



South African Equestrian Federation

(Registration Number 071-702- NPO)

Annual Financial Statements

for the year ended 31 December 2021

Audited Financial Statements

Prepared by: Melissa Yoramu

South African Equestrian Federation

(Registration Number 071-702- NPO)

Annual Financial Statements for the year ended 31 December 2021

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South African Equestrian Federation

(Registration Number 071-702- NPO)

Annual Financial Statements for the year ended 31 December 2021

General Information

Country of Incorporation and Domicile South Africa

Registration Number 071-702- NPO

Executive Board Members

Prof Ian Sanne (Appointed 4 July 2021)
Sandra Copeland (Appointed 8 October 2021)
Helen Thrush (Appointed 4 July 2021)
Sharlene Venter (Appointed 4 July 2021) (Acting from 28 September 2020)
Adv Johann Raubenheimer (Appointed 1 May 2019)
Fiona Ross (Appointed 24 October 2020)
Izak van Niekerk (Appointed 14 December 2017)
Glynis Fuller (Appointed 4 July 2021)
Douglas Welsh (Appointed 4 July 2021)
Marco Breytenbach (Appointed 4 July 2021)
Rosemary Bartlett (Appointed 2 December 2018) (Resigned 13 January 2022)
Wessel Strauss (Appointed 9 December 2013) (Resigned 20 August 2021)

Business Address

29 Macintyre Road
Glenferness
Kyalami
2191

Postal Address

P.O. Box 6758
Weltevreden Park
1715

Level of Assurance

These annual financial statements have been audited in compliance with the International Financial Reporting Standard for Small and Medium-sized entities and the Constitution of South Africa Equestrian Federation.

Independent Auditors

Harmowize Financial Solutions
4 Buchner Crescent
Lonehill
Johannesburg
Gauteng
2191

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Executive Board's Responsibilities and Approval

The executive board members 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 satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the federation, and explain the transactions and financial position of the business of the federation at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the federation and supported by reasonable and prudent judgements and estimates.

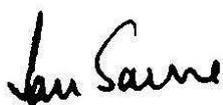
The executive board members acknowledge that they are ultimately responsible for the system of internal financial control established by the federation and place considerable importance on maintaining a strong control environment. To enable the executive board members to meet these responsibilities, the executive board members 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 federation and all employees are required to maintain the highest ethical standards in ensuring the federation's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the federation is on identifying, assessing, managing and monitoring all known forms of risk across the federation. While operating risk cannot be fully eliminated, the federation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The executive board members have reviewed the federation's cash flow forecast for the year to 31 December 2022 and, in light of this review and the current financial position, they are satisfied that the federation has or will have access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 8 to 24 which have been prepared on the going concern basis, were approved by the executive board members and were signed on 3 October 2022 on their behalf by:



Prof Ian Sanne
President



Helen Thrush
Treasurer

South African Equestrian Federation

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Executive Board's Report

The executive board members present their report for the year ended 31 December 2021.

1. Review of financial results and activities

Main business and operations

The principal activities of the federation is to act as the national controlling body of equestrian sport in South Africa. There were no major changes herein during the year.

The federation generated a deficit for the year ended 31 December 2021 of R97,507 (2020: surplus of R433,724).

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The global outbreak of the Coronavirus (COVID-19) has caused significant volatility within the economic markets, for which the resultant economic impact is uncertain and cannot be predicted. This has affected the operations of the federation and some activities were postponed or cancelled during the year under review. Subsequent to the year-end, on 4 April 2022, President Cyril Ramaphosa issued a statement which terminated the National State of Disaster which had been declared in response to the COVID-19 pandemic on 15 March 2020. The full impact of the COVID-19 outbreak continues to evolve at the date of this report. Despite this, it does not at this point affect the federation's ability to continue as a going concern.

