

KARATE SOUTH AFRICA
(Registration No.)

ANNUAL FINANCIAL STATEMENTS
INDEPENDENTLY REVIEWED
31 December 2012

KARATE SOUTH AFRICA
(Registration No.)

ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2012

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Approval and statement of responsibility

The executive committee of the federation is responsible for the maintenance of adequate accounting records, and the preparation and integrity of the annual financial statements and related information. The auditor is responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

The executive committee is also responsible for the system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the executive committee has every reason to believe that the federation has adequate resources in place to continue in operation for the foreseeable future.

The annual financial statements set out on pages 1 to 9 are the responsibility of the executive committee and have been approved for issue by the Executive Committee on 14 May 2013 and are signed on their behalf by:



Exco Member

Exco Member



Sarel
de Jager

financial services

GRISA: MBA

**INDEPENDENT COMPILER'S REPORT TO THE MEMBERS OF
KARATE SOUTH AFRICA**

Report on the financial statements

We have compiled the annual financial statements of KARATE SOUTH AFRICA based on information provided by management. These financial statements are presented in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. They comprise the balance sheet as at 31 December 2012, the statement of income and retained earnings, cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 0 to 8.

Executive committee's responsibility for the financial statements

The executive committee is responsible for these financial statements, including adoption of the applicable reporting framework, and the accuracy and completeness of the information used to compile the financial statements.

Compiler's responsibility

We performed this compilation engagement in accordance with International Standard on Related Services 4410, Compilation Engagements. This Standard requires that we comply with quality control standards and relevant ethical requirements, including ethical principles of integrity, objectivity, professional competence and due care.

A compilation engagement involves applying expertise in accounting and financial reporting to assist management in preparing and presenting financial information. A compilation engagement does not include gathering evidence for the purpose of expressing an audit opinion or a review conclusion. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

SJ De Jager
CA(SA)
15-May-13

KARATE SOUTH AFRICA

BALANCE SHEET
AT 31 DECEMBER 2012

	Notes	2012 R	2011 R
ASSETS			
Non-current assets			
Property, plant and equipment	3	2	2
Current assets			
Bank, cash and cash equivalents	4	150,677	94,626
Total assets		<u>150,679</u>	<u>94,628</u>
EQUITY AND LIABILITIES			
Equity			
Revaluation reserve		150,678	94,628
Retained earnings		136,665	136,665
		14,013	(42,037)
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>
Total equity and liabilities		<u>150,678</u>	<u>94,628</u>

KARATE SOUTH AFRICA

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 R	2011 R
Revenue		371,050	7,402,803
Gross profit		<u>371,050</u>	<u>7,402,803</u>
Other income		10,365	114,635
Total income		<u>381,415</u>	<u>7,517,438</u>
Administration expenses		325,365	7,472,698
Profit before taxation		<u>56,050</u>	<u>44,740</u>
Taxation		-	-
Net profit after taxation		<u>56,050</u>	<u>44,740</u>
Net profit after taxation		56,050	44,740
Retained earnings at beginning of year		(42,037)	(86,777)
Retained earnings at end of year		<u>14,013</u>	<u>(42,037)</u>

KARATE SOUTH AFRICA

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 R	2011 R
Net cash retained in operating activities		56,050	44,740
Cash receipts from customers		371,050	7,402,803
Cash paid to suppliers and employees		(325,365)	7,472,698
Cash generated from operating activities	5.1	45,685	(69,895)
Interest received		165	-
Sundry income		10,200	114,635
Net increase in cash & cash equivalents		<u>56,050</u>	<u>44,740</u>
Cash and cash equivalents at beginning of period		<u>94,626</u>	<u>49,886</u>
Cash and cash equivalents at end of period	5.2	<u><u>150,676</u></u>	<u><u>94,626</u></u>

KARATE SOUTH AFRICA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. General information

KARATE SOUTH AFRICA is a federation, incorporated in South Africa. The address of the registered office of the company is 51 Von Willigh Cres, Kuils River, 7580. The organisation is engaged in promoting of karate as an art and sport and operates principally in South Africa.

