on identifying, assessing, managing and monitoring all known forms of risk across the club. While operating risk cannot be fully eliminated the club endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The committee is 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The committee have reviewed the club's cash flow forecast for the period to 31 December 2021 and, in the light of this review and the current financial position, they are satisfied that the club has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 6 to 13, which have been prepared on the going concern basis, were approved by the committee on **22 January 2021** and were signed on its behalf by:



PRESIDENT
C VAN NIEKERK

THE PORSCHE CLUB OF SOUTH AFRICA - CENTRAL

STATEMENT OF FINANCIAL POSITION

as at

31 DECEMBER 2020

	Notes	2020 R	2019 R
ASSETS :			
NON-CURRENT ASSETS			
Property, plant and equipment	1	1	1
CURRENT ASSETS			
Trade and other receivables	2	443 456	419 500
Cash and cash equivalents	3	1 562 171	892 868
TOTAL ASSETS		2 005 628	1 312 369
EQUITY AND LIABILITIES :			
EQUITY			
Accumulated reserves		1 160 628	1 004 569
CURRENT LIABILITIES			
Trade and other payables	4	845 000	307 800
TOTAL EQUITY AND LIABILITIES		2 005 628	1 312 369

THE PORSCHE CLUB OF SOUTH AFRICA - CENTRAL

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended

31 DECEMBER 2020

	Notes	2020 R	2019 R
REVENUE		667 486	1 535 677
INVESTMENT INCOME	5	37 814	35 660
OPERATING EXPENSES		<u>(549 241)</u>	<u>(1 419 971)</u>
NET SURPLUS FOR THE YEAR		156 059	151 366
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE SURPLUS FOR THE YEAR		<u><u>156 059</u></u>	<u><u>151 366</u></u>

THE PORSCHE CLUB OF SOUTH AFRICA - CENTRAL

STATEMENT OF CHANGES IN EQUITY

for the year ended

31 DECEMBER 2020

	Accumulated reserves R
BALANCE AT 1 JANUARY 2019	853 203
Total comprehensive surplus for the year	<u>151 366</u>
BALANCE AT 1 JANUARY 2020	1 004 569
Total comprehensive surplus for the year	<u>156 059</u>
BALANCE AT 31 DECEMBER 2020	<u><u>1 160 628</u></u>

THE PORSCHE CLUB OF SOUTH AFRICA - CENTRAL

STATEMENT OF CASH FLOWS

for the year ended

31 DECEMBER 2020

	Notes	2020 R	2019 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus for the year		156 059	151 366
Movement in working capital			
- Movement in accounts receivable		(23 956)	(419 500)
- Movement in accounts payable		537 200	292 100
		<u>669 303</u>	<u>23 966</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>892 868</u>	<u>868 902</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	<u><u>1 562 171</u></u>	<u><u>892 868</u></u>

THE PORSCHE CLUB OF SOUTH AFRICA - CENTRAL

ACCOUNTING POLICIES

for the year ended

31 DECEMBER 2020

1. Basis of presentation

The financial statements are prepared in accordance with the entity specific basis of accounting and in the manner required by the Constitution of the club. The financial statements have been prepared on the historical cost basis. The accounting policy is consistent with those used in prior years, unless otherwise stated. The financial statements are presented in South African Rands.

1.1 Revenue recognition

Revenue consists of members' subscriptions and joining fees, membership event fees and sponsorships.

Revenue from members' subscriptions is recognised upon receipt of the amount. Annual fees are payable by members within 12 months of joining or renewal. The membership is then valid for the 12 month period since joining or renewal, irrespective of when payment is made. If payment is not received within the 12 month period the membership will lapse.

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

1.2 Financial instruments*Initial measurement*

Financial instruments are initially measured at the transaction price (including transaction cost except in the initial measurement of financial assets and liabilities that are measured at fair value through profit and loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest rate 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 each reporting date, the carrying amount of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately through profit or loss.

Financial instruments at cost

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.

THE PORSCHE CLUB OF SOUTH AFRICA - CENTRAL

ACCOUNTING POLICIES - CONTINUED

for the year ended

31 DECEMBER 2020

1.3 Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of change in value.

Cash and cash equivalents are measured at fair value.

1.4 Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.5 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 company; 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 are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all property, plant and equipment, to write down the cost, less residual value, by equal installments over their useful lives as follows:

- | | |
|--|---------|
| - Computer and electronic equipment | 3 years |
| - Office equipment, furniture and fittings | 5 years |

THE PORSCHE CLUB OF SOUTH AFRICA - CENTRAL

NOTES TO THE FINANCIAL STATEMENTS

for the year ended

31 DECEMBER 2020

	2020 R	2019 R
1. <u>Property, plant and equipment</u>		
<i>Office equipment</i>		
Cost price	41 944	41 944
Accumulated depreciation	(41 943)	(41 943)
	<u>1</u>	<u>1</u>
2. <u>Trade and other receivables</u>		
Payfast	1 056	-
Prepaid expenses	442 400	419 500
	<u>443 456</u>	<u>419 500</u>
3. <u>Cash and cash equivalents</u>		
Current account	82 946	321 475
Club account	1 433 989	496 497
Loftus account	45 236	74 896
	<u>1 562 171</u>	<u>892 868</u>
4. <u>Trade and other payables</u>		
Trade payables	7 000	6 800
Income received in advance	838 000	301 000
	<u>845 000</u>	<u>307 800</u>
5. <u>Investment income</u>		
Interest received from financial institutions	<u>37 814</u>	<u>35 660</u>

ANNEXURE "A"

THE PORSCHE CLUB OF SOUTH AFRICA - CENTRAL

DETAILED INCOME AND EXPENDITURE

for the year ended

31 DECEMBER 2020

	2020 R	2019 R
REVENUE	667 486	1 535 677
Annual membership fees	199 977	332 122
Joining fees	35 000	25 500
Magazine income	-	91 457
Royalties received	4 444	-
Social event fees	289 065	784 957
Sponsorships received	139 000	301 641
INTEREST RECEIVED	37 814	35 660
EXPENDITURE	(549 241)	(1 419 971)
Accounting fees	7 200	7 200
Administrative services	66 000	60 080
Advertising and promotions	16 681	9 625
Auditors' remuneration	7 200	6 800
- Current year fees	7 000	6 800
- Prior year underprovision	200	-
Awards function, AGM and meeting expenses	37 829	42 100
Bank charges	28 267	15 443
Donations	26 800	131 150
Magazine printing costs	27 016	101 140
Printing and stationery	3 718	4 855
Social events	313 504	1 014 472
Sponsored clothing	-	6 753
Subscriptions and software support	14 971	15 499
Telephone and fax	55	4 854
NET SURPLUS FOR THE YEAR	156 059	151 366