

FIM Africa

A continental union, which is a body of the Fédération Internationale de Motocyclisme

Annual Financial Statements
for the year ended 31 December 2016
Reviewed



Angie Du Toit (Accountant) was responsible for the supervision and preparation of the financial statements.
These financial statements were published on 31 March 2017

FIM Africa

Financial Statements

For the year ended 31 December 2016

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FIM Africa

Council Members' responsibility statement

FIM Africa's Council Members are responsible for the preparation and fair presentation of the annual financial statements of FIM Africa, comprising the statement of financial position at 31 December 2016, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with the Unions' accounting policies. In addition, the Council Members are responsible for preparing the Council Members' report.

The Council Members are also responsible for such internal control as the Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Council Members have made an assessment of the Union's ability to continue as a going concern and have no reason to believe the union will not be a going concern in the year ahead.

The independent reviewer is responsible for expressing a limited assurance conclusion on the financial statements based on a review conducted in accordance with International Standard on Review Engagements (ISRE) 2400, *Engagements to Review Financial Statements*, and for concluding whether anything has come to the reviewer's attention that causes the reviewer to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework.

Approval of the annual financial statements

The annual financial statements of FIM Africa, as identified in the first paragraph, were approved by the Council Members on 31 March 2017 and are signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Ray Wilson', is written over a horizontal line. The signature is somewhat stylized and cursive.

Ray Wilson
President

FIM Africa

Council Members' report

for the year ended 31 December 2016

The Council Members have pleasure in presenting their report for the year ended 31 December 2016.

Business activities

The main business activities of the Union is to administer the process of holding motor sporting events with regional and sub-regional federations in the African continent.

General review of operations

The results of the operations for the year and the financial position of the Union at 31 December 2016 are set out in the financial statements.

Council Members

The Council Members in office at the date of this report are –

Mr. Ray Wilson	President
Mrs. Rose Rushforth	Vice President - Treasurer
Mr. Kevin Branch	Vice President - Sporting Central and Southern
Mr. Larbi Sbai	Vice President - Sporting (Northern)
Mr. Marius Matthee	Vice President - Environment
Mr. Clive Mawson	Vice President: Leisure, Touring and Safety Commission
Dr. Derick De Beer	Vice President Medical
Mrs. Sheryl Kibaki	Vice President Women in Motorcycling
Mrs. Jacqui Monteiro	Secretary General

Federation International de Motocyclisme

FIM Africa was founded as African Motorcycle Union on the 20th of October 1998. FIM Africa, a continental union, is a body of the Fédération Internationale de Motocyclisme ("FIM") which is incorporated in Geneva, Switzerland.

The FIM is the global governing/sanctioning body of motorcycle racing. It represents 111 national motorcycle federations that are divided into six regional continental unions. There are six motorcycle-racing disciplines that FIM covers, encompassing 65 world championships and prizes: road racing, motocross (including snow cross, trials, enduro and cross-country rallies) and track racing (combining grass track and speedway). FIM is also involved in many non-racing activities that promote the sport, its safety, and support relevant public policy. The FIM is also the first international sporting federation to publish an Environmental Code, in 1994. In 2007, a Commission for Women in Motorcycling was created by the FIM in order to promote the use of powered two-wheelers and the motorcycle sport among women.

FIM Africa

Business & Postal address

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Constantia Kloof
Roodepoort
1709

Reviewer

KPMG Services



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Independent Reviewer's Report

To the Council Members of FIM Africa

We have reviewed the financial statements of FIM Africa set out on pages 7 to 20, which comprise the statement of financial position as at 31 December 2016 and the statement of comprehensive income, and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Council Members' Responsibility for the Financial Statements

The Council Members are responsible for the preparation of these financial statements in accordance with the Unions' accounting policies, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the council members' determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Independent Reviewer's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements of FIM Africa are not prepared, in all material respects, in accordance with the Unions' accounting policies.

Basis of Accounting

Without modifying our opinion, we draw attention to the basis of accounting. The financial statements are prepared in accordance with the union's own accounting policies to satisfy the financial information needs of the union's ultimate federation. As a result, the financial statements may not be suitable for another purpose.