4. Executive Board Members

The executive board members of the federation during the year and up to the date of this report are as follows:

Prof Ian Sanne (Appointed 4 July 2021)	President
Sandra Copeland (Appointed 8 October 2021)	Vice President
Helen Thrush (Appointed 4 July 2021)	Treasurer
Sharlene Venter (Appointed 4 July 2021) (Acting from 28 September 2020)	Secretary General
Adv Johann Raubenheimer (Appointed 1 May 2019)	Judicial Committee Chair
Fiona Ross (Appointed 24 October 2020)	Provincial Federation Representative
Izak van Niekerk (Appointed 14 December 2017)	Provincial Federation Representative
Glynis Fuller (Appointed 4 July 2021)	Associates Representative
Douglas Welsh (Appointed 4 July 2021)	Discipline representative
Marco Breytenbach (Appointed 4 July 2021)	Discipline Representative
Vacant	Athletes Representative
Rosemary Bartlett (Appointed 2 December 2018) (Resigned 13 January 2022)	Lead Coach
Wessel Strauss (Appointed 9 December 2013) (Resigned 20 August 2021)	Secretary General

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Executive Board's Report

5. Independent Auditors

Harmowize Financial Solutions were appointed as the independent auditors for the year under review at the federation's Special General Meeting held on 18 May 2022.

Independent Auditor's Report

To the Executive Board Members of South African Equestrian Federation

Opinion

We have audited the financial statements of South African Equestrian Federation set out on pages 8 to 24, which comprise the statement of financial position as at 31 December 2021, and 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 our opinion, the financial statements present fairly, in all material respects, the financial position of South African Equestrian Federation as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the federation 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. We have fulfilled our 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). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The executive board members are responsible for the other information. The other information comprises the information included in the document titled "South African Equestrian Federation Annual Financial Statements for the year ended 31 December 2021", which includes the Executive Board's Report, and the statement of Executive Board's Responsibilities and Approval, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Executive Board Members for the Financial Statements

The executive board members are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and for such internal control as the executive board members determine 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 executive board members are responsible for assessing the federation'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 executive board members either intend to liquidate the federation or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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 federation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board members.
- Conclude on the appropriateness of the executive board'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 federation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the federation 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.

We communicate with the executive board members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Harmowize Financial Solutions

1 November 2022



Ethel Gara
Engagement Director
Registered Auditor

4 Buchner Crescent
Lonehill
Johannesburg
Gauteng
2191

South African Equestrian Federation

(Registration Number 071-702- NPO)

Financial Statements for the year ended 31 December 2021

Statement of Financial Position

Figures in R	Notes	2021	2020
Assets			
Non-current assets			
Property, plant and equipment	4	66,301	25,427
Current assets			
Inventories	5	19,406	19,200
Trade and other receivables	6	171,714	148,462
Cash and cash equivalents	7	5,157,979	4,730,756
		5,349,099	4,898,418
Total assets		5,415,400	4,923,845
Equity and liabilities			
Equity			
General reserve	8	400,000	400,000
Accumulated surplus		2,046,654	2,144,161
Total equity		2,446,654	2,544,161
Liabilities			
Current liabilities			
Trade and other payables	9	314,879	281,452
Income received in advance	10	2,653,867	2,098,232
		2,968,746	2,379,684
Total equity and liabilities		5,415,400	4,923,845

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Statement of Comprehensive Income

Figures in R	Notes	2021	2020
Income			
Membership fees	11	3,161,185	2,802,615
Operational income	11	722,263	578,784
Interest income	12	93,694	133,150
Government grant	13	587,455	500,412
FEI Registrations		62,761	71,861
FEI Passports		157,783	96,174
FEI Other income		183,846	82,553
Funds received	14	753,980	-
		5,722,967	4,265,549
Expenditure			
Operational expenses	15	1,018,762	728,665
Administrative expenses	16	873,595	775,271
Consulting and professional	17	629,450	444,079
Employee costs	18	2,390,655	1,732,769
Occupancy costs	19	133,545	112,178
Finance costs	20	-	8,290
Other expenses	21	20,487	30,573
Fund expenses	22	753,980	-
		5,820,474	3,831,825
(Deficit) / surplus for the year		(97,507)	433,724

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Statement of Changes in Equity

