

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

Reg. no: LR2/6/2/723

ANNUAL FINANCIAL STATEMENTS

31 MARCH 2012



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 2012**

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)
Ms. M.H.Lecogo (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 12, were approved and signed by the National Executive Council on 18 July 2012.

National Treasurer

President



Greyling & Van Der Merwe

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

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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 2012, 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 2012 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)
18 July 2012

**NATIONAL UNION OF PUBLIC SERVICE AND ALLIED WORKERS
(CONSOLIDATED)
REPORT OF THE REGIONAL EXECUTIVE COUNCIL FOR THE YEAR
ENDED 31 MARCH 2012**

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 2012.

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 2012**

	NOTES	2012 R.	2011 R.
ASSETS			
Non-current assets		7,990,450	6,194,953
Property, plant and equipment	2	6,818,753	4,974,035
Investments	3	1,171,697	1,220,918
Current assets		4,078,771	6,492,189
Trade and other receivables	4	307,014	327,935
Cash and bank	5	3,771,757	6,164,254
Total assets		<u>12,069,221</u>	<u>12,687,142</u>
RESERVES AND LIABILITIES			
Reserves		11,558,023	11,975,374
Accumulated surplus		11,558,023	11,975,374
Current liabilities		511,198	711,768
Trade and other payables	6	511,198	711,768
Total reserves and liabilities		<u>12,069,221</u>	<u>12,687,142</u>

**NATIONAL UNION OF PUBLIC SERVICE AND ALLIED WORKERS
(CONSOLIDATED)
INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2012**

NOTES

		2012 R.	2011 R.
REVENUE	7	18,232,017	17,621,823
Other income	8	397,715	327,769
Commission received		209,688	243,160
Sundry Income		188,027	84,609
Gross income		<u>18,629,732</u>	<u>17,949,592</u>
EXPENSES		(19,230,923)	(15,618,336)
Administrative expenses		(13,998,774)	(11,262,967)
Staff costs		(5,232,149)	(4,355,369)
Surplus from operations	9	<u>(601,191)</u>	<u>2,331,256</u>
Net finance Income	10	183,840	191,949
Net surplus / (deficit) for the year		<u>(417,351)</u>	<u>2,523,205</u>

**NATIONAL UNION OF PUBLIC SERVICE AND ALLIED WORKERS
(CONSOLIDATED)
STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED
31 MARCH 2012**

	Accumulated surplus
Balance at 1 April 2010	9,452,169
Net surplus for the year	2,523,205
Balance at 31 March 2011	<u>11,975,374</u>
Net deficit for the year	(417,351)
Balance at 31 March 2012	<u><u>11,558,023</u></u>

**NATIONAL UNION OF PUBLIC SERVICE AND ALLIED WORKERS
(CONSOLIDATED)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012**

	NOTES	2012 R.	2011 R.
Cash flows from operating activities			
Operating surplus / (deficit) for the year		(417,351)	2,523,205
Adjusted for:			
Depreciation		93,420	56,157
Net finance income		(183,840)	(191,949)
Cash shortage before working capital changes		(507,771)	2,387,413
Movements in working capital		(179,649)	(415,907)
Decrease in accounts payable		(200,570)	(494,502)
Decrease in accounts receivable		20,921	78,595
Cash outflow to operations		(687,420)	1,971,506
Interest received		183,840	191,949
Cash utilized in operating activities		(503,580)	2,163,455
Cash flows from investing activities			
Additions of fixed assets		(1,938,138)	(1,015,301)
Decrease in investments		49,221	(127,699)
Cash utilized in investing activities		(1,888,917)	(1,143,000)
Decrease in cash and cash equivalents		(2,392,497)	1,020,455
Cash and cash equivalents at beginning of year	5	6,164,254	5,143,799
Cash and cash equivalents at end of year	5	3,771,757	6,164,254

**NATIONAL UNION OF PUBLIC SERVICE AND ALLIED WORKERS
(CONSOLIDATED)
NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2012**