Policy Board:
Chief Executive: TH Hoole

Executive Directors: N Dlomu, M Letsitsi, SL Louw, NKS Malaba,
M Oddy, M Saloojee, CAT Smit

Other Directors: ZA Baseti, ZH De Beer, LP Fourie, N Fubu,
AH Jaffer (Chairman of the Board), ME Magondo,
F Mall, GM Pickering, JN Pienaar, T Rossouw,
GCC Smith

KPMG Services Proprietary Limited is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Services Proprietary Limited is not a Registered Auditor in terms of the Auditing Profession Act, 26 of 2005 and does not provide audit services as defined in Section 1 of this Act.

Registration number 1999/012876/07

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.



Other reports

As part of our independent review of the financial statements for the year ended 31 December 2016, we have read the Council Members' Report for the purpose of identifying whether there are material inconsistencies between this report and the reviewed financial statements. The Council Members' Report is the responsibility of the Council Members. Based on reading the Council Members' Report we have not identified material inconsistencies between this report and the reviewed financial statements. However, we have not reviewed the Council Members' Report and accordingly do not express a conclusion thereon.

KPMG Services Proprietary Limited

A large, handwritten signature in black ink, appearing to read 'Steve Robinson', is written over the text below.

Per Steve Robinson
Chartered Accountant (SA)
Registered Auditor
Director
31 March 2017

FIM Africa

Statement of comprehensive income

For the year ended 31 December 2016

	<i>Note</i>	2016 USD	2015 USD
Revenue		85 023	126 440
Total Revenue		85 023	126 440
Grants and Subsidies		-	(33 805)
Other operating costs	2	(60 110)	(49 461)
Other Income		-	1 509
Operating Results		24 913	44 683
Finance expense	3	-	(2 312)
Operating Surplus		24 913	42 371

FIM Africa

Statement of financial position

At 31 December 2016

	<i>Note</i>	2016 USD	2015 USD
Assets			
Current assets			
Trade and other receivables	4	-	2 205
Cash and cash equivalents		88 811	26 062
Total assets		88 811	28 267
Equity and liabilities			
Capital Funds			
Capital funds brought forward		(28 267)	(476)
Translation Difference Reserve			14 580
Operating Surplus		(24 913)	(42 371)
Current liabilities		(35 631)	-
Trade and other payables	5	(178)	-
Amounts owing to related party	6	(35 453)	-
Total equity and liabilities		(88 811)	(28 267)

FIM Africa

Statement of changes in equity

For the year ended 31 December 2016

	Capital Funds USD	Translation Difference Reserve USD	Total USD
Balance at 31 December 2014	(476)	-	(476)
Operating Surplus for the Year	(42 371)	-	(42 371)
Translation Differences for the Year	-	14 580	14 580
Balance at 31 December 2015	(42 847)	14 580	(28 267)
Operating Surplus for the Year	(24 913)	-	(24 913)
Reallocation of Reserves	14 580	(14 580)	-
Balance at 31 December 2016	(53 180)	(53 180)	(53 180)

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Statement of cash flows

For the year ended 31 December 2016

	<i>Note</i>	2016 USD	2015 USD
Cash flows from operating activities			
Cash generated from operations	7	62 749	21 044
Repayment of Staff Loans		-	2 969
Finance costs paid		-	(2 312)
Net cash generated from operating activities		62 749	20 387
(Decrease)/increase in cash and cash equivalents		62 749	20 387
Cash and cash equivalents at beginning of year		26 062	(5 675)
Cash and cash equivalents at the end of the period		88 811	26 062

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Notes to the financial statements

For the year ended 31 December 2016

1. Significant accounting policies

The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year.

1.1 Basis of preparation

The financial statements have been prepared on the historical cost basis except as detailed below.

These financial statements are presented in United States Dollar (“USD”), which is the entity’s functional currency. All financial information presented in USD has been rounded to the nearest Dollar.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future periods if the revision affects both current and future periods.

1.2 Revenue recognition

The union derives its revenue from issuing competition and Officials licences and event permits and affiliation fees (via the FIM).

