Motorsport South Africa NPC
(Registration number 1995/005605/08)
Trading as Motorsport South Africa
Financial statements
for the year ended 31 December 2020

These financial statements were prepared by:
ED Bantz
CA(SA) / RA

GZ & Co.
Registered Auditors
Issued 02 July 2021

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Independent Auditor's Report

To the Shareholder of Motorsport South Africa NPC

Opinion

We have audited the financial statements of Motorsport South Africa NPC (the company) set out on pages 7 to 27, which comprise the statement of financial position as at 31 December 2020, statement of profit or loss and other 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, the financial statements present fairly, in all material respects, the financial position of Motorsport South Africa NPC as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Motorsport South Africa NPC financial statements for the year ended 31 December 2020", which includes the Directors' Report as required by the Companies Act of South Africa and the supplementary information as set out on pages 28 to 29. The other information does not include the financial statements and our 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 Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company'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 company 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 directors 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.

GZ & Co.
Registered Auditors

JR Smit

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2021 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 2 to 3.

The financial statements set out on pages 7 to 29, which have been prepared on the going concern basis, were approved by the board on 02 July 2021 and were signed on their behalf by:

Scholtz, Adrian Hugo	**Beekum, Rakesh**

Meersig 1 Constantia Boulevard
Constantia Kloof
Roodepoort
Gauteng

Friday, 02 July 2021

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Motorsport South Africa NPC for the year ended 31 December 2020.

1. Incorporation

The company was incorporated on 20 June 1995.

2. Nature of business

Motorsport South Africa NPC was incorporated in South Africa with interests in the motorsport industry. The company operates in South Africa.

The company's main activity of administering and governing motorsport in the republic as conferred by authority by FIA and FIM have remained unchanged.

The company's financial position and the results of its operations are adequately disclosed in the attached financial statements.

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

4. Directorate

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

Directors	Designation
Scholtz, Adrian Hugo	Executive
Schilling, Richard Frithjof	Non-executive
Harri, Ashwin Peter	Non-executive
Spurr, Melanie Jane	Non-executive
Roux, Christian Anton	Non-executive
Themba, Sifiso Ronald	Non-executive
Mills, Gregory Johan	Non-executive
Kraamwinkel, Frederick Cornelis	Non-executive
Beekum, Rakesh	Non-executive
Hashe, Monde	Non-executive
Oates, Cecil	Non-executive
Abrahams, Denise	Non-executive

The Annual AGM was held on the 3 November 2020 and the following directors were elected by the members: Mr. Monde Hashe, Mr. Cecil Oates and Mr. Sifiso Themba. Mrs. Denise Abrahams was appointed as a director and Mr. Rakesh Beekum was appointed as the Financial Director by the Board.

5. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

Directors' Report

6. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

At 31 December 2020 the company's investment in property, plant and equipment amounted to R39 952 (2019: R 307 810), of which R23 780 (2019: R 733 892) was added in the current year through additions.

7. Government Grant

During December 2020 the company received a grant from the Department of Sports, Arts and Culture to the value of R 2 697 437. The purpose of this grant was to assist Motorsport South Africa NPC in retaining its employees during the challenging financial times as a result of the Covid-19 pandemic. The directors would like to thank the South African government for the assistance provided to Motorsport South Africa.

8. Events after the reporting period

COVID-19

A virus that was discovered in December 2019, has swept through the world setting in motion a series of events threatening the health of South Africans and having a major impact on supply chains and economies throughout the world. In order to curb the spread of the COVID-19 pandemic in South Africa, a nation-wide lockdown announced by the President of South Africa came into effect at midnight on the 26th of March 2020. Following that announcement, certain regulations were published in terms of the Disaster Management Act. 2002 enforcing the lockdown and exempting, inter alia, certain goods and services from the lockdown. Accordingly, the lockdown regulations required that certain companies temporarily cease normal operations.

The directors have considered the impact of the Covid-19 pandemic on the financial results of the company and its related subsidiaries/associates for the year ended 31 December 2020 and are of the view that there are no changes to the reported performance of the company and its related subsidiaries/associates as a result of the current state of Covid-19 pandemic. The directors are also of the view that based on the current information available to them and the measures taken to protect the business, the company and its related subsidiaries/associates will be able to continue into the foreseeable future as a going concern.

