



**LABRADOR RETRIEVER
KENNEL CLUB**

(Registration Number 930015033)

Annual Financial Statements
31 December 2017



Financials prepared by: Technical Financial Services

LABRADOR RETRIEVER KENNEL CLUB

(Registration Number 930015033)

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GENERAL INFORMATION

COUNTRY OF INCORPORATION	South Africa
NATURE OF BUSINESS	Non-profit organisation, club organisation
TRADING NAME	LRKC
LOCATION OF ORGANISATION DOCUMENTS	2/58 Jupiter Avenue Crowthorne Midrand 1685 South Africa
POSTAL ADDRESS	P O Box 30639 Kyalami 1684 South Africa
COMMITTEE	Mr. R Jansen van Vuuren (Chairman & Secretary) Mr. F van Rooyen (Vice Chairman) Ms. G Alberts (Secretary) – Resigned December 2017 Mr. D Malcolm (Treasurer) Mrs. A van Rooyen (Field Trial Secretary) Mrs. M van Tonder (Trophy Secretary) Mrs. J Pott (Field Trial Liaison Council Representative) Mr. G van Tonder (Equipment and Stock Manager) Mrs. T Rowian (Membership Secretary) Dr. A Kloeck
AUDITORS	A F Gatony & Co P O Box 31584 Kyalami 1684 South Africa

It is an honour to have a client, not a right

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE LABRADOR RETREIVER KENNEL CLUB

We have audited the annual financial statements for the year ended 31 December 2017 as set out on pages 3 to 14, which comprise the statement of financial position at 31 December 2017, the statement of comprehensive income, the statement of changes in reserves, the statement of cash flows and the notes, comprising a summary of significant accounting policies and other explanatory information. We draw your attention to the fact that the supplementary information set out on pages 15 to 16 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Management Committee's Responsibility for the Financial Statements

The management committee are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 2008 of South Africa, as amended. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

We have determined that the financial statements are in agreement with the accounting records and have done so by adopting such procedures and conducting such enquiries in relation to the books of account, as we considered necessary in the circumstances, and we are of the opinion that they fairly represent the financial position of the association as at 31 December 2017.

Accounting and Secretarial Duties

Without qualifying our opinion, we draw your attention to the fact that with the consent of committee, we have performed certain accounting and secretarial duties.



A.F. GATONBY & CO
CHARTERED ACCOUNTANTS (SA)
Practice Number 930997
14 March 2018

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MANAGEMENTS' RESPONSIBILITIES AND APPROVAL

The committee are required by the Companies Act of South Africa 2008 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 as to form and content and present fairly the statement of financial position, results of operations and business of the organisation, and explain the transactions and financial position of the business of the organisation at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the organisation and supported by reasonable and prudent judgements and estimates.

The committee acknowledge that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable the committee to meet these responsibilities, the board 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 organisation's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk throughout the organisation. 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 committee 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the committee have no reason to believe that the organisation will not be a going concern in the foreseeable future.

The financial statements have been audited by the independent auditing firm, A F Gatony & Co, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of committee and committee of the board. The committee believe that all representations made to the independent auditor during the audit were valid and appropriate. The independent auditors' report is presented on page 3.

The annual financial statements as set out on pages 3 to 14 are approved by the management committee on 14 March 2018 and are signed on their behalf by:

R Jansen van Vuuren (Chairman & Secretary)

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MANAGEMENT COMMITTEES' REPORT

The committee present their report for the year.

1. Main Business and operations

The principal activity of the organisation is a non-profit organisation and there were no major changes herein during the year. The operating results and statement of financial position of the organisation are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis resumes that funds will 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.

3. Events since statement of financial position

No material facts or circumstances, which affect these financial statements, have occurred between the statement of financial position date and the date of this report.

4. Committees' interest in contracts

To our knowledge none of the committee had any interest in contracted entered into during the year under review.