Figures in R	General reserve	Accumulated surplus	Total
Balance at 1 January 2020	400,000	1,710,437	2,110,437
Surplus for the year	-	433,724	433,724
Balance at 31 December 2020	400,000	2,144,161	2,544,161
Balance at 1 January 2021	400,000	2,144,161	2,544,161
Deficit for the year	-	(97,507)	(97,507)
Balance at 31 December 2021	400,000	2,046,654	2,446,654
Notes	8		

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Statement of Cash Flows

Figures in R	Notes	2021	2020
Cash flows from operating activities			
Cash generated (used) in operations	23	437,603	(340,307)
Interest paid	20	-	(8,290)
Interest received	12	93,694	133,150
Net cash flows from / (used in) operating activities		531,297	(215,447)
Cash flows used in investing activities			
Purchase of property, plant and equipment	4	(71,746)	(11,912)
Cash flows used in investing activities		(104,075)	(11,912)
Net increase / (decrease) in cash and cash equivalents		427,222	(227,360)
Cash and cash equivalents at beginning of the year		4,730,756	4,958,117
Cash and cash equivalents at end of the year	7	5,157,979	4,730,757

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Financial Statements for the year ended 31 December 2021

Accounting Policies

1. General information

South African Equestrian Federation is incorporated and domiciled in South Africa.

2. Basis of preparation and summary of significant accounting policies

The financial statements of South African Equestrian Federation have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. The financial statements have been prepared under the historical cost convention. They are presented in South African Rand.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Property, plant and equipment

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 the executive board members.

The federation 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 to the federation. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to surplus or deficit during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Office equipment	4 years
Computer equipment	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains / (losses)' in the statement of comprehensive income.

2.2 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.

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Financial Statements for the year ended 31 December 2021

Accounting Policies

Financial Instruments at Amortized 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 amortized 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 recognized immediately in profit or loss.

Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the federation will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

Trade and other payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

2.3 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

2.4 Tax

The South African Equestrian Federation has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act and as such is exempt from income tax in terms of section 10(1)(cN) of the Income Tax Act.

2.5 Leases

Definition

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

Classification

A lease is classified as a finance lease when it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease when it does not transfer substantially all the risks and rewards incidental to ownership.

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Accounting Policies

Operating leases as lessee

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern of the benefit obtained.

2.6 Provisions

Provisions are recognised when the federation has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

2.7 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts.

Membership fees, registration fee, licence fees, passport fees and member's grievance or appeal fees are recognised as revenue when the federations right to receive payment has been established.

The federation follows the deferral method of accounting for contributions such as grants. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Grants received before the revenue recognition criteria are recognised as a liability. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognised using the effective interest method.

2.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

2.9 Government grants

The federation makes periodic applications for financial assistance under the government grants in aid program.

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the federation has complied with all attached conditions. Grants received where the federation has yet to comply with all attached conditions are recognised as a liability and released to income when all attached conditions have been complied with. Government grants received are included under revenue.

2.10 Borrowing costs

All borrowing costs are recognised in surplus or deficit in the period in which they are incurred.

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Accounting Policies

2.11 Related parties

A related party is a person or entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person:
 - has control or joint control of the reporting entity;
 - has significant influence over the reporting entity; or
 - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - Both entities are joint ventures of the same third party;
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
 - The entity is controlled or jointly controlled by a person identified as a related party;
 - A person identified as having control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
 - The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

2.12 General reserves

Specific reserves are created by the Federation as required by Sports and Recreation South Africa (SRSA) as well as by the South African Sports Council and Olympic Committee (SASCOC), to ensure that future commitments relating to database development of the federation are met. Depreciation, impairment, acquisitions and disposals are adjusted annually against the specific reserves.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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Notes to the Financial Statements