Licences, inspection, permit and affiliation fees and levies

Revenue derived from licences, permit and affiliation fees and levies are recognised as income in the period in which these fees and levies are applicable, and advance payments made for these are included in trade payables in the statement of financial position.

Subsidies and grants

Subsidies and grants are recognised as income when the specific expenditure related thereto is incurred and it is probable that there would be a future flow of economic benefits to the enterprise.

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Notes to the financial statements

For the year ended 31 December 2016

1. Significant accounting policies *(continued)*

1.3 Financial instruments

Financial instruments recognised on the statement of financial position include cash and cash equivalents, trade receivables and trade payables. Fair value adjustments to the financial instruments are recognised in the statement of comprehensive income, in the period in which it occurred.

Financial instruments are recognised initially at fair value. Subsequent to initial recognition these instruments are measured as detailed below:

Financial assets

Financial assets are recognised when the entity becomes a party to the contractual provisions of the financial asset. Such assets consist of cash and cash equivalents, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and are recognised at fair value. Fair value adjustments are recognised in profit and loss. Bank overdrafts that are repayable on demand and form an integral part of the Union's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Financial liabilities

Financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instruments. Financial liabilities consist of obligations to deliver cash or another financial asset or to exchange financial instruments with another entity or potentially unfavourable terms. Financial liabilities, other than derivative instruments, are measured at amortised cost.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when the Union has a legally enforceable right to set-off the recognised amounts, and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

FIM Africa

Notes to the financial statements

For the year ended 31 December 2016

1. Significant accounting policies *(continued)*

1.4 Financial assets

The entity classifies its financial assets in the following categories: at fair value through profit or loss, available-for-sale, held to maturity and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the statement of financial position date. These are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest rate method.

Impairment

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. At each statement of financial position date, financial assets are assessed for objective evidence of impairment. If any such evidence exists, the recoverable amount is estimated, and an impairment loss is recognised.

FIM Africa

Notes to the financial statements

For the year ended 31 December 2016

	2016	2015
	USD	USD
2. Other operating costs		
Are arrived at after taking into account –		
General Assembly Expenses	24 440	22 781
Travel Expenses	12 489	4 154
Interpreter Fees	3 452	382
Admin Fees	3 093	5 758
Website Costs	3 013	2 545
Subsistence Allowance	1 921	6 868
Vehicle Hire	2 870	247
Seminar Expenses	1 707	-
Translation Fees	1 530	827
Clearing Agent Fees	-	2 373
Auditors' remuneration and accounting fees	2 360	2 935
Bank Charges	571	1 734
3. Finance expense		
Interest paid	<u>-</u>	<u>2 312</u>
4. Trade and other receivables		
Trade receivables	<u>-</u>	<u>2 205</u>
	<u>-</u>	<u>2 205</u>

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Notes to the financial statements

For the year ended 31 December 2016

5. Trade and other payables	2016 USD	2015 USD
Trade payables	178	-
	<u>178</u>	<u>-</u>

6. Related parties

The Federation International de Motocyclisme

FIM Africa was founded as African Motorcycle Union on the 20th of October 1998. FIM Africa, a continental union, is a body of The Federation International de Motocyclisme (“FIM”) incorporated in Geneva, Switzerland.

Identity of related parties with whom material transactions have occurred

FIM Africa is a related party of FIM. There are no other related parties with whom material transactions have taken place.

The Council Members of the Union are:

Mr. Ray Wilson	President
Mrs. Rose Rushforth	Vice President - Treasurer
Mr. Kevin Branch	Vice President - Sporting Central and Southern
Mr. Larbi Sbai	Vice President - Sporting (Northern)
Mr. Marius Matthee	Vice President - Environment
Mr. Clive Mawson	Vice President: Leisure, Touring and Safety Commission
Dr. Derick De Beer	Vice President Medical
Mrs. Sheryl Kibaki	Vice President Women in Motorcycling
Mrs. Jacqui Monteiro	Secretary General

Types of related party transactions

The majority of transactions with related parties are in respect of:

