

**CHEMICAL, ENERGY, PAPER, PRINTING, WOOD AND ALLIED
WORKERS' UNION**

(Registration Number LR2/6/2/833)

**Annual Financial Statements
for the year ended 31 December 2014**

CHEMICAL, ENERGY, PAPER, PRINTING, WOOD AND ALLIED WORKERS' UNION

(Registration Number LR2/6/2/833)

Annual Financial Statements for the year ended 31 December 2014

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General Information

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATIONAL OFFICE BEARERS

Thamsanqa Vumani Mhlongo
Lucas Mashego
Noncongress Eunice Dlodlo
Simon Mofokeng
Samuel Buti Seatlholo
Thulasizwe Wilfred Sibande

REGISTERED OFFICE

11th Floor Renaissance Centre
16-20 New Street South
Ghandi Square
Johannesburg
2001

BUSINESS ADDRESS

11th Floor Renaissance Centre
16-20 New Street South
Ghandi Square
Johannesburg
2001

BANKERS

Nedbank

INDEPENDENT AUDITORS

Ngubane & Co. Inc
Ngubane House
1 Superior Road
Midrand
Gauteng
1685

Report of the Compiler

To the Management of Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union

We have compiled the accompanying annual financial statements of Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union based on information you have provided. These annual financial statements comprise the statement of financial position of Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union as at 31 December 2014, the statement of comprehensive income, the statement of changes in reserves and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.



Johan Ferreira
Chartered Accountant (SA)

4 April 2019

3 Sandown Valley Crescent

Sandown
Johannesburg
2196

CHEMICAL, ENERGY, PAPER, PRINTING, WOOD AND ALLIED WORKERS' UNION

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National Office Bearers' Responsibilities and Approval

The National Office Bearers are required by Section 98(2)(b)(i) and (ii) of the Labour Relations Act and the organisation's 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. Furthermore, it is the National Executive Committee's responsibility to ensure that the annual financial statements of the Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union Agency account, satisfy the International Financial Reporting Standards (IFRS) 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 comprising of the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in reserves, the statement of cash flows, a summary of significant accounting policies and other explanatory notes to the financial statements, are based upon appropriate accounting policies consistently applied throughout the organisation and supported by reasonable and prudent judgements and estimates.

The National Office Bearers 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 management to meet these responsibilities, the National 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 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 across 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 National Office Bearers 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 management has no reason to believe that the organisation will not be a going concern in the foreseeable future. The financial statements support the viability of the organisation.

The financial statements have been audited by the independent auditing firm, Ngubane & Co. Inc., who have been given unrestricted access to all financial records and related data, including minutes of all meetings. Management believes that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' audit report is presented on page 7 to 11.

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National Office Bearers' Responsibilities and Approval

The annual financial statements as set out on pages 12 to 24 were approved by the National Executive Committee on 4 April 2019 and were signed on its behalf by:



Thamsanqa Vumani Mhlongo
President



Lemmy Mokoana
National Treasurer



Welile Nolingolo
General Secretary

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National Office Bearers' Report

The National Office Bearers presents their report for the year ended 31 December 2014.

1. Review of activities

Main business and operations

Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union is a union domiciled in the Republic of South Africa.

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 presumes that funds will be 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. union

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed. The legal claim against the Union by Nashua regarding the cancellation of a contract for the rental of photo copier equipment from Nashua, was resolved during the 2018 financial year.

4. National Office Bearers' interest in contracts

To our knowledge none of the National Office Bearers had any interest in contracts entered into during the year under review.

5. The National Executive Committee

The National Executive Committee of the organisation during the year and to the date of this report are as follows:

Name	Designation
Thamsanqa Vumani Mhlongo	President
Lucas Mashego	First Deputy President
Noncongress Eunice Dlodlo	Second Deputy President
Simon Mofokeng	General Secretary
Samuel Buti Seatlholo	Deputy General Secretary
Thulasizwe Wilfred Sibande	National Treasurer

Independent Auditor's Report

To the Members of the Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union (CEPPWAWU) for the year ended 31 December 2014

Opinion

We have audited the financial statements of the Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union (CEPPWAWU) set out on page 10 to 23 which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union (CEPPWAWU) as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and in a manner required by the Labour Relations Act 66 of 1995 and the Constitution.