Figures in R

2021

2020

4. Property, plant and equipment

Balances at year end and movements for the year

	Office equipment	Computer equipment	Total
Reconciliation for the year ended 31 December 2021			
Balance at 1 January 2021			
At cost	81,513	53,188	134,701
Accumulated depreciation	(66,774)	(42,500)	(109,274)
Carrying amount	14,739	10,688	25,427
Movements for the year ended 31 December 2021			
Additions	-	71,746	71,746
Depreciation	(3,401)	(18,466)	(21,867)
Assets written off	(9,004)	-	(9,004)
	2,334	63,967	66,300
Closing balance at 31 December 2021			
At cost	43,604	92,604	136,208
Accumulated depreciation	(41,270)	(28,637)	(69,907)
Carrying amount	2,334	63,967	66,301
Reconciliation for the year ended 31 December 2020			
Balance at 1 January 2020			
At cost	81,512	41,276	122,788
Accumulated depreciation	(58,500)	(37,412)	(95,912)
Carrying amount	23,012	3,864	26,876
Movements for the year ended 31 December 2020			
Additions from acquisitions	-	11,912	11,912
Depreciation	(8,274)	(5,088)	(13,362)
	14,739	10,688	25,427
Closing balance at 31 December 2020			
At cost	81,513	53,188	134,701
Accumulated depreciation	(66,774)	(42,500)	(109,274)
Carrying amount	14,739	10,688	25,427

5. Inventories

Horse passport books	19,406	19,200
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Inventories are carried at the lower of cost or net realisable value (NRV).

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Notes to the Financial Statements

Figures in R

2021

2020

6. Trade and other receivables

Trade receivables	115,629	80,575
Prepaid expenses	-	52,887
Deposits paid	10,000	10,000
Staff loans	5,300	5,000
Value added tax	40,785	-
	<u>171,714</u>	<u>148,462</u>

Trade and other receivables are generally non interest bearing and receivable within 30 days.

Fair value

The carrying amount of trade and other receivables approximate its fair value due to the short-term nature of these instruments.

7. Cash and cash equivalents

Cash

Bank balances	<u>5,157,979</u>	<u>4,730,756</u>
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Cash and bank balances earn interest at rates linked to the prime interest rate based on a daily bank deposit rate.

Fair value

The carrying amount of cash and cash equivalents approximate its fair value due to the short term nature of these instruments.

8. General reserve

General reserve	<u>400,000</u>	<u>400,000</u>
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Financial Statements for the year ended 31 December 2021

Notes to the Financial Statements

Figures in R

2021

2020

9. Trade and other payables

Trade creditors	208,599	10,321
Accrued leave liability	40,954	-
Accrued expenses	59,326	2
Provision for bad debts	-	77,178
Legal appeal funds	6,000	6,000
Value added tax	-	187,951
	314,879	281,452

Trade and other payables are generally interest-free and settled within 14 to 30 days.

Fair value

The carrying amount of trade and other payables approximate its fair value due to the short-term nature of these instruments.

10. Income received in advance

DSAC 2019 -2020	358,974	358,973
DSAC 2020 -2021	253,353	253,353
DSAC 2021 -2022	1,010,000	-
FEI General Assembly	94,451	-
FEI Solidarity	180,596	180,596
FEI Group IX	16,907	16,907
FEI Registrations	-	11,491
Passport income received in advance	-	50,700
Membership fees received in advance	734,714	1,184,873
Lotto	4,873	41,339
	2,653,867	2,098,232

R1 010 000 received from the Department of Sport, Arts and Culture is to be used for implementing programs and projects aimed at developing sport and recreation in the Republic of South Africa in terms of the Sport and Recreation Act 1998 (Act No 110 of 1998 as amended) in the 2021 - 2022 year. Included in DSAC income received in advance are balances brought forward from 2019 - 2020 (R358 973.83) and 2020 - 2021 (R253 352.68) These amounts will be allocated in 2021 - 2022 as expenses are incurred.

R180 595.53 in FEI relates to funds brought forward from 2015 - 2017 for the FEI solidarity support fund project specifically for training and developing veterinarians. An amount of R94 450.87 was refunded to the federation by Tsogo Sun for the FEI 2020 General Assembly which was cancelled due to Covid-19. R16 907.08 was brought forward from prior years for FEI group IX funds which the federation is holding on behalf of the group.

