

# **Maritzburg College Old Boys' Association**

Annual Financial Statements  
for the year ended 31 December 2020

# **Maritzburg College Old Boys' Association**

Annual Financial Statements for the year ended 31 December 2020

## **General Information**

<b>Country of incorporation and domicile</b>	South Africa
<b>Registered office</b>	68 College Road Pietermaritzburg 3201
<b>Business address</b>	68 College Road Pietermaritzburg 3201
<b>Postal address</b>	P O Box 1123 Pietermaritzburg 3200
<b>Bankers</b>	Standard Bank Limited
<b>Preparer</b>	The financial statements were independently compiled by: G L Banfield Chartered Accountant (S.A.)

# **Maritzburg College Old Boys' Association**

Annual Financial Statements for the year ended 31 December 2020

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

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# Maritzburg College Old Boys' Association

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## Executive Committee's Responsibilities and Approval

The Association is made up of members and the members elect a number of members to sit on the Executive Committee. The executive committee is required 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 association as at the end of the financial year and the results of its operations for the period then ended, in conformity with the basis of accounting as set out in Note 1 to the financial statements. The executive committee is responsible for preparing the executive committee's report.

The financial statements are prepared in accordance with the basis of accounting as set out in Note 1 to the financial statements and are based upon appropriate accounting policies and supported by reasonable and prudent judgments and estimates.

The executive committee acknowledge that they are ultimately responsible for the system of internal financial control established by the association and place considerable importance on maintaining a strong control environment. To enable the executive committee to meet these responsibilities, the executive committee 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 association and all employees are required to maintain the highest ethical standards in ensuring the association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the association is on identifying, assessing, managing and monitoring all known forms of risk across the association. While operating risk cannot be fully eliminated, the association 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 committee are of the opinion, 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 executive committee has reviewed the association's cash flow forecast for the year to 31 December 2021 and, in the light of this review and the current financial position and they are satisfied that the association has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the association's financial statements. The financial statements have been examined by the association's external auditors and their report is presented on pages 5 to 6.

The financial statements set out on page 7, been prepared on the going concern basis, and the executive committee's report on page 4, were approved by the executive committee on 22 April 2021 and were signed on its behalf by:



G Little



G R Sayers

# **Maritzburg College Old Boys' Association**

Annual Financial Statements for the year ended 31 December 2020

## **Executive Committee's Report**

The executive committee has pleasure in submitting its report on the financial statements of Maritzburg College Old Boys' Association for the year ended 31 December 2020.

### **1. Nature of business**

Maritzburg College Old Boys' Association was formed in South Africa. The Association promotes good fellowship between past scholars of College and generally to promote and maintain close relations between the members of the Association, College teachers past and present, the Governing Body of College and the current scholars of College themselves.

There have been no material changes to the nature of the Association's business from the prior year.

### **2. Review of financial results and activities**

The financial statements have been prepared in accordance with Entity specific basis of accounting. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the association are set out in these financial statements.

### **3. Events after the reporting period**

The executive committee are aware of the COVID-19 pandemic as well as the country's downgrade to sub-investment grade. The pandemic related events are considered to be adjusting events after the reporting period. There is no immediate concern around going concern. Management has established high-level task teams that are continually assessing and monitoring developments with regard to the disease and at the time of finalising the report, the executive committee is confident that our responses are adequate and the crisis is being continuously monitored to assess the impact on the Association. Refer to note for details.

### **4. Going concern**

The executive committee believe that the association has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The executive committee have satisfied themselves that the association is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The executive committee are not aware of any new material changes that may adversely impact the association. The executive committee are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the association.

### **5. Auditors**

G C Ford Inc continued in office as auditors for the association for 2020.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARITZBURG COLLEGE OLD BOYS ASSOCIATION

### Opinion

We have audited the financial statements of Maritzburg College Old Boys Association set out on pages 7 to 14, which comprise of the statement of financial position as at 31 December 2020, the statement of comprehensive income, the statement of cash flows for the year then ended, and the notes, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Maritzburg College Old Boys Association at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with accounting policies specific to the entity as described in note 1.

