

**NATIONAL UNION OF PUBLIC SERVICE AND ALLIED
WORKERS (CONSOLIDATED)**

Reg. no: LR2/6/2/723

ANNUAL FINANCIAL STATEMENTS

31 MARCH 2011



Greyling & Van Der Merwe

Chartered Accountants (SA)
Registered Accountants & Auditors

**NATIONAL UNION OF PUBLIC SERVICE AND ALLIED WORKERS
(CONSOLIDATED)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2011**

NATIONAL EXECUTIVE COUNCIL AND ADMINISTRATION

Union registration number:

LR2/6/2/723

National Executive Council:

Mr. E. Mfingwana (President)
Mr. S.W.A. Memela (National Treasurer)
Mr. L.L.B. Xhamela (Eastern Cape Secretary)
Ms. M.E. Moswatsi (Gauteng Secretary)
Mr. S.V. Gumbi (KZN Treasurer)
Mr. A.L. Ramakumba (Limpopo Secretary)
Mr. K.I. Mokaila (North-West Secretary)

Mr. T.A. Mtshali (Deputy President)
Mr. S. Mataitsane (General Secretary)
Ms. G. Ntissa (Eastern Cape Chairperson)
Mr. A.N. Ndamane (KZN Chairperson)
Mr. L.I. Ngobeni (Limpopo Chairperson)
Mr. F.P. Funani (North-West Chairperson)
Mr. P. Twala (Western Cape – Chairperson)

Registered Address:

814 Church Street
Eastwood
Pretoria
0083

Auditors:

Greyling & Van Der Merwe

Bankers:

First National Bank Limited
Standard Bank Limited
ABSA Bank Limited
Investec Bank Limited
Nedbank Limited
Mercantile Bank Limited

COMPOSITION OF THE FINANCIAL STATEMENTS

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The annual financial statements, which appear on pages 2 to 13, were approved and signed by the National Executive Council on 6 September 2011.


National Treasurer


President



Greyling & Van Der Merwe

**Chartered Accountants (SA)
Registered Accountants & Auditors**

P.O. Box 131368 Northmead 1511 Tel: (011) 425-6713 Cell: 082 600 1192 E-mail: cobusva@greyvdmerwe.co.za	No.39 Uys Krige str Farrarmere 1518 Fax: (011) 425-4866
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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE NATIONAL UNION OF PUBLIC SERVICE AND ALLIED WORKERS (CONSOLIDATED)

We have audited the accompanying financial statements of The National Union of Public and Allied Workers (consolidated), which comprise the balance sheet as at 31 March 2011, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for SMES. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Qualification

In common with similar organisations, it is not feasible for the organisation to institute accounting controls over cash collections prior to the initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Audit opinion

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements fairly present, in all material respects, the financial position of the trade union at 31 March 2011 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practice and in the manner required by the Union's Constitution and the Labour Relations Act, 1995 (Act No. 66 of 1995).

Greyling & Van Der Merwe
Registered Accountants and Auditors /
Chartered Accountants (SA)
6 September 2011

**NATIONAL UNION OF PUBLIC SERVICE AND ALLIED WORKERS
(CONSOLIDATED)
REPORT OF THE REGIONAL EXECUTIVE COUNCIL FOR THE YEAR
ENDED 31 MARCH 2011**

The National Executive Council presents its annual report, which forms part of the audited financial statements of the union for the year ended 31 March 2011.

1. Nature of business

The main activity of the union is to protect and promote the interest of workers in public and private service in and around the country.

2. Review of financial results

The financial position and results of operations of the union for the year under review are reflected in the attached financial statements.

3. Material events after year end

The National Executive Council is not aware of any material fact or circumstance which took place prior to the accounting date or between the accounting date and publication of this report, which would adversely influence the assessment of the Union's financial state or the results of its operations.

4. Auditors

Greyling & Van Der Merwe will continue in office in accordance with union's constitution.

5. Going Concern

The annual financial statements have been prepared on the going concern basis on the assumption that such support will continue to be forthcoming.

**NATIONAL UNION OF PUBLIC SERVICE AND ALLIED WORKERS
(CONSOLIDATED)
BALANCE SHEET AT 31 MARCH 2011**

	NOTES	2011 R.	2010 R.
ASSETS			
Non-current assets		6,194,953	5,108,112
Property, plant and equipment	2	4,974,035	4,014,893
Investments	3	1,220,918	1,093,219
Current assets		6,492,189	5,550,329
Trade and other receivables	4	327,935	406,530
Cash and bank	5	6,164,254	5,143,799
Total assets		<u>12,687,142</u>	<u>10,658,441</u>
RESERVES AND LIABILITIES			
Reserves		11,975,374	9,452,169
Accumulated surplus		11,975,374	9,452,169
Current liabilities		711,768	1,206,272
Trade and other payables	6	711,768	1,206,272
Total reserves and liabilities		<u>12,687,142</u>	<u>10,658,441</u>

**NATIONAL UNION OF PUBLIC SERVICE AND ALLIED WORKERS
(CONSOLIDATED)
INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2011**

