UNIVERSITY OF KWAZULU-NATAL STAFF UNION

(Registration number LR 2/6/2/688)

Annual financial statements
for the year ended 31 December 2020

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Staff Union - attending to matters that require legal opinion, disputes and adhoc requests from members
Executive Committee	R Parkies C Allison J Cecil M Dlamini - elected 30 June 2020 D Engelbrecht N Gani - executive term ended 30 June 2020 P Gumbi - executive term ended 30 June 2020 B Johnson - executive term ended 30 June 2020 A Khala-Phiri - elected 30 June 2020 A Luthuli - elected 30 June 2020 T Maistry M Mdhluli N Moodley M Mpya - co-opted 01 October 2020 M Ntuli R Sigamoney B Yalezo
Business address	E221 Shepstone Building University of KwaZulu-Natal Glenwood 4001
Auditor	Baker Tilly Morrison Murray Registered Auditors Chartered Accountants (S.A.)
Union registration number	LR 2/6/2/688
Tax reference number	9045/606/16/8
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Constitution.
Preparer	The annual financial statements were independently compiled by: Monique Sharpley Chartered Accountant (SA)
Issued	28 June 2021

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

Executive Committee's Responsibilities and Approval

The executive committee are required by the Constitution, 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 fairly present the state of affairs of the union as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The external auditor is responsible for independently auditing and reporting on the union's financial statements. The financial statements have been examined by the union's external auditor and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 9 to 17, which have been prepared on the going concern basis, were approved by the executive committee and were signed on its behalf by:

Ramond Parkies 19/06/2021 07:39:32 (UTC+02:00) Signed by Ramond Parkies, Parkiesr@ukzn.ac.za SIGNIFLOW.COM	Mandlenkosi Mdhluli 19/06/2021 07:36:34 (UTC+02:00) Signed by Mandlenkosi Mdhluli, Mdhlulim@ukzn.ac.za SIGNIFLOW.COM
R Parkies	**M Mdhluli**

bakertilly
MORRISON MURRAY

Registered Auditors
Chartered Accountants (SA)

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South Africa

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Independent Auditor's Report

To the members of University of KwaZulu-Natal Staff Union

Opinion

We have audited the financial statements of University of KwaZulu-Natal Staff Union set out on pages 9 to 16, which comprise the statement of financial position as at 31 December 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the annual 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 University of KwaZulu-Natal Staff Union as at 31 December 2020, 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 and the requirements of the Constitution.

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 company 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.

Emphasis of Matter

We draw attention to Note 6 to the financial statements which indicates that the union may be negatively impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organisation in March 2020. Our opinion is not modified in respect of this matter.

Supplementary Information

We draw your attention to the fact that the supplementary information set out on page 17 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.

Independent Auditor's Report

Responsibilities of the Executive Committee for the Annual Financial Statements

The executive committee are responsible for the preparation and fair presentation of the annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Constitution, and for such internal control as the executive committee determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive committee are responsible for assessing the union'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 committee either intend to liquidate the union 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 International Standards on Auditing 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 International Standards on Auditing, 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 union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee.
- Conclude on the appropriateness of the executive committee'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 union'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 union 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 committee 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.

Independent Auditor's Report

Compliance with Section 98(2)(b)(i) and (ii) of the Labour Relations Act, 1995

The Union has complied with all the provisions of its constitution relating to financial matters and it is not party to any agency shop agreement referred to in section 25 or a closed shop agreement referred to in section 26 of Part B of the Labour Relations Act, 1995.

Baker Tilly Morrison Murray

Baker Tilly Morrison Murray

Partner: M Sharpley CA(SA)
Registered Auditor

Westville

Date: 28 June 2021

Executive committee's Report

The executive committee has pleasure in submitting their report on the annual financial statements of University of KwaZulu-Natal Staff Union for the year ended 31 December 2020.

1. Nature of business

The union attends to matters that require legal opinion, disputes and adhoc requests from members. There have been no material changes to the nature of the union's business from the prior period.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Constitution. 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 union are set out in these annual financial statements.

3. Executive committee

The members in office at the date of this report are as follows:

Executive committee
R Parkies
C Allison
J Cecil
M Dlamini - elected 30 June 2020
D Engelbrecht
N Gani - executive term ended 30 June 2020
P Gumbi - executive term ended 30 June 2020
B Johnson - executive term ended 30 June 2020
A Khala-Phiri - elected 30 June 2020
A Luthuli - elected 30 June 2020
T Maistry
M Mdhluli
N Moodley
M Mpya - co-opted 01 October 2020
M Ntuli
R Sigamoney
B Yalezo

Executive committee's Report

4. Going concern

On 11 March 2020, the World Health Organisation declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This led the President of South Africa to impose a nation-wide lockdown which has caused the union to close its operations for 5 weeks from 27 March 2020. While the disruption is currently expected to be temporary, there is uncertainty around the duration as well as the recovery timeline. Therefore, while the union expects this matter to negatively impact its business, cash flow, results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.

Notwithstanding the operational and financial effects of the nation-wide lockdown, the executive committee believe that the union has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The executive committee have satisfied themselves that the union 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 further material changes that may adversely impact the union. 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 union.

5. Membership

Th number of members as at 31 December 2020 was 2001 members (2019: 1956 members).