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11. Income

Membership fees

Subscriptions	3,096,949	2,765,891
National license	3,913	4,417
International license	60,323	32,307
	<u>3,161,185</u>	<u>2,802,615</u>

Operational income

Passport sales	513,160	454,242
Passport courier	118,274	69,510
Sample analysis recoveries	36,895	20,670
Change of ownership	53,934	34,362
	<u>722,263</u>	<u>578,784</u>

12. Finance income

Interest received - Bank	<u>93,694</u>	<u>133,150</u>
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13. Government grants received

DSAC 2020 - 2021	587,455	-
DSAC 2019 - 2020	-	500,412
	<u>587,455</u>	<u>500,412</u>

An amount of R1 226 219 was received for the 2020 - 2021 year from the Department of Sport, Arts and Culture (DSAC), R587 455 was released to income to cover the expenses of the federation in line with the terms of the DSAC allocation agreement.

14. Funds received

SASCOC Covid-19 compliance fund	526,500	-
Tokyo 2021 Olympics fund	227,480	-
	<u>753,980</u>	<u>-</u>

Included in funds received is an amount of R526 500 received from the South African Sport Confederation and Olympic Committee (SASCOC) for the Covid-19 compliance officials cost. R224 480 was received towards the Tokyo 2021 Olympics.

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15. Operational expenses

COS - Passports	253,686	177,480
Sample analysis	103,382	42,500
FEI Organising dues	106,314	51,664
COS - FEI Passports	117,222	97,170
FEI Judicial costs	81,730	1,365
Commissions received	-	1,443
Admin fee - Passport agents	-	3,180
FEI Annual subscription fees	140,757	95,993
FEI General Assembly	-	94,451
FEI Calendar fees	46,547	4,960
FEI Horse registrations	29,886	19,870
Events liability insurance	76,261	79,591
FEI Rider registrations	18,064	15,225
Personal accident insurance	43,773	43,773
COS - Change of ownership	1,140	-
	1,018,762	728,665

16. Administrative expenses

Advertising	25,572	2,000
Bank charges	76,479	60,059
Computer expenses	7,132	65,120
Database expenses	150,351	-
Meeting expenses	34,476	11,311
Office consumables	23,026	20,247
Printing and stationery	191,012	114,412
Provincial subsidiary - Admin fees	131,833	276,152
Repairs and maintenance	26,275	2,336
Subscriptions	46,957	10,530
Telephone and fax	26,068	40,360
Travel expenses	134,414	172,744
	873,595	775,271

17. Consulting and professional fees

Accounting fees	80,343	171,654
Audit fees	138,150	65,530
Consulting fees	60,700	25,000
Legal fees	317,973	174,143
Veterinary checks	32,284	7,752
	629,450	444,079

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18. Employee costs

Salaries	1,541,234	1,709,385
Wages	2,596	5,160
UIF and SDL	23,009	18,224
Severance pay	782,862	-
Leave liability	40,954	-
	<u>2,390,655</u>	<u>1,732,769</u>

19. Occupancy expenses

Rent paid	115,859	101,743
Electricity	17,686	10,435
	<u>133,545</u>	<u>112,178</u>

20. Finance costs

Interest paid - SARS	-	8,290
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21. Other expenses

Workshop materials	869	6,694
Insurance	16,493	5,666
Foreign exchange gain/loss	9,158	4,851
Assets written off	9,003	-
Depreciation	21,867	13,362
Provision for bad debts reversed	(36,903)	-
	<u>20,487</u>	<u>30,573</u>

22. Fund expenses

SASCOC Covid-19 compliance	526,500	-
Tokyo 2021 Olympics	227,480	-
	<u>753,980</u>	<u>-</u>

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23. Cash flows from operating activities

(Deficit) / surplus for the year	(97,507)	433,724
<i>Adjusted for:</i>		
Finance income	(93,694)	(133,150)
Finance costs	-	8,290
Depreciation	21,867	13,362
Provision for bad debts reversed	(36,903)	-
Assets written off	41,333	-
<i>Changes in working capital</i>		
(Increase) / decrease in inventories	(206)	51,480
Decrease / (increase) in trade and other receivables	13,651	94,039
Increase (decrease) in trade and other payables	33,427	(808,052)
Increase in income received in advance	555,635	-
	437,603	(340,307)

24. Operating lease liability

Minimum lease payments under operating leases recognised as an expense during the year	115,859	101,743
At year-end, the federation has outstanding commitments under the operating lease that fall due as follows:		
Within year	128,400	248,400

Operating lease payments represent rentals payable by the federation for its office property.