NOTES

		2011 R.	2010 R.
REVENUE	7	17,621,823	14,082,492
Other income	8	327,769	186,323
Commission received		243,160	186,323
Sundry Income		84,609	-
Gross income		17,949,592	14,268,815
EXPENSES		(15,618,336)	(13,224,599)
Administrative expenses		(11,262,967)	(9,630,507)
Staff costs		(4,355,369)	(3,594,092)
Surplus from operations	9	2,331,256	1,044,216
Net finance Income	10	191,949	233,701
Net surplus for the year		<u>2,523,205</u>	<u>1,277,917</u>

**NATIONAL UNION OF PUBLIC SERVICE AND ALLIED WORKERS
(CONSOLIDATED)
STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED
31 MARCH 2011**

	Accumulated surplus
Balance at 1 March 2009	8,174,252
Net surplus for the year	1,277,917
Balance at 31 March 2010	<u>9,452,169</u>
Net surplus for the year	2,523,205
Balance at 31 March 2011	<u><u>11,975,374</u></u>

**NATIONAL UNION OF PUBLIC SERVICE AND ALLIED WORKERS
(CONSOLIDATED)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011**

	NOTES	2011 R.	2010 R.
Cash flows from operating activities			
Operating surplus for the year		2,523,205	1,277,917
Adjusted for:			
Depreciation		56,157	53,980
Net finance income		(191,949)	(233,701)
Cash surplus before working capital changes		2,387,413	1,098,196
Movements in working capital		(415,907)	625,792
Decrease in accounts payable		(494,502)	434,000
Decrease in accounts receivable		78,595	191,792
Cash inflow from operations		1,971,506	1,723,988
Interest received		191,949	233,701
Cash generated from operating activities		2,163,455	1,957,689
Cash flows from investing activities			
Additions of fixed assets		(1,015,301)	(1,475,922)
Increase in investments		(127,699)	1,692,449
Cash utilized in investing activities		(1,143,000)	216,527
Increase in cash and cash equivalents		1,020,455	2,174,216
Cash and cash equivalents at beginning of year	5	5,143,799	2,969,583
Cash and cash equivalents at end of year	5	6,164,254	5,143,799

**NATIONAL UNION OF PUBLIC SERVICE AND ALLIED WORKERS
(CONSOLIDATED)
NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2011**

1. Basis of preparation and accounting policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB).

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

1.2 Property, plant and equipment

Items of property plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method.

Fixed assets are depreciated at the following rates:

Cell phones	2 years
Computer equipment	3 years
Computer software	2 years
Furniture and fittings	5 years
Office equipment	5 years

1.3. Revenue recognition

Revenue is recognized upon receipt of the region's allocation of membership subscriptions received from the union members.

Investment income is recognized on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when such income will accrue to the Union

1.4 Financial instruments

Initial recognition

The union 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 the contractual arrangement.

Financial assets and financial liabilities are recognized on the balance sheet when the union becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are recognized initially at fair value. In the case of financial assets or liabilities classified as at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instruments are added to the fair value.

Subsequent measurement

After initial recognition financial assets are measured as follows:

- Loans and receivables and held-to-maturity investments are measured at amortized cost less any impairment losses recognized to reflect irrecoverable amounts.
- Financial assets classified as available-for-sale or at fair value through profit or loss, including derivatives, are measured at fair values. Fair value, for this purpose, is market related if listed, or a value arrived at by using appropriate valuation models, if unlisted.
- Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost.

After initial recognition financial liabilities are measured as follows:

- Financial liabilities at fair value through profit or loss, including derivatives that are liabilities, are measured at fair value.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognized as follows:

- Where financial assets and financial liabilities are carried at amortized cost, a gain or loss is recognized in profit or loss through the amortization process and when the financial asset or financial liability is derecognized or impaired.
- A gain or loss on a financial asset or financial liability classified as at fair value through profit or loss is recognized in profit or loss.
- A gain or loss on an available-for-sale financial asset is recognized directly in equity, through the statement of changes in equity, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in equity is recognized in profit or loss.

The particular recognition methods adopted are disclosed in the individual policies stated below:

Trade and other receivables

Trade and other receivables originated by the enterprise are classified at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash. Cash and cash equivalents are measured at fair value.

Trade and other payables

Trade and other payables are recognized at their original debt value less principal payments.

1.5 Provisions

Provisions are recognized when the entity has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made.

1.6 Investments

Investments are carried at their respective fair values

2. Property, plant and equipment

2011

	Land and buildings	Computer Equipment	Cellular phones	Office equipment	Furniture & fittings	Computer software	Total
Carrying value - beginning of year	3,892,935	56,846	1,574	2,844	55,405	- 5,288	4,014,893
Additions	921,516	28,565	-	30,740	30,439	- 4,040	1,015,301
Depreciation	-	(24,965)	(1,568)	(9,987)	(16,301)	- (3,336)	(56,156)
Carrying value - end of year	4,814,451	60,446	6	23,597	69,543	- 5,992	4,974,035
Gross carrying value	4,814,451	515,190	47,290	135,041	391,448	- 126,262	6,029,682
Accumulated depreciation	-	(454,745)	(47,284)	(101,372)	(331,974)	- (120,271)	(1,055,646)
Accumulated depreciation beginning of year	-	429,780	45,716	91,385	315,673	116,935	999,489
Depreciation - income statement	-	24,965	1,568	9,987	16,301	3,336	56,157

