

## **SWD CRICKET NPC**

### **REMARKS TO THE FINANCIAL STATEMENTS: 2015/16**

**By F.S. LAMINIE**

#### **CHAIRMAN: FINANCE AND COMMERCIAL COMMITTEE**

---

In the presentation of the audited financial statements for the 2015/16 financial year, as ended on 30 April 2016, it is important to explain and highlight to all stakeholders the following:

The Board of Directors of the SWD Cricket is responsible for the preparation and integrity of the Annual Financial Statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SME's) that fairly presents the state of affairs of the company, and other information contained in this report.

- The 2015/2016 financial statements represents the first reporting period where the organization fully operated as a company under our new legal status. We are pleased to report that all statutory registrations and compliance were in place at the start of the financial year, 01 May 2015.
- The start of the financial year presented a lot of challenges with regards to presenting at least a break-even-budget (as per CSA requirement): No National Lotteries Commission Trust Fund Distribution; Cancellation of the Chevrolet High Performance Sponsorship; No national weeks where surplus could be generated; Effect of decrease in staging fees and number of senior provincial matches (R 420,000); Strict expenditure guidelines from the CSA Operational Model; Additional contracted players to expand the depth in the senior provincial squad.
- The process to extend our current lease agreement with the Oudtshoorn Municipality from 3 years to at least 10 years was halted with the challenges the local authority faced after being placed under administration. This had a negative effect on our statement of financial position, as our leasehold improvements are depreciated over a much shorter period. We are confident that this process will be concluded during the 2016/2017 financial year.
- On the positive side the company has seen an increase in amateur funding from CSA of 12%, which included R 450,000 Provincial Academy funding (previous year R 147,000). Additional capital funding of R 1,730,000 to assist in upgrading the stadium infrastructure in time for the hosting of the 2016/2017 Africa T-20 Cup. CSA Strategic Transformation funding of R 428,500 was also a major boost for our strategic directives. The continued support of our sponsors and media partners enabled us to attract additional funding and save on media related expenditure as well as additional capital expenditure. The sponsorship income from Canon (R 120,000) for our 2015/2016 Africa T-20 team ensured that we were one of a few provinces able to secure an anchor sponsor for the event. Our effective implementation and monitoring of policies and systems (on governance- as well as management level) ensured that reporting requirements for the 13<sup>th</sup> and 14<sup>th</sup> payments from CSA was always met, which ensured prompt receipt of funding.
- The increases in funding meant that we could distribute more funding to the majority of the members.

- The Board of Directors sets policies and principles and management (the Chief Executive Officer) implements systems of internal control and information systems in a cost effective manner. Some of the important financial policies introduced and accepted by the Board of directors includes; Asset Disposal Policy, Cash Reserve Policy; Telephone Usage Policy. The company currently holds Cash Reserves in excess of R 1,6m.
- The Finance and Commercial Sub-Committee, reporting to the Board of Directors on a regular basis, plays an important oversight role in all matters relating to financial administration and internal control, accounting policies and reporting requirements.

Although not reflected in the financial statements for 2015/2016, I must highlight our achievement as the 2<sup>nd</sup> overall winner amongst CSA affiliates, on the CSA Operational Model Incentive Scorecard. This secured additional revenue of R 1,466,800. This re-affirms our claim of “Excellence through Cricket”. This income and related incentive distribution will be reflected in the new financial year.

I am pleased to report that the first financial statements under the new dispensation, has received an unqualified audit report for the 2015/2016 financial year. I would like to congratulate all the role players that contributed in achieving this pleasing outcome; the Board of directors, Sub-committees, the CEO, Financial Administrator and the rest of the office staff. Thank you for all your efforts.

Please note that comparative figures are only disclosed in the Financial Overview to give members a complete picture of the financial results over the last 2 years. The audited financial statements, does not have comparative figures because we are dealing with 2 separate legal entities.

## **Financial Overview**

### **STATEMENT OF FINANCIAL POSITION**

#### **ASSETS**

<b><u>Property, plant and equipment – carrying values</u></b>	<b>R</b>
2016	1,308,488.00
2015	1,031,080.00

The increase of R 277,408 is mainly due to the additions to the stadium in the form of the media center, new motor vehicle, computer- and stadium equipment acquired during the year. The company also disposed of a vehicle and a profit of R 26,002 was recorded.