Basis for Qualified opinion

We conducted our audit in accordance with the 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 this report. We are independent of the Union in accordance with section 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Directors:

TB Nkomozepi, M Ndlovu, D Msomi, R Kuutsi
SM Jogee, ET Chapanduka, N Ashom, J Mgiba, J Gondo, S Vilakati
Reg.No. 2010/016757/21



Revenue

Ongoing monitoring and supervision was not undertaken by the Union to ensure effective internal controls over financial reporting. Revenue for the year ended 31 December 2014 was recorded on a cash basis and not on an accrual basis due to loss of financial information thus affecting the completeness and accuracy of Revenue for the financial period ended 31 December 2014.

Expenses

Supporting evidence for expenses with the net of R755 719 incurred in the financial period under audit and in the prior period had no supporting documents even though the expenses were paid per the bank statements. Through discussion with the Union, we were able to establish some expenses coming from prior years but in the absence of the supporting documentation we could not verify the validity, classification and cut-off for these expenses.

Leave Provision

It was noted that the system used to calculate the leave pay balance was not updated during the 2014 financial year. The Union believes that the Leave Provision balance of R692 251.95 is accurate and complete the auditors are not in agreement based on our findings on the system.

Other Information

The National Executive Committee is responsible for the other information. The other information comprises the information included in the National Executive Committee's report and does not include the financial statements and our auditor's report thereon. The other information comprises the information included in the document titled "Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union (CEPPWAWU) as at 31 December 2014", which includes the Management's report, the National Executive Report as required by the Labour Relations Act 66 of 1995. The other information does not include the financial statements and the 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 National Executive Committee for the Financial Statements

The National Executive Committee is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and in a manner required by the Labour Relations Act 66 of 1995 and for such internal control as the National Executive Committee 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 National Executive Committee is 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 National 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 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:

- 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 National Executive Committee.
- Conclude on the appropriateness of the National 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 National 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.

We also provide the National Executive Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by the Auditing Standards, we report the following material instances of non-compliance that have come to our attention during the course of the audit:

Contravention with the Labour Relations Act of 1995

- i. In terms of section 98(1) (b) of the Labour Relations Act of 1995, every registered trade union is required to within six months after each financial year, prepare financial statements and have the financial statements audited as per section 98(2) of the Labour Relations Act of 1995. The union contravened with the above requirement as it did not prepare and have its financial statements audited within the prescribed period of 6 months.
- ii. In terms of section 25(3) (d) (iii) of the Labour Relations Act of 1995, no agency fee deducted may be used for any expenditure that does not advance or protect the socio-economic interests of the employees. The union contravened this requirement as the union utilised R1 027 000 from the Agency shop account to pay for expenditure.

Contravention with the Constitution of the Union

- iii. In terms of the Constitution, the National Office Bearers Committee is required to meet at least once a month to determine its own rules of procedure in terms of section 41 of the Constitution. The National Executive Committee must meet at least thrice a year as per section 44 of the Constitution. The national finance Committee must meet bi-monthly as per section 72 of the Constitution. Full minutes of a meeting must be kept by the secretary to the relevant structure of the union and must be circulated no later than 14 days following the meeting. The union contravened with the above stated sections of its Constitution as no meetings were conducted during the financial period ending 31 December 2014.
- iv. In terms of section 11 (1) (b) of the Union's Constitution, a member of the union remains in good standing unless the member's subscription fees are more than three months in arrears and in terms of section (11) (3), only a member in good standing is entitled to the benefits of membership. A membership list was not maintained by the Union; therefore, the Union did not have a process in place to identify members that were not in good standing.