5. Management Committee

The management committee of the organisation during the year and to the date of this report are as follows:

Mr. R Jansen van Vuuren (Chairman and Secretary)

Mr. F van Rooyen (Vice Chairman)

Ms. G Alberts (Secretary) – Resigned December 2017

Mr. D Malcolm (Treasurer)

Mrs. A van Rooyen (Field Trial Secretary)

Mrs. M van Tonder (Show and Trophy Secretary)

Mrs. J Pott (Field Trial Liaison Council Representative)

Mr. G van Tonder (Equipment and Stock Manager)

Mrs. T Rowian (Membership Secretary)

Dr. A Kloeck

6. Auditors

A F Gatony & Co were the auditors for the year under review.

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TREASURER'S REPORT

This is my fourth year as Treasurer of the Labrador Retriever Kennel Club and it gives me great pleasure to present the 2017 Annual Financial Statements of the Club to you.

Upon reflection of the Club's financial health and of my Treasurer's Reports over the past four years, I wish to highlight the following:

In 2014 I reflected on the importance of correct accounting principles being adopted by the LRKC, in accordance with generally accepted accounting practices, and proposed that Technical Financial Services (an accounting and auditing practice) provide their services free of charge to the LRKC. With TFS kindly offering their services, the LRKC has since 2014 abided by these policies and our Annual Financial Statements have been consistently audited by an independent auditor, ensuring that the LRKC continues to be viewed as a going concern for the year ended 31 December 2017. I would like to thank TFS for their service and tiresome efforts to present accurate figures to the members of the LRKC.

In 2015, I reflected on costs being well contained and we again achieved this for the year ended 31 December 2017.

In 2016, the Club was affected by a poor economic climate that resulted in a deficit in the region of R25,500 for the year ended 31 December 2016. At the time I promised the Club that the Committee had taken corrective action from the experience of 2016 and implemented plans to ensure a reversal of the financial performance in 2017.

I am pleased to report that the Committee has been largely successful with these endeavours in 2017. Despite a continued difficult economic environment, high cost inflation coupled with stagnant membership numbers and event entries, we still increased revenue by 13% and reduced operating expenses by 6% year-on-year, thus reducing the net deficit substantially to just R3,255.99 for the year ended 31 December 2017.

From a balance sheet perspective, the cash on hand has decreased by 13% and this is largely driven by a significant increase in accounts receivable. We recognise that some of our members are experiencing financial constraints and we are in the process of negotiating payment terms with long outstanding debtors with a view to reducing this balance substantially in the short term. The creditors balance is due to the timing of year end cut off and outstanding creditors have since been settled. I am pleased to report that the balance sheet remains strong and the Club is in a solvent state as the total assets (R74,441) far outweigh the liabilities (R15,567) and it remains cash positive.

I wish to thank every member for their support over the past financial year and urge you to continue supporting the LRKC and its activities in 2018, we need you now more than ever.

To my fellow committee members, thank you for your unwavering dedication and commitment to the LRKC, and I do believe that you all deserve a round of applause for what was achieved during 2017.

D Malcolm (Treasurer)

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Statement of Financial Position

Figures in R	Note	2017	2016
Assets			
Non-Current Assets			
Property, plant, vehicles and equipment	3	<u>5</u>	<u>5</u>
Current Assets			
Trade and other receivables		21 548	14 174
Inventory	5	7 172	5 330
Prepaid expenses		8 940	15 000
Cash and cash equivalents	4	<u>36 776</u>	<u>42 079</u>
		<u>74 436</u>	<u>76 583</u>
Total Assets		<u>74 441</u>	<u>76 588</u>
Reserves and Liabilities			
Reserves			
Retained surplus (Accumulated deficit)		<u>58 874</u>	<u>62 130</u>
		<u>58 874</u>	<u>62 130</u>
Current Liabilities			
Trade and other payables		1 207	-
Labrador rescue donations received		2 170	530
Prepaid income		<u>12 190</u>	<u>13 887</u>
		<u>15 567</u>	<u>14 417</u>
Total Liabilities		<u>15 567</u>	<u>14 417</u>
Total Equity and Liabilities		<u>74 441</u>	<u>76 547</u>