9. Auditors

GZ & Co. Registered Auditors were appointed in office as auditors for the company for 2020.

10. Secretary

The company secretary is Ms Jacqueline E. Monteiro.

Business address:	Meersig 1 Constantia Boulevard Constantia Kloof Roodepoort

11. Accounting policies

The company prepared its financial statements in terms of International Financial Reporting Standards.

Statement of Financial Position as at 31 December 2020

Figures in Rand	Note(s)	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	3	39 952	307 810
Intangible assets	4	33 819	33 152
		73 771	**340 962**
Current Assets			
Trade and other receivables	5	104 303	478 961
Cash and cash equivalents	6	15 592 992	13 998 690
		15 697 295	**14 477 651**
Total Assets		**15 771 066**	**14 818 613**
Equity and Liabilities			
Equity			
Share capital		207 924	207 924
Retained income		10 203 529	9 947 598
		10 411 453	**10 155 522**
Liabilities			
Current Liabilities			
Trade and other payables	10	3 163 161	1 283 249
Finance lease liabilities	7	-	282 202
Commission fund	8	678 933	1 010 760
Project fund	9	1 517 519	2 086 880
		5 359 613	**4 663 091**
Total Equity and Liabilities		**15 771 066**	**14 818 613**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	2020	2019
Revenue	11	5 823 458	9 595 586
Other operating income	12	2 697 437	150 221
Other operating expenses		(9 060 787)	(10 037 474)
Operating loss	13	**(539 892)**	**(291 667)**
Investment income	15	802 894	933 193
Finance costs	16	(7 074)	(48 932)
Surplus for the year		**255 928**	**592 594**

Statement of Changes in Equity

Figures in Rand	Share capital	Retained income	Total equity
Balance at 01 January 2019	**207 924**	**9 355 004**	**9 562 928**
Surplus for the year	**-**	**592 594**	**592 594**
Balance at 01 January 2020	**207 924**	**9 947 601**	**10 155 525**
Surplus for the year	**-**	**255 928**	**255 928**
Balance at 31 December 2020	**207 924**	**10 203 529**	**10 411 453**

Note(s)
The accounting policies on pages 11 to 17 and the notes on pages 18 to 27 form an integral part of the financial statements.

Statement of Cash Flows

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Cash generated from operations	18	2 025 090	575 861
Interest income		802 894	933 193
Finance costs		(7 074)	(48 932)
Net cash from operating activities		**2 820 910**	**1 460 122**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(23 780)	(733 892)
Sale of property, plant and equipment	3	-	(527)
Purchase of other intangible assets	4	(19 440)	(38 500)
Net cash from investing activities		**(43 220)**	**(772 919)**
Cash flows from financing activities			
Movement in commission funds		(331 827)	40 077
Movement in project funds		(569 361)	271 885
Payment on lease liabilities		(282 202)	282 202
Net cash from financing activities		**(1 183 390)**	**594 164**
Total cash movement for the year		**1 594 300**	**1 281 367**
Cash at the beginning of the year		13 998 690	12 717 323
Total cash at end of the year	6	**15 592 990**	**13 998 690**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act of South Africa of South Africa, as amended.

These financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. 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 period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

The financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in surplus or deficit in the year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Equipment with a cost of less than R7 000 is written off to surplus or deficit when they occur.

Accounting Policies

1.3 Property, plant and equipment (continued)

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Motor vehicles	Straight line	5 years
Office furniture and equipment	Straight line	0.5 - 6 years
Computer equipment	Straight line	2-3 years
Right of use assets	Straight line	Lease term

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

1.4 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Software
Purchased software and the direct costs associated with the customisation and installation thereof are capitalised. Expenditure on internally developed software is capitalised if it meets the criteria for capitalising development expenditure. Other software developement expenditure is recognised in surplus or deficit when incurred.

Accounting Policies

1.4 Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	**Useful life**
Software	3 years

1.5 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company ,as applicable, are as follows:

Financial assets which are equity instruments:
- Mandatorily at fair value through surplus or deficit; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:
- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through surplus or deficit. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through surplus or deficit. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:
- Mandatorily at fair value through surplus or deficit.