2010

	Land and buildings	Computer Equipment	Cellular phones	Office equipment	Furniture & fittings	Computer software	Total
Carrying value - beginning of year	2,484,723	31,518	7,202	9,528	58,693	- 1,286	2,592,950
Additions	1,408,212	48,836	-	-	12,876	- 5,998	1,475,922
Depreciation	-	(23,508)	(5,628)	(6,684)	(16,164)	- (1,996)	(53,980)
Carrying value - end of year	3,892,935	56,846	1,574	2,844	55,405	- 5,288	4,014,893
Gross carrying value	3,892,935	486,625	47,290	104,301	361,009	- 122,222	5,014,382
Accumulated depreciation	-	(429,780)	(45,716)	(91,385)	(315,673)	- (116,935)	(999,489)
Accumulated depreciation beginning of year	-	406,272	40,088	84,701	299,509	114,939	945,509
Depreciation - income statement	-	23,508	5,628	6,684	16,164	1,996	53,980

3. Investments

	2011 R.	2010 R.
First National Bank - Notice Deposit	990,115	863,741
Standard Bank	30,803	29,478
Listed shares	200,000	200,000
	<u>1,220,918</u>	<u>1,093,219</u>

4. Trade and other Receivables

Deposits	24,137	22,637
Staff loans	3,375	-
PSCBC	300,423	383,893
	<u>327,935</u>	<u>406,530</u>

5. Cash and cash equivalents

For the purpose of the cash flow statement the year-end cash and cash equivalents comprise the following:

	2011 R.	2010 R.
ABSA Bank	388,876	290,578
FNB accounts	5,679,718	4,650,339
Investec	-	79,610
Nedbank	3,657	3,657
Petty cash	1,062	-
Staff Utility Account	90,941	119,615
	<u>6,164,254</u>	<u>5,143,799</u>

6. Trade and other payables

Accruals	192,534	760,307
Leave Accrual	519,234	445,965
	<u>711,768</u>	<u>1,206,272</u>

7. Revenue

Membership Fees	<u>17,621,823</u>	<u>14,082,492</u>
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8. Other Income

Commission	243,160	186,323
Sundry income	84,609	-
	<u>327,769</u>	<u>186,323</u>

9. Net surplus for the year

Net surplus for the year is stated after taking into account:

Income

Interest received	191,949	233,701
Commission	243,160	186,323

Expenses

Operating lease - Premises	366,605	442,218
Operating lease - Equipment Rental	212,857	204,241
Audit fees	348,244	364,622
Depreciation	56,157	53,980

10. Net finance income

Interest received	191,949	223,701
	<u>191,949</u>	<u>223,701</u>

11. Taxation

The Union is exempt from tax in terms of section 10(1)(cb) of the Income Tax Act.

12. Related Party Transactions

The National Union of Public Service and Allied Workers is a Registered Trade Union and has its Head Office in Pretoria. The Union operates from 6 regional offices namely Gauteng, Eastern Cape, Kwa-Zulu Natal, Western Cape, Limpopo and North West. It also has an Agency Shop. Transactions that occur between these parties are regarded as related party transactions.

Included in balance Sheet

	2011 R.	2010 R.
Inter Company Loans		
Agency Shop		
Balance at Beginning of year	(1,587,854)	345,108
Amount Granted	486,382	-
Amount repaid	(2,027,965)	(1,932,962)
Balance at end of year	<u>(3,129,437)</u>	<u>(1,587,854)</u>

Other regions

Gauteng	11,007	-
Kwazulu Natal	216,029	50,000
Western cape	17,947	-

Included in Income Statement

Gauteng	537,004	411,756
Grants distributed	424,504	314,256
Provincial organizer's S & T Distributed	112,500	97,500
Eastern Cape	233,583	146,404
Grants Distributed	134,583	101,404
Provincial Organizer's S & T Distributed	99,000	45,000
Limpopo	542,908	367,075
Grants Distributed	425,908	307,075
Provincial Organizer's S & T Distributed	117,000	60,000
North West	255,965	171,676
Grants Distributed	156,965	119,176
Provincial Organizer's S & T Distributed	99,000	52,500
Freestate	105,281	-
Grants Distributed	26,043	-
Donation from head office	34,238	-
Provincial Organizer's S & T Distributed	45,000	-
Mpumalanga	151,910	-
Grants Distributed	68,786	-
Donation from head office	49,374	-
Provincial Organizer's S & T Distributed	33,750	-

Western Cape

	434,120	357,888
Grants Distributed	374,120	267,888
Provincial Organizer's S & T Distributed	60,000	90,000

Kwazulu Natal

	1,400,879	1,096,755
Grants Distributed	1,124,879	871,755
Provincial Organizer's S & T Distributed	276,000	225,000

Remuneration of key personnel

S Mataitsane - General Secretary	359,700	277,320
Basic salary	340,000	258,120
Car allowance	18,000	18,000
Computer allowance	1,700	1,200