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

2012

	Land and buildings	Computer Equipment	Cellular phones	Office equipment	Furniture & fittings	Computer software	Total
Carrying value - beginning of year	4,814,451	60,446	6	23,597	69,543	- 5,992	4,974,035
Additions	1,819,767	44,171	-	48,278	4,933	- 20,989	1,938,138
Depreciation	-	(42,807)	-	(19,476)	(19,085)	- (12,052)	(93,420)
Carrying value - end of year	6,634,218	61,810	6	52,399	55,391	- 14,929	6,818,753
Gross carrying value	6,634,218	559,361	47,290	183,319	396,381	- 147,251	7,967,820
Accumulated depreciation	-	(497,552)	(47,284)	(120,848)	(351,059)	- (132,323)	(1,149,066)
Accumulated depreciation beginning of year	-	454,745	47,284	101,372	331,974	120,271	1,055,646
Depreciation - income statement	-	42,807	-	19,476	19,085	12,052	93,420

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

3. Investments

	2012 R.	2011 R.
First National Bank - Notice Deposit	939,715	990,115
Standard Bank	31,982	30,803
Listed shares	200,000	200,000
	<u>1,171,697</u>	<u>1,220,918</u>

4. Trade and other Receivables

Deposits	7,923	24,137
Staff loans	-	3,375
PSCBC	299,091	300,423
	<u>307,014</u>	<u>327,935</u>

5. Cash and cash equivalents

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

	2012 R.	2011 R.
ABSA Bank	228,177	388,876
FNB accounts	3,454,407	5,679,718
Investec	-	-
Nedbank	4,487	3,657
Petty cash	1,066	1,062
Staff Utility Account	83,620	90,941
	<u>3,771,757</u>	<u>6,164,254</u>

6. Trade and other payables

Accruals	14,353	192,534
Leave Accrual	496,845	519,234
	<u>511,198</u>	<u>711,768</u>

7. Revenue

Membership Fees	<u>18,232,017</u>	<u>17,621,823</u>
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8. Other Income

Commission	209,688	243,160
Sundry income	188,027	84,609
	<u>397,715</u>	<u>327,769</u>

9. Net surplus for the year

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

Income

Interest received	188,027	191,949
Commission	209,688	243,160

Expenses

Operating lease - Premises	133,722	366,605
Operating lease - Equipment Rental	239,921	212,857
Audit fees	391,010	348,244
Depreciation	93,420	56,157

10. Net finance income

Interest received	188,027	191,949
	<u>188,027</u>	<u>191,949</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 in all 9 provinces. It also has an Agency Shop. Transactions that occur between these parties are regarded as related party transactions.

Included in income statement

	2012 R.	2011 R.
Allocation to provinces	<u>3,974,251</u>	<u>3,458,587</u>

Included in balance Sheet

Inter Company Loans

Agency Shop

Balance at Beginning of year	(3,129,437)	(1,587,854)
Amount Granted	1,684,404	486,382
Amount received	<u>(360,620)</u>	<u>(2,027,965)</u>
Balance at end of year	<u>(1,805,653)</u>	<u>(3,129,437)</u>

KZN Region

Balance at Beginning of year	(216,029)	-
Amount Granted	382,057	-
Amount received	<u>(166,028)</u>	<u>(216,029)</u>
Balance at end of year	<u>-</u>	<u>(216,029)</u>

Gauteng Region

Balance at Beginning of year	(11,007)	-
Amount Granted	319,466	1,553,793
Amount received	<u>(111,766)</u>	<u>(1,564,800)</u>
Balance at end of year	<u>196,693</u>	<u>(11,007)</u>

Western Cape Region

Balance at Beginning of year	(17,947)	-
Amount Granted	-	31,653
Amount received	<u>-</u>	<u>(49,600)</u>
Balance at end of year	<u>(17,947)</u>	<u>(17,947)</u>

Limpopo Region

Balance at Beginning of year	-	-
Amount Granted	545,930	-
Amount received	<u>(150,000)</u>	<u>-</u>
Balance at end of year	<u>395,930</u>	<u>-</u>