Financial liabilities:
- Amortised cost; or
- Mandatorily at fair value through surplus or deficit. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through surplu or deficit. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through surplus or deficit).

Note 19 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

Accounting Policies

Financial instruments (continued)

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 5).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

1.6 Hedge accounting

At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the company actually hedges and the quantity of the hedging instrument that the company actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The company designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The company excludes the time value of options and designates only the intrinsic value of options as the hedging instruments in hedges involving options as the hedging instruments. The change in fair value attributable to the time value of options is recognised in other comprehensive income and accumulated in equity as deferred hedging gains (losses). The company only hedges time period related hedged items using options. The change in the aligned time value is recognised in other comprehensive income and is amortised on a systematic and rational basis over the period during which the hedge adjustment for the option's intrinsic value could affect profit or loss (or other comprehensive income, if the hedged item is an equity instrument at fair value through other comprehensive income). However, if hedge accounting is discontinued the net amount (i.e. including cumulative amortisation) that has been accumulated in the deferred hedging reserve is immediately reclassified into profit or loss.

Accounting Policies

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the company's incremental borrowing rate.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

1.8 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

Accounting Policies

1.10 Employee benefits

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.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.11 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- 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 of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised but are disclosed.

Accounting Policies

1.12 Revenue

Licences, inspection, permits, affiliation fees and levies
Revenue derived from licences, inspection, permit, award income, commercial rights, publications and affiliation fees and levies are recognised as income in the period in which these fees and levies are earned. Advance payments received for these are included in accounts payable in the statement of financial position, to the extent that they are unearned.

Sponsorship and advertising revenue
Revenue arising from sponsorship and advertising revenue is recognised as income in the relevant period that the event is run or the advertising is published and it is probable that there would be future flow of economic benefits to the company

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 inflow of economic benefits to the company

Promotional items
The sale of promotional goods are recognised when the significant risks and rewards incidental to ownership of the goods have passed to the buyer, and to the extent that it is probable that there would be a future flow of economic benefits to the company

1.13 Commission funds and project funds

Commission funds
The funds are held by Motorsport South Africa NPC for and on behalf of the various commissions. The commission funds attract interest at the applicable call account interest rate and are payable on demand.

Project funds
The funds are granted to Motorsport South Africa NPC for the specific use of the respective projects according to the terms and conditions stipulated in the various agreements.

Notes to the Financial Statements

Figures in Rand	2020	2019

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.

Notes to the Financial Statements

2. New Standards and Interpretations (continued)

- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 01 January 2019.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations.

3. Property, plant and equipment

	2020			2019		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Motor vehicles	91 957	(91 957)	-	91 957	(91 957)	-
Office equipment	499 052	(490 166)	8 886	490 053	(485 747)	4 306
IT equipment	1 210 172	(1 179 106)	31 066	1 195 391	(1 152 748)	42 643
Right of use asset	-	-	-	707 743	(446 882)	260 861
Total	**1 801 181**	**(1 761 229)**	**39 952**	**2 485 144**	**(2 177 334)**	**307 810**

Reconciliation of property, plant and equipment - 2020

	Opening balance	**Additions**	**Depreciation**	**Total**
Office furniture and equipment	4 306	8 998	(4 418)	8 886
Computer equipment	42 643	14 782	(26 359)	31 066
Right of use asset	260 861	-	(260 861)	-
	307 810	**23 780**	**(291 638)**	**39 952**

Reconciliation of property, plant and equipment - 2019

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Office furniture and equipment	7 350	-	-	(3 044)	4 306
Computer equipment	44 244	26 676	-	(28 277)	42 643
Right of use asset	-	707 216	527	(446 882)	260 861
	51 594	**733 892**	**527**	**(478 203)**	**307 810**

Notes to the Financial Statements

Figures in Rand	2020	2019

4. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software, internally generated	931 965	(898 146)	33 819	912 525	(879 373)	33 152

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	33 152	19 440	(18 773)	33 819

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	56 380	38 500	(61 728)	33 152