The federation entered into a lease agreement commenced on 14 December 2020 for a period of 2 years and is due to expire on 31 December 2022. The initial monthly rental is R10 000 which escalates annually at a rate of 7%.

25. Related parties

Federation Equestrian International (FEI)	International Governing Body
South African Sports Confederation and Olympic Committee (SASCOC)	National Governing Body
Sharlene Venter	Secretary General
North West Equestrian Federation	Provincial Federation
Limpopo Equestrian Federation	Provincial Federation
Mpumalanga Equestrian Federation	Provincial Federation
Eastern Cape Equestrian Federation	Provincial Federation
Western Cape Equestrian Federation	Provincial Federation
Gauteng Equestrian Federation	Provincial Federation
Northern Cape Equestrian Federation	Provincial Federation
Wessel Strauss	Secretary General (Resigned 20 August 2021)

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Compensation paid to executive board members		
Basic salary - Sharlene Venter	424,908	-
Annual bonus - Sharlene Venter	33,226	-
Basic salary - Wessel Strauss	-	741,803
Severance pay - Wessel Strauss	782,862	-
	1,240,996	741,803
Related party transactions		
Provincial subsidiary administration fees		
Limpopo Equestrian Federation	26,500	20,000
Mpumalanga Equestrian Federation	22,000	-
Eastern Cape Equestrian Federation	8,333	-
North West Equestrian Federation	15,000	25,000
Western Cape Equestrian Federation	60,000	60,000
Gauteng Equestrian Federation	-	105,000
Northern Cape Equestrian Federation	-	10,000
	131,833	220,000
Included in annual subscription fee		
Federation Equestrian International (FEI)	98,442	95,993
Included in operational expenses		
Federation Equestrian International (FEI)	399,763	250,587
Included in operational income		
Federation Equestrian International (FEI)	404,390	190,255
Funds received		
SASCOC - Covid-19 compliance fund	526,500	-
SASCOC - Tokyo 2021 Olympics	227,480	-
	753,980	-
Fund expenses		
SASCOC - Covid-19 compliance cost	526,500	-
SASCOC - Tokyo 2021 Olympics	227,480	-
	753,980	-
Income received in advance		
Federation Equestrian International (FEI)	291,954	208,994

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26. Taxation

The South African Equestrian Federation has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act and the receipts and accruals are exempt from income tax in terms of section 10(1)(cN) of the Income Tax Act. The public benefit organisation has been approved for the purposes of section 18A(1)(a). Accordingly no provision for taxation was made.

27. Events after the reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The global outbreak of the Coronavirus (COVID-19) has caused significant volatility within the economic markets, for which the resultant economic impact is uncertain and cannot be predicted. This has affected the operations of the federation and some activities were postponed or cancelled during the year under review. Subsequent to the year-end, on 4 April 2022, President Cyril Ramaphosa issued a statement which terminated the National State of Disaster which had been declared in response to the COVID-19 pandemic on 15 March 2020. The full impact of the COVID-19 outbreak continues to evolve at the date of this report. Despite this, it does not at this point affect the federation's ability to continue as a going concern.

28. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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

29. First time adoption of International Financial Reporting Standards

In the current year, the federation for the first time, adopted the accounting framework International Financial Reporting Standards for Small and Medium-sized entities ('IFRS for SME'). Certain comparative information contained in these financial statements has been reclassified to ensure that the financial statements are presented in accordance with the reporting requirements of IFRS for SME.

On the date of initial application, the assets and liabilities of the company were not affected by the adoption of the new accounting framework, therefore the financial statements have not been restated.