Contravention with the Tax Administration Act

- v. In terms of Chapter 10 of the Tax Administration Act Paragraph 2(1), 5(1) and 14(2) of the 4th Schedule .The Employees' Tax and UIF contributions as well as SDL must be paid over to SARS within seven days after the end of the month during which the amount was deducted or due or such longer period as the Commissioner determines, the Union did not pay the employees tax declarations for the 2014 and 2015 tax season to SARS within the prescribed seven days.

Auditor tenure

In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ngubane and Company (Johannesburg) Incorporated has been the auditor of Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union (CEPPWAWU) for 1 year.

Ngubane & Co. (Jhb) Inc.

Ngubane & Co. (Jhb) Incorporated

Nomathamsanqa Ashom

Registered Auditor

Director

20 March 2020

CHEMICAL, ENERGY, PAPER, PRINTING, WOOD AND ALLIED WORKERS' UNION

(Registration Number LR2/6/2/833)

Financial Statements for the year ended 31 December 2014

Statement of Financial Position

Figures in R	Notes	2014	2013
Assets			
Non-Current Assets			
Property, plant and equipment	3	39,703	18,243
Long term deposits	4	509,865	509,865
		<u>549,568</u>	<u>528,108</u>
Current Assets			
Loans receivable	5	17,940	21,400
Trade and other receivables	6	5,897,047	3,469,529
Cash and cash equivalents	7	2,245,944	2,262,318
		<u>8,160,931</u>	<u>5,753,247</u>
Total Assets		<u>8,710,499</u>	<u>6,281,355</u>
Reserves and Liabilities			
Reserves			
Accumulated loss		(29,718,204)	(23,389,307)
		<u>(29,718,204)</u>	<u>(23,389,307)</u>
Non-Current Liabilities			
Loan from related party	8	1,027,000	-
		<u>1,027,000</u>	<u>-</u>
Current Liabilities			
Provisions	9	22,607,356	21,020,542
Trade and other payables	10	13,219,735	8,407,492
Other liabilities	11	24,338	-
SARS payroll liabilities	12	1,543,047	242,628
Bank overdraft	7	7,227	-
		<u>37,401,703</u>	<u>29,670,662</u>
Total Reserves and Liabilities		<u>8,710,499</u>	<u>6,281,355</u>

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Statement of Comprehensive Income

Figures in R	Notes	2014	2013
Revenue		47,170,954	42,845,978
Other income		105,572	251,426
Operating costs		(51,916,791)	(49,791,186)
Operating deficit	13	(4,640,265)	(6,693,782)
Finance income	14	278,979	64,415
Finance costs	15	(1,967,611)	(1,742,953)
Deficit for the year		(6,328,897)	(8,372,320)
Accumulated loss at 1 January 2014		(23,389,307)	(15,016,987)
Loss for the year		(6,328,897)	(8,372,320)
Accumulated loss at 31 December 2014		(29,718,204)	(23,389,307)

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Statement of Changes in Reserves

Figures in R	Accumulated deficit	Total
Balance at 1 January 2013	(15,016,987)	(15,016,987)
Total comprehensive income for the year		
Deficit for the year	(8,372,320)	(8,372,320)
Balance at 31 December 2013	(23,389,307)	(23,389,307)
Balance at 1 January 2014 as previously reported	(24,265,653)	(24,265,653)
Adjustment due to error (note x)	876,346	876,346
Balance at 1 January 2014 as adjusted	(23,389,307)	(23,389,307)
Balance at 1 January 2014	(23,389,307)	(23,389,307)
Total comprehensive income for the year		
Deficit for the year	(6,328,897)	(6,328,897)
Balance at 31 December 2014	(29,718,204)	(29,718,204)