5. Trade and other receivables

	2020	2019
Financial instruments:		
Trade receivables	310 639	463 753
Accrued income	(206 336)	15 208
Trade receivables at amortised cost	104 303	478 961
Total trade and other receivables	**104 303**	**478 961**

6. Cash and cash equivalents

Cash and cash equivalents consist of:

	2020	2019
Bank balances	15 592 992	13 676 626
Short-term deposits	-	322 064
	15 592 992	**13 998 690**

Notes to the Financial Statements

Figures in Rand	2020	2019

7. Finance lease liabilities

	2020	2019
Minimum lease payments due		
- within one year	-	289 276
	-	289 276
less: future finance charges	-	(7 074)
Present value of minimum lease payments	**-**	**282 202**
Present value of minimum lease payments due		
- within one year	-	282 202

It is company policy recognise a lease when an agreement satisfies the definition of a lease as set out in the accounting policy..

Interest rates are linked to prime at the date of recognition. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The company's obligations under finance leases are secured by the lessor's charge over the right of use assets. Refer note .

A New lease was entered into from 01/08/2020 to 31/07/2021. The new lease entered into does not excessed the 12 month period as stipulated in IFRS 16, and does not comply to be a right of use assets. The new lease will be treated as normal rent paid expenses for the period of the lease.

8. Commission funds

	2020	2019
Commission Fund - Motorcycle Circuit Rac	69 539	122 021
Commission Fund - Oval/Spinning/Drifting	29 956	29 247
Commission Fund - Historic & Marque	65 635	58 046
Commission Fund - Motocross	118 804	213 610
Commission Fund - Karting	97 611	170 608
Commission Fund - Cross Country M/cycle	96 943	155 310
Commission Fund - Motorcycle Enduro	27 393	81 668
Commission Fund - NR Rally	1 972	3 337
Commission Fund - Single Seater	80 460	74 192
Commission Fund - Drag Racing	75 674	81 070
Commission Fund - Saloon Car	40 130	39 202
Commission Fund - Rally	21 324	28 955
NR Off Road Car	(46 507)	(46 507)
	678 934	**1 010 759**

The funds are held by Motorsport South Africa NPC for and on behalf of various commissions. The commissions fund attracts interest at the applicable call account interest rate and are payable on demand.

Notes to the Financial Statements

Figures in Rand	2020	2019

9. Project funds

Heading		
FIA Motorsport Training Africa	140 108	6 638
Grant-MSA/FIM Africa	262 607	276 009
MSA Women In Motorsport	1 765	22 614
Sport & Recreation (SRSA)	-	515 612
Off Road Car	283	-
Development Fund	836 000	836 000
FIA Motorsport Development Academy	40 000	20 217
FIA Clearing Account	183 718	242 557
FIA Clustor Training	-	(5 863)
FIA 2018 Cluster/Counterfeit Products	-	47 415
Special Projects Control Account	53 038	125 680
	1 517 519	**2 086 879**

The funds are granted to Motorsport South Africa NPC for the specific use of the respective projects according to the terms and conditions stipulated in the various agreements.

10. Trade and other payables

Financial instruments:		
Trade payables	444 441	516 998
Provisions	133 100	351 000
Income received in advance	103 736	183 561
2021 Licence discount provision	1 000 000	-
Prize Fund - Northern Regions	40 381	-
Other payables	222 457	174 505
Non-financial instruments:		
Funds received in advance - Ford development	1 000 000	-
VAT	219 046	57 185
	3 163 161	**1 283 249**

Funds received in advance - Ford development fund.
The amount received was received in advance, for the development of a driver and navigator in the National South African Cross Country Car series for the 2021 season. The amount received is only allowed to be used in 2021.