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Statement of Comprehensive Income

Figures in R	2017	2016
Turnover	<u>120 150</u>	<u>104 607</u>
Gross Surplus	119 438	103 383
Other operating expenses	<u>(123 406)</u>	<u>(130 097)</u>
Operating surplus (deficit) for the year	(3 968)	(26 714)
Finance income	<u>712</u>	<u>1 224</u>
Net surplus (deficit) for the year	(3 256)	(25 490)
TAXATION - S.A. Normal tax	-	-
Net surplus (deficit) after taxation	<u>(3 256)</u>	<u>(25 490)</u>

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Statement of Changes in Reserves

Figures in R	2017	2016
Reserves		
Balance at beginning of year	62 130	87 620
Surplus (deficit) for the year	<u>(3 256)</u>	<u>(25 490)</u>
Balance at end of year	<u><u>58 874</u></u>	<u><u>62 130</u></u>

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Statement of Cash Flows

Figures in R	Note	2017	2016
Cash flows from operating activities			
Income Loss for the year		(3 256)	(25 490)
<i>Adjustments for:</i>			
Depreciation of Tangible assets		700	6 006
Finance costs			
Investment income		(712)	(1 224)
Operating cash flow before working capital changes		(3 268)	(20 708)
<i>Working capital changes</i>			
Increase in trade and other receivables		(7 374)	(7 051)
Increase in inventory		(1 842)	10 018
Increase in prepaid expenses		6 060	647
Increase in trade and other payables		1 207	-
Increase in Lab rescue donations		1 640	(1 490)
Increase in prepaid income		(1 697)	6 837
Cash generated by/(utilised in) operating activities		(5 274)	(11 747)
Investment income		712	1 224
Net cash from operating activities		(4 562)	(10 523)
Cash flows from financing activities			
Property, plant, vehicles and equipment acquired (sold)		700	3 270
Net cash (utilised in)/generated by financing activities		700	3 270
Increase/(decrease) in cash and cash equivalents		(9 567)	(13 793)
Cash and cash equivalents at beginning of the year		46 343	55 872
Cash and cash equivalents at end of the year	4	36 776	46 343

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Accounting Policies

1. General information

Labrador Retriever Kennel Club is a non-profit organisation incorporated in South Africa.

2. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the accounting policies as set out below and in accordance with the historical cost convention in South African Rands.

2.1. Property, plant, vehicles and equipment

Property, plant, vehicles and equipment are depreciated on a reducing balance basis at rates considered adequate to reduce their carrying values to estimate residual values over their anticipated useful lives. Rates applied are:

Crates	100%
Trophies	100%

Tools are not depreciated. Small items are written off on purchase.

Land and buildings are not depreciated.

Goodwill is not amortised

The cost of an item is recognized as an asset when it is probable that future economic benefits associated with the item will flow to the organisation, and when its cost can be measured reliably. Costs include costs incurred initially to acquire or construct an item, and costs incurred subsequently to add to, replace part of or service it. If a replacement cost is recognized in the carrying amount of an item, the carrying amount of the replacement part is derecognized. The stated estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of an item.

Each part of an item with a cost that is significant in relation to the total cost of the item is depreciated separately.

2.2. Stock

Stock represents raw materials and finished goods on hand and is valued by the committee at the lower of cost or net realisable value on a first-in first-out basis.

2.3. Turnover

Turnover represents the invoiced value of membership fees, entry fees for show and field trial events.

2.4. Financial instruments

The organisation classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of contractual arrangement. The financial assets and financial liabilities are recognised on the organisation Statement of Financial Position when the organisation becomes party to the contractual provision of the instrument.

2.5. Trade and other receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired. The Allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the effective interest rate computed at initial recognition.

2.6. Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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Accounting Policies

2.7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

2.8. Bank overdraft and borrowings

Bank overdraft and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with organisation accounting policy for borrowing cost.

2.9. Taxation

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the Statement of Financial Position date.

2.10. Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that the future taxable profit will be available against which unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Statement of Financial Position date.