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Statement of Cash Flows

Figures in R	Note	2014	2013
Cash flows used in operating activities			
Deficit for the year		(6,328,897)	(8,372,320)
<i>Adjustments for:</i>			
Finance costs		1,967,611	1,742,953
Depreciation of tangible assets		-	21,571
Finance income		(278,979)	(64,415)
Straightlining adjustment		-	25,543
Operating cash flow before working capital changes		(4,640,265)	(6,646,668)
<i>Working capital changes</i>			
Increase in trade and other receivables		(2,427,518)	(126,405)
Decrease in short term loans		27,798	-
Increase in trade and other payables		7,699,476	4,920,222
Change in provisions		-	-
Net cash flows from / (used in) operations		659,491	(1,852,851)
Investment income		278,979	64,415
Finance costs		(1,967,611)	(1,742,953)
Unpaid portion of interest charge		-	1,740,811
Net cash flows used in operating activities		(1,029,141)	(1,790,578)
Cash flows used in investing activities			
Property, plant and equipment acquired	3	(21,460)	(14,580)
Other investments		-	-
Net cash flows used in investing activities		(21,460)	(14,580)
Cash flows from financing activities			
Loans raised		1,027,000	34,287
Net cash flows from financing activities		1,027,000	34,287
Net decrease in cash and cash equivalents		(23,601)	(1,770,871)
Cash and cash equivalents at beginning of the year		2,262,318	4,033,189
Cash and cash equivalents at end of the year	7	2,238,717	2,262,318

CHEMICAL, ENERGY, PAPER, PRINTING, WOOD AND ALLIED WORKERS' UNION

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Financial Statements for the year ended 31 December 2014

Accounting Policies

1. General information

Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union is a union domiciled in the Republic of South Africa.

2. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. 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.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

2.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the organisation's activities. Revenue is shown net of returns, and discounts.

The organisation recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the organisation's activities, as described below:

2.1.1 Subscriptions, contributions and donations

Subscriptions include members contributions received from the members themselves and their collecting agents and are accounted for as received. Receipts for subscriptions after the reporting date in January relating to the reporting period are also accounted for. Donations and sponsorships are recorded on a receipt basis.

2.1.2 Interest income

Interest income is recognised using the effective interest rate method.

2.2 Property, plant and equipment

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

Costs include costs incurred initially to acquire or construct an item of property, plant and 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 property, plant and equipment, the carrying amount of the replaced part is derecognised.

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Financial Statements for the year ended 31 December 2014

Accounting Policies

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. The following rates are used for the depreciation of property, plant and equipment:

Motor vehicles	4 years
Furniture and fittings	10 years
IT equipment	5 years

2.3 Impairment of non-current assets

At each balance sheet date, the carrying amounts of tangible and intangible assets and investments in associates are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If the fair value less costs to sell of an asset (or group of assets) is estimated to be less than its carrying amount, the carrying amount of the asset (or group of assets) is reduced to its fair value less costs to sell. An impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of assets) is increased to the revised estimate of its fair value less costs to sell, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.4 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the organisation at their fair value at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciation and impairment losses are recognised.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

2.5 Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the organisation will not be able to collect all amounts due according to the original terms of the receivables.

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Accounting Policies

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

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Financial Statements for the year ended 31 December 2014

Accounting Policies

2.7 Employee benefit obligations

2.7.1 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

2.7.2 Pension obligations

Past-service costs are recognised immediately in profit or loss.

For defined contribution plans, the organisation pays contributions to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

2.8 Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method.

2.9 Provisions

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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Financial Statements for the year ended 31 December 2014

Notes to the Annual Financial Statements

Figures in R	2014	2013
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3. Property, plant and equipment

	Cost	Accumulated depreciation	2014 Carrying value	Cost	Accumulated depreciation	2013 Carrying value
<i>Owned assets</i>						
Motor vehicles	990,898	990,898	-	990,898	990,898	-
Furniture and fittings	1,092,787	1,080,551	12,236	1,098,657	1,098,657	-
Other fixed assets	10,420	1,584	8,836	7,920	1,584	6,336
IT equipment	1,116,161	1,097,530	18,631	1,109,437	1,097,530	11,907
	3,210,266	3,170,563	39,703	3,206,912	3,188,669	18,243

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2014 Carrying value at end of year
<i>Owned assets</i>					
Furniture and fittings	-	12,236	-	-	12,236
Other fixed assets	6,336	2,500	-	-	8,836
IT equipment	11,907	6,724	-	-	18,631
	18,243	21,460	-	-	39,703