- Grants and subsidies

FIM Africa

Notes to the financial statements

For the year ended 31 December 2016

6. Related parties (continued)

	2016 USD	2015 USD
Material transactions with FIM Africa:		
Grants and Subsidies	<u>35 453</u>	<u>-</u>
Amount owing to related party:		
FIM	<u>35 453</u>	<u>-</u>

Amounts owing to related parties are interest free with no fixed repayment terms

7. Notes to the statement of cash flows

7.1 Cash utilised in operations

Operating Surplus for the Year	24 913	42 371
<i>Adjustments for –</i>		
Accrued Expenses	-	5 416
Foreign Currency Translations		14 580
Finance Expenses		2 312
	<u>24 913</u>	<u>20 063</u>
<i>Working capital changes –</i>		
Decrease/(Increase) in trade and other receivables	2 205	981
Increase/(Decrease) in trade and other payables	<u>178</u>	<u>-</u>
	<u>2 383</u>	<u>981</u>

7.2 Increase in amount owing to related party

Increase in amount owing to related parties	<u>35 453</u>	<u>-</u>
	<u>35 453</u>	<u>-</u>
	<u>62 749</u>	<u>21 044</u>

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Notes to the financial statements

For the year ended 31 December 2016 (continued)

8. Financial risk management

Overview

The Union has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Council Members has overall responsibility for the establishment and oversight of the Union's risk management framework, including implementation and monitoring of these policies.

The Union's risk management policies are established to identify and analyse the risks faced by the Union, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Union's activities. The Union, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Union if a customer fails to meet its contractual obligations and arises principally from the Union's receivables from customers.

Trade and other receivables

The Council Members consider the carrying amount of trade and other receivables to approximate their fair value.

At the period end, the Council Members did not consider there to be any significant risk for which adequate provision had not been made.

FIM Africa

Notes to the financial statements

For the year ended 31 December 2016 (continued)

8. Financial risk management (continued)

Cash and cash equivalents

Deposits and cash balances are all maintained at reputable financial institutions, and limits are set in connection herewith.

The Council Members consider the carrying amount of cash and cash equivalents to approximate their fair value.

Exposure to credit risk

The carrying value of the Union's financial assets represents its maximum exposure to credit risks. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2016	2015
	USD	USD
Trade and other receivables	-	2 205
Cash and cash equivalents	<u>88 811</u>	<u>26 062</u>
	<u>88 811</u>	<u>28 267</u>

FIM Africa

Notes to the financial statements

For the year ended 31 December 2016 (continued)

8. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Union will not be able to meet its financial obligations as they fall due. The Union's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Union's reputation.

The Union ensures that it has sufficient cash on demand to meet expected operational expenses and liabilities as they fall due; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Any shortfalls in liquidity are funded by the FIM.

Non-derivative financial liabilities

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements:

	Carrying amount USD	Contractual cash flows USD	6 months or less USD
2016			
Amount owing to related party	35 453	35 453	35 453
Trade and other payables	178	178	178
	<u>35 631</u>	<u>35 631</u>	<u>35 631</u>
2015			
Amount owing to related party	-	-	-
Trade and other payables	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

FIM Africa

Notes to the financial statements

For the year ended 31 December 2016 (continued)

8. Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates may cause a decrease in fair values of future cash flows of financial instruments and consequently result in a financial loss for the Union.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Union's has no exposure to interest rate risk as there are no variable rate financial instruments.

Capital management

The Union was not subject to externally imposed capital requirements except for normal South African Reserve Bank requirements on foreign transactions.

There were no changes in the Union's approach to capital management during the year.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2016		2015	
	Carrying amount USD	Fair Value USD	Carrying amount USD	Fair Value USD
<i>Financial assets</i>				
Trade and other receivables	-	-	2 205	2 205
Cash and cash equivalents	88 811	88 811	26 062	26 062
<i>Financial liabilities</i>				
Amount owing to related party	(35 453)	(35 453)	-	-
Trade and other payables	(177)	(177)	-	-
	<u>53 181</u>	<u>53 181</u>	<u>28 267</u>	<u>28 267</u>

