

SOUTH AFRICAN MODEL AIRCRAFT ASSOCIATION
(REGISTRATION NUMBER PBO 930030082)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

DJ Crauwcamp
Professional Accountant (SA)
Issued 26 February 2020

SOUTH AFRICAN MODEL AIRCRAFT ASSOCIATION

(REGISTRATION NUMBER PBO 930030082)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**GENERAL INFORMATION**

ACCOUNTING PERIOD	The twelve months ended 31 December 2019
MANAGEMENT MEMBERS	MJF Potgieter J Smith
REGISTERED OFFICE	Office 24 and 25 Denel North Entrance Atlas Road BONAERO PARK 1619
PROFESSIONAL ACCOUNTANT	DJ Crauwcamp Professional Accountant (SA)
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	To actively promote the construction and regulation of the safe flying of model aircraft in South Africa
COUNTRY OF INCORPORATION AND DOMICILE	South Africa
POSTAL ADDRESS	PO Box 7116 BONAERO PARK 1622
BANKERS	Nedbank MENLYN CENTRE

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

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Independent Auditor's Report

To the members of SOUTH AFRICAN MODEL AIRCRAFT ASSOCIATION

Opinion

I have audited the financial statements of SOUTH AFRICAN MODEL AIRCRAFT ASSOCIATION (the company) set out on pages 4 to 11, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and 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, the financial statements present fairly, in all material respects, the financial position of SOUTH AFRICAN MODEL AIRCRAFT ASSOCIATION as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with and the requirements of the Companies Act 71 of 2008.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "SOUTH AFRICAN MODEL AIRCRAFT ASSOCIATION financial statements for the year ended 31 December 2019", which includes the as required by the Companies Act 71 of 2008 and the Detailed Income Statement, which we obtained prior to the date of this report. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

DJ Crauwcamp
DJ Crauwcamp Inc
Partner
Professional Accountant (SA)

26 February 2020

SOUTH AFRICAN MODEL AIRCRAFT ASSOCIATION

(REGISTRATION NUMBER PBO 930030082)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

CHAIRMANS' RESPONSIBILITIES AND APPROVAL

The board of members are required by the Companies Act 71 of 2008, 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 company 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 the . The external auditor's is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The board of members acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the chairman to meet these responsibilities, the board of members 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 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 organisation and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The board of members have reviewed the company's cash flow forecast for the year to 31 December 2020 and, in the light of this review and the current financial position, They are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

MJF Potgieter

SOUTH AFRICAN MODEL AIRCRAFT ASSOCIATION

(REGISTRATION NUMBER PBO 930030082)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**STATEMENT OF FINANCIAL POSITION**

	Note(s)	2019 R	2018 R
Assets			
Non-Current Assets			
Tangible assets	2	12	2,287
Current Assets			
Trade and other receivables		7,495	-
Cash and cash equivalents	13	2,255,011	2,179,872
		2,262,506	2,179,872
Total Assets		2,262,518	2,182,159
Equity and Liabilities			
Equity			
Retained income		2,181,014	2,092,050
Liabilities			
Current Liabilities			
Trade and other payables		4,446	7,944
Provisions		77,058	82,165
		81,504	90,109
TOTAL EQUITY AND LIABILITIES		2,262,518	2,182,159

SOUTH AFRICAN MODEL AIRCRAFT ASSOCIATION

(REGISTRATION NUMBER PBO 930030082)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**STATEMENT OF COMPREHENSIVE INCOME**

	Note(s)	2019 R	2018 R
Revenue	4	1,129,635	1,203,221
Other income	5	20,032	18,951
Operating expenses		(1,218,568)	(1,238,105)
OPERATING LOSS		(68,901)	(15,933)
Investment revenue	11	157,865	148,341
Profit for the year		88,964	132,408

SOUTH AFRICAN MODEL AIRCRAFT ASSOCIATION

(REGISTRATION NUMBER PBO 930030082)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**STATEMENT OF CHANGES IN EQUITY**

	Retained income R	Total equity R
Balance at 01 January 2018	1,959,642	1,959,642
Profit for the year	<u>132,408</u>	<u>132,408</u>
Balance at 01 January 2019	<u>2,092,050</u>	<u>2,092,050</u>
Profit for the year	<u>88,964</u>	<u>88,964</u>
Balance at 31 December 2019	<u>2,181,014</u>	<u>2,181,014</u>

SOUTH AFRICAN MODEL AIRCRAFT ASSOCIATION

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**STATEMENT OF CASH FLOWS**

	Note(s)	2019 R	2018 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		1,129,635	1,203,221
Cash paid to suppliers and employees		<u>(1,212,360)</u>	<u>(1,207,779)</u>
Cash used in operations	12	(82,725)	(4,558)
Interest income		<u>157,865</u>	<u>148,341</u>
Net cash from operating activities		<u>75,140</u>	<u>143,783</u>
TOTAL CASH MOVEMENT FOR THE YEAR			
Cash at the beginning of the year		<u>2,179,872</u>	<u>2,036,089</u>
TOTAL CASH AT END OF THE YEAR	13	<u>2,255,012</u>	<u>2,179,872</u>

SOUTH AFRICAN MODEL AIRCRAFT ASSOCIATION

(REGISTRATION NUMBER PBO 930030082)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 TANGIBLE ASSETS

Tangible assets are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Tangible assets is initially measured at cost.

Tangible assets is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of tangible assets have been assessed as follows:

Equipment	20%
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When indicators are present that the useful lives and residual values of items of tangible assets have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

1.2 FINANCIAL INSTRUMENTS

INITIAL MEASUREMENT

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or 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 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 amounts 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 in profit or loss.