### 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 association 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 members are responsible for the other information. The other information comprises of the Members' 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 Members for the financial statements

The members are responsible for the preparation and fair presentation of the financial statements in accordance with accounting policies specific to the entity as described in note 1, and for such internal control as the 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 members are responsible for assessing the association'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 members either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibility

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:

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- 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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' 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 association'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 association 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 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.

#### Supplementary Information

Without qualifying our opinion, we draw attention to the fact that the supplementary schedule set out on page 15 does not form part of the financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion on this.

#### Restriction of use

The financial statements have not been prepared in accordance with International Financial Reporting Standards or the International Financial Reporting Standards for Small and Medium-sized Entities. The financial statements have been prepared in accordance with the accounting policies specific to the entity as described in note 1 for the purposes of providing financial information to the members. The financial statements and our audit report may not be suitable for any purpose.



GC FORD INC  
DIRECTOR: ANDRE ROBERT DE VALENCE - 172 812  
REGISTERED AUDITOR  
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1 GEORGE MACFARLANE LANE  
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PIETERMARITZBURG  
3201

22 April 2021

# Maritzburg College Old Boys' Association

Annual Financial Statements for the year ended 31 December 2020

## Statement of Financial Position as at 31 December 2020

	Notes	2020 R	2019 Restated R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	27 363	16 069
Other financial assets	3	1 609 084	1 515 848
		<u>1 636 447</u>	<u>1 531 917</u>
<b>Current Assets</b>			
Cash and cash equivalents	4	302 348	707 378
<b>Total Assets</b>		<u>1 938 795</u>	<u>2 239 295</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated reserve		<u>1 938 795</u>	<u>1 986 584</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	5	-	252 711
<b>Total Liabilities</b>		<u>-</u>	<u>252 711</u>
<b>Total Equity and Liabilities</b>		<u>1 938 795</u>	<u>2 239 295</u>



**Maritzburg College Old Boys' Association**  
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**Statement of Comprehensive Income**

	Note	2020 R	2019 Restated R
Revenue		479 791	481 163
Other income	6	64 688	122 322
Operating expenses		(379 767)	(807 635)
<b>Operating surplus (deficit)</b>		<b>164 712</b>	<b>(204 150)</b>
Fair value adjustments		93 236	124 517
<b>Surplus (deficit) before taxation</b>		<b>257 948</b>	<b>(79 633)</b>
Taxation		-	-
<b>Surplus (deficit) for the year</b>		<b>257 948</b>	<b>(79 633)</b>
Other comprehensive income		-	-
<b>Total comprehensive surplus (deficit) for the year</b>		<b>257 948</b>	<b>(79 633)</b>

# Maritzburg College Old Boys' Association

Annual Financial Statements for the year ended 31 December 2020

## Statement of Changes in Equity

	Life members	General	150th	Big 5	Subs	Accumulated reserves	Total equity
	R	R	R	R	R	R	R
Opening balance as previously reported	373 548	86 009	289 020	137 933	-	-	886 510
Adjustments	-	-	-	-	1 283 197	-	1 283 197
Correction of prior year error	-	-	-	-	-	-	-
<b>Restated balance at 31 December 2018</b>	<b>373 548</b>	<b>86 009</b>	<b>289 020</b>	<b>137 933</b>	<b>1 283 197</b>	<b>(79 633)</b>	<b>2 169 707</b>
Surplus / (deficit) for the year	-	-	(10 461)	(69 173)	-	79 633	(79 633)
Transfer between reserves	-	-	-	-	366 711	-	366 711
Receipt of subs	5 343	176	5 800	-	-	-	11 319
Capitalisation of interest	(6 856)	33 499	(205 950)	(38 101)	(264 110)	-	(481 518)
Funds utilised/ received	-	-	-	-	-	-	-
<b>Balance at 31 December 2019</b>	<b>372 035</b>	<b>119 684</b>	<b>78 409</b>	<b>30 659</b>	<b>1 385 798</b>	<b>-</b>	<b>1 986 585</b>
Surplus for the year	-	13 971	20 922	223 056	-	257 948	257 948
Transfer between reserves	-	-	-	-	331 980	(257 948)	-
Receipt of subs	-	-	-	-	-	-	331 980
Capitalisation of interest	3 710	-	3 001	-	-	-	6 711
Funds utilised / received	(5 768)	(99 885)	(102 332)	(95 783)	(340 662)	-	(644 430)
<b>Balance at 31 December 2020</b>	<b>369 977</b>	<b>33 770</b>	<b>-</b>	<b>157 932</b>	<b>1 377 116</b>	<b>-</b>	<b>1 938 795</b>