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2013 Carrying value at end of year
<i>Owned assets</i>					
Furniture and fittings	18,106	-	-	(18,106)	-
Other fixed assets	7,128	-	-	(792)	6,336
IT equipment	-	14,580	-	(2,673)	11,907
	25,234	14,580	-	(21,571)	18,243

4. Long term deposits

Long term deposits	509,865	509,865
	509,865	509,865

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Figures in R	2014	2013
5. Loans receivable		
Short term loans receivable	17,940	21,400
	17,940	21,400
Included in loans receivable are amounts owing by employees of the company.		
6. Trade and other receivables		
Trade debtors	5,632,568	-
Deposits	13,585	-
Subscriptions receivable	-	3,221,939
Other receivables	247,590	247,590
Other debtors 4	3,304	-
	5,897,047	3,469,529
7. Cash and cash equivalents		
Favourable cash balances		
Bank balances - Provincial	624,716	836,255
Bank balances - Other	1,105,561	1,338,416
Bank balances - Head Office	514,008	-
Bank balances - Projects	1,528	87,368
Bank balances - Salary	131	279
	2,245,944	2,262,318
Overdraft		
Bank overdraft	7,227	-
Current assets	2,245,944	2,262,318
Current liabilities	(7,227)	-
	2,238,717	2,262,318
8. Loan from related party		
Amounts owing to/(from) CEPPWAWU Agency	1,027,000	-
	1,027,000	-

The loan is interest free and have no fixed terms of repayment.

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Figures in R	2014	2013
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9. Provisions

Summary

Provision for leave pay	692,252	1,063,850
Provision for settlement of legal claim	21,915,104	19,956,692
	<u>22,607,356</u>	<u>21,020,542</u>

Provision for leave pay

Carrying amount at the beginning of the year	1,063,850	1,279,856
Amounts reversed / (incurred and charged) against the provision	5,286	(212,866)
Unused amounts reversed during the period	(376,884)	(3,140)
Carrying amount at end of the year	<u>692,252</u>	<u>1,063,850</u>

The leave pay provision relates to possible vesting leave to which employees may become entitled to upon leaving the employment of the company. The provision arises as an employee renders a service that increases their entitlement to future compensated leave and is calculated based on an employee's total cost of employment. The provision is utilised when employees become entitled to and are paid for their accumulated leave pay or utilise the compensated leave due to them.

Provision for settlement of legal claim

Carrying amount at the beginning of the year	19,956,692	18,215,881
Interest charge for the period	1,958,412	1,740,811
Carrying amount at end of the year	<u>21,915,104</u>	<u>19,956,692</u>

Nashau has submitted a claim against the Union for losses incurred as a result of the Union's cancellation of a contract for the rental of photo copier equipment and the expected interest on the amount deemed payable. The amount of the provision represents the expected settlement amount including interest at prime plus 5% (2013: prime + 5%).

10. Trade and other payables

Accrued liabilities	7,300,076	7,790,276
Trade creditors	4,782,235	-
Other creditors - Funeral benefit	1,717	-
Other creditors - Risk cover	74,418	-
Other creditors - Provident fund	386,136	152,889
Other creditors - Home loans	109,240	-
Other creditors - Vehicle financing	95,581	-
Other creditors - Straightlining of lease	464,327	464,327
Other creditors - Garnishee	6,005	-
	<u>13,219,735</u>	<u>8,407,492</u>