1.3 IMPAIRMENT OF ASSETS

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its 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 in profit or loss.

SOUTH AFRICAN MODEL AIRCRAFT ASSOCIATION

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**ACCOUNTING POLICIES****1.3 IMPAIRMENT OF ASSETS (continued)**

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.4 PROVISIONS AND CONTINGENCIES

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.5 REVENUE

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

1.6 BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

SOUTH AFRICAN MODEL AIRCRAFT ASSOCIATION

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**NOTES TO THE FINANCIAL STATEMENTS**

	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
2. TANGIBLE ASSETS						
Computers	35,760	(35,754)	6	35,760	(35,754)	6
Office equipment	40,760	(40,758)	2	40,760	(40,758)	2
Computer equipment	25,338	(25,335)	3	25,338	(23,060)	2,278
Other property, plant and equipment	2,250	(2,249)	1	2,250	(2,249)	1
Total	104,108	(104,096)	12	104,108	(101,821)	2,287
RECONCILIATION OF TANGIBLE ASSETS - 2019						
	Opening balance	Depreciation	Closing balance			
Equipment	6	-	6			
Office equipment	2	-	2			
Computer equipment	2,279	(2,276)	3			
Other property, plant and equipment	1	-	1			
	2,288	(2,276)	12			
3. ACCUMULATED FUNDS						
Retained Income / (Accumulated Loss)		2,092,049	1,959,641			
Net Income (Loss)		88,965	132,407			
		2,181,014	2,092,048			
4. REVENUE						
Junior membership		40,495	45,721			
Regular membership		817,112	900,186			
Senior membership		272,028	257,314			
		1,129,635	1,203,221			
5. OTHER INCOME						
Promotional Items - Clothing		3,670	6,790			
Promotional Items - Coffee Mugs		260	260			
Promotional Items - Proficiency Badges		1,690	1,711			
SAMAA Newsletter - Income		6,310	9,650			
		11,930	18,411			
6. ACCOUNTING FEES						
Fees		8,625	8,550			

SOUTH AFRICAN MODEL AIRCRAFT ASSOCIATION

(REGISTRATION NUMBER PBO 930030082)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**NOTES TO THE FINANCIAL STATEMENTS**

	2019 R	2018 R
7. COMPUTER		
Computer Expenses	69	298
Bulk Email	-	1,150
Computer Software	7,516	2,965
Internet - Mweb	7,867	7,106
	<u>15,452</u>	<u>11,519</u>
8. INSURANCE		
Short-term insurance	<u>25,533</u>	<u>24,583</u>
9. REPAIRS AND MAINTENANCE		
Repairs & Maintenance	<u>246</u>	<u>369</u>
10. SALARIES AND WAGES		
Salaries and wages	627,040	581,120
UIF Company Contribution	7,139	7,139
Annual Appraisal Bonus	33,311	34,509
Workmens Compensation	2,478	10,200
	<u>669,968</u>	<u>632,968</u>
11. INVESTMENT REVENUE		
INTEREST REVENUE		
Bank	<u>157,865</u>	<u>148,341</u>
12. CASH USED IN OPERATIONS		
Profit before taxation	88,964	132,407
ADJUSTMENTS FOR:		
Depreciation and amortisation	2,276	5,161
Interest received	(157,865)	(148,341)
Movements in provisions	(5,107)	845
CHANGES IN WORKING CAPITAL:		
Trade and other receivables	(7,495)	5,776
Trade and other payables	(3,498)	(406)
	<u>(82,725)</u>	<u>(4,558)</u>
13. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	4,002	4,000
Nedbank	61,628	56,812
SAMAA investment	1,473,589	1,531,241
SIG investment	715,792	587,819
	<u>2,255,011</u>	<u>2,179,872</u>

SOUTH AFRICAN MODEL AIRCRAFT ASSOCIATION

(REGISTRATION NUMBER PBO 930030082)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**DETAILED INCOME STATEMENT**

	Note(s)	2019 R	2018 R
Revenue	4	1,129,635	1,203,221
Other income			
Fun fly comp fund		180	-
Nationals 2019		7,532	-
Promotional items	5	11,930	18,411
Team fund		390	540
TOTAL INCOME		20,032	18,951
Operating expenses			
Accounting fees		8,625	8,550
Aero club awards dinner		5,320	6,720
Aero club of South Africa fees		151,094	210,085
Bad debts		-	300
Bank charges		7,825	8,008
Cleaning and consumables		5,134	3,469
Club visits - Boet		23,590	31,128
Computer expenses	7	15,452	11,518
Depreciation		2,276	5,161
Honorarium		39,000	36,996
Insurance	8	25,533	24,583
Legal fees		1,406	-
Marketing		31,082	16,866
Meeting refreshments		6,915	8,360
Motor vehicle expenses		45	-
Nationals 2018		-	11,754
Office manager disbursements		5,398	4,280
Office manager telephone		3,870	1,802
Office staff disbursements		2,552	-
Postage		14,789	3,688
Printing and stationery		25,696	32,494
Promotional items - clothing		9,643	1,548
Promotional items - proficiency badges		5,447	4,128
Repairs and maintenance	9	246	369
SAMAA newsletter		14,150	13,257
SMC disbursements		12,824	10,317
Salaries and wages	10	669,968	632,968
Special interest group - Competition fund		66,000	58,400
Special interest groups - Team grants		42,500	42,500
Storage		8,640	8,640
Subscriptions		3,784	3,345
Telephone		9,764	10,135
Travel - overseas		-	23,736
Travel - plenary meeting		-	3,000
		1,218,568	1,238,105
Operating loss		(68,901)	(15,933)
Investment income		157,865	148,341
Profit for the year		88,964	132,408