#### **Intangible Assets**

Intangible assets at year-end is R nil, which is the same as the balance for 2015. This is due to amortisation written-off during the year. The reason for the zero balance at year-end is because the agreement with Kempston Motors is year-on-year. With no agreement longer than 12 months, there is no certain future economic benefit for the organisation.

### **Trade and other receivables**

2016	554,316.00
2015	2,840,239.00

Trade and other receivables decreased significantly from the previous year. This is mainly due to more funding from Cricket South Africa (CSA) outstanding at 30 April 2015, compared to the balance outstanding at 30 April 2016. All funds receivable from CSA at 30 April 2015, has been received during the 2016 financial year. CSA represents 85% of the outstanding amount at 30 April 2016, all of which has subsequently been received.

### **Cash and cash equivalents**

2016	3,022,125.00
2015	27,679.00

An increase of R 2,994,446 is recorded from the previous year. R 2,5m is funding already dedicated to projects.

### **RETAINED EARNINGS**

2016	942,779.00
2015	777,150.00

The increase is due to a surplus recorded in the 2016 financial year and reversal of expenses from the previous financial year.

### **LIABILITIES**

#### **Non-current Liabilities**

2016	349,508.00
2015	47,619.00

A new hire purchase agreement has been concluded for the acquisition of a vehicle.

#### **Current liabilities**

##### **Provisions**

2016	273,741.00
2015	236,304.00

The increase is due to leave days accrued to permanent employees at 30 April 2016.

## **Trade and other payables**

2016	760,264.00
2015	1,337,168.00

A decrease is recorded in Trade and other payables. The balance at year end consists mainly of trade creditors and the VAT liability to SARS.

## **Deferred Income**

2016	2,507,518.00
2015	1,424,606.00

Deferred income has increased by R 1,082,912 from the previous year. The increase is mainly attributed to the CSA Special Funding of R 1,200,000 and the CSA Stadium Development Funding of R 528,875. Some of these projects commenced before year end, but was not completed.

Included in the balance is R 679,143 of NLDTF Grant 65464, which consists of R 500,00 capital project earmarked for Academy infrastructure and R 179,143 for Capacity building and support to clubs. The Capacity building and support to clubs will be completed during the current financial year. The Academy infrastructure project is on hold until additional funding can be secured, an application to the National Lotteries Commission has been submitted in this regard.

## **STATEMENT OF COMPREHENSIVE INCOME REVENUE**

### **REVENUE**

#### **CSA Revenue**

Total 2016	11,630,017.00
Total 2015	11,869,308.00
Decrease in Rand	(239,291.00)
Percentage Increase	(2.00%)

Some of the significant movements consist of:

- i) CSA IPL hammer fee increased significantly from R 405,280 in 2015 to R 544,040.
- ii) CSA Academies tournament income of R 503,250.
- iii) CSA Amateur funding increased by 12%, from R 5,149,619 to R 5,765,405.
- iv) CSA Gate revenue increased by significantly from R 97,040 to R 1,049,819.
- v) CSA Incentive program was recognized previous year R 600,000. The new incentive award of R 1,466,800 will only be recognized in the 2016/2017 financial year.
- vi) CSA Provincial challenge competition funding increased from R 796,334 in 2015 to R 1,037,951 in the 2016 financial year.
- vii) CSA Special once-off funding decreased by R 200,000, from R 1m in 2015 to R 800,000 in 2016.

**Other Income**

Total 2016	1,626,770.00
Total 2015	3,006,542.00

Significant decrease compared to 2015 due to the decrease in the grant income recognized, R 2,380,898 in 2015, compared to only R 758,463 in 2016.

**EXPENSES**

2016	13,477,533.00
2015	15,190,340.00
Percentage decrease	(11.27%)

**Some of the significant expenditure items should be highlighted:**

Acadamies tournament expenses	408,871.00
Board of directors expenses	422,702.00
Club expenses and allocations	779,872.00
CSA provincial challenge expenses	1,253,204.00
Depreciation	683,541.00
Employee costs	5,064,597.00
NLDTF Project expenses	289,717.00
SWD schools cricket expenses	753,289.00

**SURPLUS / (DEFICIT) FOR THE YEAR**

2016	81,915.00
2015	(30,711.00)

---