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Figures in R	2014	2013
11. Other liabilities		
Loan payable - Car repair - short term	14,100	-
Loan payable - Salary advances - short term	10,238	-
	<u>24,338</u>	<u>-</u>
12. SARS payroll liabilities		
SARS payroll liabilities	1,543,047	242,628
	<u>1,543,047</u>	<u>242,628</u>
13. Operating profit		
Operating profit is arrived at after taking into account the following items:		
<i>Depreciation</i>		
<i>Owned assets</i>		
Furniture and fittings	-	18,106
Other fixed assets	-	792
IT equipment	-	2,673
	<u>-</u>	<u>21,571</u>
<i>Auditors' remuneration</i>		
Audit fees		
-current	199,450	684,000
	<u>199,450</u>	<u>684,000</u>
<i>Operating lease charges</i>		
Premises	4,750,422	5,926,210
Equipment	3,844,837	4,628,201
	<u>8,595,259</u>	<u>10,554,411</u>
<i>Other leases (equipment)</i>		
All other operating leases represent leases that do not result in contractual cash flows after year end.		
14. Finance income		
Interest income		
Interest received	278,979	64,415
	<u>278,979</u>	<u>64,415</u>

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Figures in R	2014	2013
15. Finance costs		
Bank overdrafts and acceptances	852	2,142
Other	1,966,759	1,740,811
	<u>1,967,611</u>	<u>1,742,953</u>

16. Prior period errors

During 2013 the company over provided for interest payable on the legal claim liability. The effects of the correction is disclosed below:

	<u>2013</u>
<i>Effects on Statement of Profit or Loss and Other Comprehensive Income:</i>	
(Decrease) in finance cost	876,364
Increase in comprehensive income for the year	<u>876,364</u>
<i>Effects on Statement of Financial Position:</i>	
(Decrease) in legal claim liability	(876,364)
(Decrease) in accumulated loss	<u>(876,364)</u>

17. Going Concern

The members believe that the organisation will be a going concern in the year ahead. For this reason we continue to adopt the going concern basis in preparing the annual financial statements.

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Detailed Income Statement

Figures in R	2014	2013
Gross Revenue		
Subscriptions - Members	47,165,780	41,038,648
Subscriptions - Agency	5,174	1,807,330
	<u>47,170,954</u>	<u>42,845,978</u>
Other Income		
Grant income	5,000	251,426
Investment income	278,979	64,415
Sponsorship	98,972	-
Sundry income - Sales attire	1,600	-
	<u>384,551</u>	<u>315,841</u>
	<u>47,555,505</u>	<u>43,161,819</u>
Expenditure		
Accounting fees	7,303	76,406
Administration fees	12,826	-
Affiliation fees - COSATU	3,256,619	3,711,423
ANC Manifesto Rally	5,500	-
Assessment rates and municipal charges	228,440	-
Auditors' remuneration	199,450	684,000
Bank charges	88,611	99,959
Campaign expenses	670	-
Cleaning	86,678	69,650
Collection fees	263,886	731,227
Collective bargaining costs	-	122,715
Commission paid	260	-
Computer expenses	-	357,771
Consulting fees	49,220	-
Depreciation - Tangible assets	-	21,571
Education expenses	26,550	-
Electricity and water	849,463	-
Finance costs	1,967,611	1,742,953
Insurance	305,385	497,465
IT services	764,585	-
Lease rental on operating lease	8,595,259	10,554,411
Legal expense	5,338,915	4,819,715
Lost wages	35,130	-
Meeting expenses	936,308	1,649,819
Motor vehicle expense	2,444,594	1,600,845
Office expenses	21,343	-
Payroll charges	50,506	-

The supplementary information presented does not form part of the annual financial statements and is unaudited

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Detailed Income Statement

Figures in R	2014	2013
Postage	13,085	-
Printing and stationery	1,412,296	-
Regional allocation	15,000	-
Removal and installation	5,431	-
Repairs and maintenance	6,086	183,741
SACP expenses	1,000	-
Salaries	19,307,649	20,301,846
Security	72,081	76,626
Subscriptions written off	3,223,934	-
Sundry expenses	202,338	152,611
Telephone and fax	1,903,186	1,939,538
Training	-	3,140
Travel - local	1,956,101	2,136,707
Union gear	46,385	-
Workshop related expenses	184,718	-
	<u>53,884,402</u>	<u>51,534,139</u>
Deficit for the year	<u>(6,328,897)</u>	<u>(8,372,320)</u>

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Schedules

Figures in R

2014