2.11. Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Current tax and deferred taxes are charged or credited directly to equity if tax relates to items that are credited or charged, in the same or a different period, directly to equity.

2.12. Leases

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

2.13. Operating leases – lessee

Operating lease payments are recognised as an expense in the period in which they are incurred.

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Accounting Policies

2.14. Revenue

Revenue from the sale of goods is recognised when the following conditions have been satisfied:

- the organisation has transferred to the buyer significant risks and rewards of ownership of the goods;
- the organisation retains neither containing managerial involvement to the degree usually associated with the ownerships nor effective control over goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the organisation; and
- the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair market value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

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

2.15. Cost of Sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from the increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.16. Borrowing costs

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

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Notes to the Annual Financial Statements

Figures in R

2017

2016

3. Property, plant, vehicles and equipment

	COST	Accumulated Depreciation	Carrying Value	Carrying Value
Bird cages	6 488	6 487	1	1
Camping equipment	2 091	2 090	1	1
Crates	4 218	4 217	1	1
Show trophies	479 570	479 569	1	1
Other	2 015	2 015	1	1
	<u>494 382</u>	<u>494 378</u>	<u>5</u>	<u>5</u>

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances				
Thirty-two-day call account			21 279	20 567
Call account			100	-
Field trail account			100	-
Current account			14 727	21 512
Petty Cash			570	-
			<u>36 776</u>	<u>42 079</u>

5. Inventory

Inventory is currently classified as refreshment stock; consumed during field trial activity. An increase in 2017, is due to higher demand of refreshments at the field trial and passing on of stock from one Club to the other in terms of raising an invoice.

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Detailed Income Statement

Figures in R	2017	2016
Gross Revenue	120 150	104 607
Donations received	6 645	1 000
Interest received	712	1 224
Membership fees	15 208	15 950
Website advertising	17 750	9 315
Field Trial Income	54 550	47 892
Advertising/sponsorship	6 561	-
Camping fees	1 500	2 060
Catering income	8 879	9 935
Entry fees	21 300	21 696
Game sales	-	1 297
Raffle	2 960	4 200
Refreshments	13 350	8 704
Show Income	25 285	29 226
Entry fees	9 335	16 542
Memorabilia	9 785	-
Raffles	1 630	3 170
Show trophies	-	550
Sponsorship	4 080	-
Trophy engraving fees	455	8 964
Total Expenses	123 406	130 097
Administration expenses	15 106	18 755
AGM expenses	4 532	3 534
Bad Debts written off	1 493	-
Bank charges	2 067	3 203
Club fees	-	625
KUSA fees	-	1 565
Postage	1 207	1 343
Stationery and printing	5 807	8 485
Communication expenses	1 829	1 567
Website expenses	1 829	1 567
Depreciation expenses	700	6 006

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Detailed Income Statement

Figures in R	2017	2016
Field trial expenses	75 188	68 742
Ammunition	6 775	500
Catalogue	1 264	1 830
Champ stake cost	-	3 000
FTLC	1 184	1 044
Fuel	816	1 930
Game	14 810	13 030
Gifts	3 070	-
KUSA	934	-
Catering	20 939	17 144
Refreshments	10 932	18 218
Rosettes	509	896
Trailer hire	2 660	1 200
Venue Hire	5 000	4 000
Workers/throwers	6 295	5 950
Fun day expenses	-	1 710
Venue Hire	-	1 710
Promotional and selling expenses	1 146	1 124
Advertising	1 146	1 124
Show expenses	29 437	32 193
Catalogue	2 306	-
Gifts	-	1 352
Judge's fees	3 527	14 840
KUSA	2 751	2 495
Marquee Hire	1 900	-
Memorabilia	9 520	-
Raffle costs	-	460
Refreshments	1 860	3 600
Rosettes	2 553	1 936
Repairs and maintenance to trophies	3 035	3 000
Venue hire/showgrounds	1 985	1 510
WUMA donation	-	3 000
Net Surplus (Deficit) for the year	(3 256)	(25 490)