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**Statement of Cash Flows**

	Notes	2020 R	2019 Restated R
<b>Cash flows from operating activities</b>			
Cash utilised by operations	7	<u>(387 284)</u>	<u>90 801</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		<u>(17 746)</u>	<u>-</u>
<b>Total cash movement for the year</b>		<b>(405 030)</b>	<b>90 801</b>
Cash at the beginning of the year		<u>707 378</u>	<u>616 577</u>
<b>Total cash at end of the year</b>		<b><u>302 348</u></b>	<b><u>707 378</u></b>

# Maritzburg College Old Boys' Association

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## Accounting Policies

### 1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the accounting policies as set out below. The financial statements have been prepared on the historical cost basis, except for financial assets at fair value. They are presented in South African Rands.

#### 1.1 Property, plant and equipment

Property, plant and equipment are tangible assets which the Association holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 years
IT equipment	Straight line	3 - 5 years

#### 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 surplus or deficit) 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. Debt instruments 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.

##### Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through surplus and deficit.

#### 1.3 Revenue

Oldboy subscriptions, donations and fundraising income or losses are recognised on the cash receipts basis. Scholar subscriptions are recognised on the cash receipts basis directly to the subs reserves and are amortised through the Statement of Comprehensive income over a five year period.

# Maritzburg College Old Boys' Association

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Financial Statements

### 2. Property, plant and equipment

	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	99 084	(86 242)	12 842	99 084	(83 015)	16 069
IT equipment	71 611	(57 090)	14 521	53 865	(53 865)	-
<b>Total</b>	<b>170 695</b>	<b>(143 332)</b>	<b>27 363</b>	<b>152 949</b>	<b>(136 880)</b>	<b>16 069</b>

#### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Furniture and fixtures	16 069	-	-	(3 227)	12 842
IT equipment	-	17 746	-	(3 225)	14 521
	<b>16 069</b>	<b>17 746</b>	<b>-</b>	<b>(6 452)</b>	<b>27 363</b>

	2020 R	2019 Restated R
<b>3. Other financial assets</b>		
<b>At fair value</b>		
Allan Gray investment	1 608 734	1 515 498
Jonty coins	350	350
	<b>1 609 084</b>	<b>1 515 848</b>
<b>Non-current assets</b>		
At fair value	1 609 084	1 515 848
<b>4. Cash and cash equivalents</b>		
Standard Bank Limited - current account	135 063	544 682
Nedbank - corporate saver 410	91 460	89 019
Nedbank - corporate saver 317	73 005	70 902
Nedbank - corporate saver 751	2 820	2 775
	<b>302 348</b>	<b>707 378</b>
<b>5. Trade and other payables</b>		
Employee severance accrual	-	245 305
Other accrued expenses	-	7 406
	<b>-</b>	<b>252 711</b>

**Maritzburg College Old Boys' Association**  
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**Notes to the Financial Statements**