Statement of Financial Position as at 31 December 2020

Figures in Rand	Note(s)	2020	2019
Assets			
Non-Current Assets			
Equipment	2	17 159	9 088
Current Assets			
UKZN cost centre		9 381	20 990
Cash and cash equivalents	3	1 022 760	1 110 824
		1 032 141	**1 131 814**
Total Assets		**1 049 300**	**1 140 902**
Equity and Liabilities			
Equity			
Retained income		1 049 300	1 042 596
Liabilities			
Current Liabilities			
Trade and other payables		-	98 306
Total Equity and Liabilities		**1 049 300**	**1 140 902**

University of KwaZulu-Natal Staff Union

Annual Financial Statements for the year ended 31 December 2020

Statement of Comprehensive Income

Figures in Rand	Note(s)	2020	2019
Revenue			
Membership fees		1 188 750	1 121 946
Operating expenses			
Annual general meetings		-	100 540
Auditors remuneration		13 886	14 789
Bank charges		2 122	2 458
Conference and seminar fees		8 140	17 226
Consulting fees		272 965	231 479
Depreciation, amortisation and impairments		2 017	1 092
Honorarium		37 125	34 635
Legal expenses		760 351	285 210
Member gifts		3 750	84 915
Member incentives		9 949	930
Office expenses		8 258	5 170
Subsistence		6 730	52 061
Sundry expenses		46 810	12 230
Telephone		11 469	4 628
Travel		27 880	64 037
		1 211 452	**911 400**
Operating (deficit) surplus		**(22 702)**	**210 546**
Investment income		29 406	37 342
Surplus for the year		**6 704**	**247 888**

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 January 2019	**794 708**	**794 708**
Surplus for the year	**247 888**	**247 888**
Balance at 01 January 2020	**1 042 596**	**1 042 596**
Surplus for the year	**6 704**	**6 704**
Balance at 31 December 2020	**1 049 300**	**1 049 300**

Statement of Cash Flows

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Cash (used in) generated from operations	5	(118 991)	302 599
Interest income		29 406	37 342
Net cash from operating activities		**(89 585)**	**339 941**
Cash flows from investing activities			
Purchase of equipment	2	(10 088)	(8 090)
Movement in UKZN cost centre		11 609	170 932
Net cash from investing activities		**1 521**	**162 842**
Total cash movement for the period		**(88 064)**	**502 783**
Cash at the beginning of the period		1 110 824	608 041
Total cash at end of the period	3	**1 022 760**	**1 110 824**

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Constitution. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Key sources of estimation uncertainty

Impairment testing

The union reviews and tests the carrying value of property, plant and equipment, investment property on the cost model and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

1.2 Equipment

Equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost includes costs incurred initially to acquire or construct an item of equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the diminishing balance method to write down the cost, less estimated residual value over the useful life of the equipment as follows:

Item	Depreciation method	Average useful life
Office equipment	Diminishing balance	5 years

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Gains and losses on disposals are recognised in surplus or deficit.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price. This includes transaction costs, except for financial assets and liabilities that are measured at fair value through surplus or deficit.

Accounting Policies

1.3 Financial instruments (continued)

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value and are measured at cost which is deemed to be fair as they have a short-term maturity.

Bank overdrafts are included within current liabilities in the statement of financial position.

All financial assets whose fair value cannot otherwise be measured reliably, and which do not meet the criteria to be designated as instruments measured at amortised cost, are measured at cost less impairment.

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.

1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the union and the revenue can be measured with reliability. The revenue is recognised as follows:

a) Membership fees - on an accrual basis

b) Interest income - on a time proportion basis using the effective interest method.

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

2. Equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Office equipment	25 249	(8 090)	17 159	15 160	(6 072)	9 088

Reconciliation of equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
Office furniture and equipment	9 088	10 088	(2 017)	17 159

Reconciliation of equipment - 2019

	Opening balance	Additions	Depreciation	Closing balance
Office furniture and equipment	2 090	8 090	(1 092)	9 088

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	2020	2019
FNB Business account	330 467	447 937
FNB 7 Day Notice account	692 293	662 887
	1 022 760	**1 110 824**

4. Taxation

The Union is a Public Benefit Organisation and is therefore exempt from taxation in accordance with the Income Tax Act, Section 10(1)(cN).

5. Cash (used in) generated from operations

	2020	2019
Surplus (deficit) for the year	6 704	247 888
Adjustments for:		
Depreciation and amortisation	2 017	1 092
Interest received	(29 406)	(37 342)
Changes in working capital:		
Trade and other payables	(98 306)	90 961
	(118 991)	**302 599**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

6. Going concern

On 11 March 2020, the World Health Organisation declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This led the President of South Africa to impose a nation-wide lockdown which has caused the union to close its operations for an extended period from 27 March 2020. While the disruption is currently expected to be temporary, there is uncertainty around the duration as well as the recovery timeline. Therefore, while the union expects this matter to negatively impact its business, cash flow, results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.

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Supplementary Information

Honorarium

L Barausse	1 790	3 229
J Cecil	4 680	4 050
M Dlamini	930	-
D Engelbrecht	1 650	614
N Gani	500	3 250
P Gumbi	150	464
Prof J John-Langba	-	886
B Johnson	950	550
A Khala-Phiri	330	-
A Luthuli	480	-
K Mahadave	-	714
T Maistry	1 980	150
X Majola	-	1 073
M Mdhluli	2 180	2 030
N Moodley	1 450	2 550
M Mpya	325	2 000
C Musto	2 030	1 700
S Naicker	250	850
M Ntuli	1 450	1 400
R Parkies	8 700	4 175
R Sigamoney	2 950	3 100
R Singh	-	(1 025)
B Yalezo	4 350	2 875
	37 125	**34 635**