2. Basis of preparation and accounting policies

The basis of preparation and principal accounting policies of the federation, are consistent in all material respects with those applied in the previous year, except as otherwise indicated.

Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Property, plant and equipment

Property, plant and equipment are tangible assets that:

- (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
- (b) are expected to be used during more than one period.

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of an item is its cash price equivalent at the recognition date.

The company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits. The carrying amount of the replaced part is also derecognised. All other repairs and maintenance and servicing costs are charged to profit or loss as incurred.

Depreciation is charged to profit or loss so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

	Useful life / Rate
Computer equipment	3
Office equipment	5

The residual values, useful lives and economic consumption patterns for all items of property, plant and equipment are reviewed if there is an indication that there has been a significant change since the last reporting date. If necessary, the consequent depreciable amounts, rates and methods are adjusted. Any changes are accounted for as changes in accounting estimates and included in profit or loss for the current and future periods by adjusting the relevant future depreciation charges.

Gains or losses on disposal are calculated by deducting the carrying value from the proceeds on the date of disposal and are included in profit or loss.

KARATE SOUTH AFRICA

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2012**

Revenue

Revenue from the rendering of services is recognised on an accrual basis in accordance with the substance of the agreement. Interest received is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the company.

Cash flows

For the purposes of the cash flow statement, cash includes cash on hand, deposits held on call with banks, investments in money market instruments, and bank overdrafts.

Comparative figures

Where necessary, comparative figures have been reclassified to conform with changes in presentation for the current year.

Reclassification details:

- (a) nature of reclassification
 - (b) amount of each item or class of items reclassified
 - (c) reasons for reclassification
- Reasons why reclassification was not practicable

3. Property, plant and equipment

	2012			2011		
	Cost R	Accum. deprec / impair. R	Carrying value R	Cost R	Accum. deprec / impair. R	Carrying value R
Computer equipment	1	-	1	1	-	1
Furniture and fittings	1	-	1	1	-	1
	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>2</u>

The carrying amounts for 2012 can be reconciled as follows:

	Carrying value at beginning of year R	Additions R	Disposals R	Other R	Deprec. / impairment R	Carrying value at end of year R
	Computer equipment	1	-	-	-	-
Furniture and fittings	1	-	-	-	-	1
	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>

4. Bank, cash and cash equivalents

Bank and cash balances at year end comprise:

	2012 R	2011 R
Current account	150,580	34,694
Cash stach account	97	59,932
	<u>150,677</u>	<u>94,626</u>

KARATE SOUTH AFRICA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2012

	2012 R	2011 R
5. Notes to the cash flow statement		
5.1 Reconciliation of net profit before taxation to cashflows from operations		
Net profit before taxation	56,050	44,740
Adjustments for :		
Sundry income	(10,200)	(114,635)
Interest received	(165)	-
Operating profit before working capital changes	<u>45,685</u>	<u>(69,895)</u>
Working capital changes		
Cash generated from operations	<u>45,685</u>	<u>(69,895)</u>
5.2 Cash and cash equivalents		
Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Bank, cash and cash equivalents	150,677	94,626
	<u>150,677</u>	<u>94,626</u>

KARATE SOUTH AFRICA

DETAILED INCOME STATEMENT FOR THE YEAR ENDED
31 DECEMBER 2012

	2012 R	2011 R
Revenue	371,050	7,402,803
Reveneue	371,050	7,402,803
Other income	10,365	114,635
Interest Received	165	-
Other Income	10,200	114,635
Total Income	381,415	7,517,438
Administration expenses	325,365	7,472,698
Accounting Fees	31,750	31,500
Administration and management fees	-	194,609
Bank Charges	5,726	14,522
Catering	7,243	7,450
Advertising	24,650	-
Hiring costs	-	28,253
Kit costs	-	67,740
Motor vehicle expenses	22,825	20,218
Printing & Stationery	-	11,145
Medical expenses	5,549	4,600
Tournament costs	78,833	6,618,430
Telephone & Fax	5,343	7,985
Travel & Accommodation	143,446	466,246
Finance expenses	-	-
Profit before taxation	56,050	44,740
Taxation	-	-
Net profit for the period	56,050	44,740