	2020	2019
	R	Restated R
<b>6. Other income</b>		
Alumnet refund	6 199	10 240
Apparel sales	-	1 612
Branch dinners and events	(1 369)	257
Life members income	5 768	6 856
Net funds - golf day	26 075	50 435
Net funds - reunion bowls	4 680	4 956
Net funds - reunion dinner	22 875	31 795
Net funds - reunion lunch	300	3 414
Net funds - veterans	160	(6 567)
Pietermaritzburg branch donation	-	704
Reunion weekend bar sales	-	18 620
	<u>64 688</u>	<u>122 322</u>
<b>7. Cash (used in) generated from operations</b>		
Surplus (deficit) before taxation	257 948	(79 633)
<b>Adjustments for:</b>		
Depreciation	6 452	979
Fair value adjustments	(93 236)	(124 517)
Schoolboy subs receipted	331 980	366 711
Schoolboy subs amortised	(340 662)	(264 930)
Reserves utilised	(297 055)	(60 519)
<b>Changes in working capital:</b>		
Trade and other payables	(252 711)	252 710
	<u>(387 284)</u>	<u>90 801</u>

**8. Prior period errors**

Scholar subscriptions were incorrectly disclosed under trade payables. The scholar subscriptions have been corrected and are disclosed under Accumulated Reserves. The scholar subscriptions are funds that are received by the Association. The Association has the full right and authority to utilise funds as it sees fit. There are no obligations on behalf of the Association to refund any subscriptions received.

The fair value adjustments on the Allan Gray investment was incorrectly capitalised to reserves on the face of the Statement of Comprehensive Income. The allocation of fair value adjustments is allocated through the Statement of Changes in Equity.

The correction of the error results in adjustments as follows:

<b>Statement of Financial Position</b>		
Reserves	-	1 510 315
Trade and other payables	-	(1 385 798)
<b>Surplus or Deficit</b>		
Fair value adjustment	-	(124 517)

# Maritzburg College Old Boys' Association

Annual Financial Statements for the year ended 31 December 2020

## Notes to the Financial Statements

2020	2019
R	Restated R

### 9. Going concern

The executive committee believes that the Association has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The executive committee has satisfied themselves that the Association is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The executive committee are not aware of any new material changes that may adversely impact the Association. The executive committee are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Association.

### 10. Commitments

The MCOBA executive have a mandate to prepare a resolution to become a legacy donor to the 100M4C campaign before the end of 2021.

# Maritzburg College Old Boys' Association

Annual Financial Statements for the year ended 31 December 2020

## Detailed Income Statement

	Notes	2020 R	2019 Restated R
<b>Revenue</b>			
Subscriptions		479 791	481 163
<b>Other income</b>			
Alumnet refund		6 199	10 240
Apparel sales		-	1 612
Branch dinners and events		(1 369)	257
Life members income		5 768	6 856
Net funds - golf day		26 075	50 435
Net funds - reunion bowls		4 680	4 956
Net funds - reunion dinner		22 875	31 795
Net funds - reunion lunch		300	3 414
Net funds - veterans		160	(6 567)
Pietermaritzburg branch donation		-	704
Reunion weekend bar sales		-	18 620
		<b>64 688</b>	<b>122 322</b>
<b>Operating expenses</b>			
Accounting / audit fees		11 373	12 027
Advertising		17 928	-
Alumnet bank charges		8 068	12 456
Apparel - 6th Form gift		14 900	-
Bank charges		4 922	7 230
Consulting fees		173	-
Depreciation	2	6 452	979
Donations		1 570	153 011
Employee costs		243 245	491 031
Entertainment		200	5 335
General expenses		15 755	8 314
Legal expenses		-	32 545
Printing and stationery		1 776	9 377
School leavers induction		(451)	29 400
Subscriptions		37 996	28 197
Telephone and fax		7 729	8 546
Travel and accomodation		8 131	9 187
		<b>379 767</b>	<b>807 635</b>
<b>Operating surplus (deficit)</b>		<b>164 712</b>	<b>(204 150)</b>
Fair value adjustments		93 236	124 517
<b>Surplus (deficit) for the year</b>		<b>257 948</b>	<b>(79 633)</b>