11. Revenue

Affiliations	293 695	303 620
Commercial rights	-	126 087
Levies	676 365	1 306 222
Licenses	3 849 482	5 753 292
Permit fees	846 934	1 785 309
Promotional items	156 982	321 056
	5 823 458	**9 595 586**

12. Other operating income

Legal Fees Recovered	-	150 221
Government grants	2 697 437	-
	2 697 437	**150 221**

Notes to the Financial Statements

Figures in Rand	2020	2019

13. Operating (deficit) surplus

Operating loss for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external		
Audit fees	133 100	121 000
Employee costs		
Salary expense	4 631 141	4 072 124
Director emoluments (for service as directors)	1 285 313	1 347 909
Total employee costs	**5 916 454**	**5 420 033**
Depreciation and amortisation		
Depreciation of property, plant and equipment	291 638	478 203
Amortisation of intangible assets	18 773	61 727
Total depreciation and amortisation	**310 411**	**539 930**

14. Depreciation, amortisation and impairment losses

Depreciation		
Property, plant and equipment	291 638	478 203
Amortisation		
Intangible assets	18 773	61 727
Total depreciation, amortisation and impairment		
Depreciation	291 638	478 203
Amortisation	18 773	61 727
	310 411	**539 930**

15. Investment income

Interest income		
Investments in financial assets:		
Bank and other cash	802 894	933 193

16. Finance costs

Finance leases	7 074	48 932

17. Taxation

No provision has been made for 2020 tax as the company is a Public Benefit Organisation (PBO) in terms of section 30(3) of the Income Tax Act No 58 of 1962. The company has therefore obtained a tax exemption certificate.

Notes to the Financial Statements

Figures in Rand	2020	2019

18. Cash generated from operations

	2020	2019
Surplus before taxation	255 928	592 594
Adjustments for:		
Depreciation and amortisation	310 411	539 930
Interest income	(802 894)	(933 193)
Finance costs	7 074	48 932
Changes in working capital:		
Trade and other receivables	374 658	256 332
Trade and other payables	1 879 913	71 266
	2 025 090	**575 861**

19. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2020

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	5	104 303	104 303	104 303
Cash and cash equivalents	6	15 592 992	15 592 992	15 592 992
		15 697 295	**15 697 295**	**15 697 295**

2019

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	5	478 961	478 961	478 961
Cash and cash equivalents	6	13 998 690	13 998 690	-
		14 477 651	**14 477 651**	**478 961**

Categories of financial liabilities

2020

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	10	1 944 115	1 944 115	-

2019

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	10	1 226 063	-	1 226 063	-
Finance lease obligations	7	-	282 202	282 202	-
		1 226 063	**282 202**	**1 508 265**	**-**

19. Financial instruments and risk management (continued)

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customer

Trade and other receivable

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 60% (2018: 59%) of the company's revenue is attributable to sales transactions with competitors requiring annual licences and licences for competitions. These licences are operated on a cash basis. Approximately 35% (2018: 34%) of revenue relates to club registrations, competitor levies, affiliation fees and permit fees from clubs. The balance of the revenue earned relates to commercial and naming rights.

The company has established a credit policy under which each new club is evaluated individually. Exposure limits are established for each club, in accordance with the approval framework. Permits are issued to clubs for each individual event as per the calendar. If their account is in arrears, Motorsport South Africa NPC will not issue the permit until paid. The club will therefore not be able to hold an event without a permit. Furthermore, if a competitor's cheque is referred to drawer their licence is immediately revoked, and as they have to be a club member to get a licence, Motorsport South Africa NPC advises the club that they cannot race until their licence is active.

A Large portion company's customers have been transacting with the Company for a number of years, and losses have occurred infrequently. There are no customers graded as "high risk".

The company does not require collateral in respect of trade and other receivables, as it mainly renders services to Motorsport clubs and race tracks in the industries in which they operate and the exposure to credit risk is monitored on an ongoing basis.

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Credit risk exposure arising on cash and cash equivalents is managed by the company through dealing with well-established financial institutions with high credit ratings.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

Notes to the Financial Statements

Figures in Rand	2020	2019

19. Financial instruments and risk management (continued)

The maximum exposure to credit risk is presented in the table below:

		2020			2019		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	5	104 303	-	104 303	478 961	-	478 961
Cash and cash equivalents	6	15 592 992	-	15 592 992	13 998 690	-	13 998 690
		15 697 295	**-**	**15 697 295**	**14 477 651**	**-**	**14 477 651**

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under normal conditions.

The company manages its working capital requirements stringently and ensures that it has sufficient cash on demand to meet expected operational expenses for a minimum period of 30 days, including the servicing of its financial obligations.

2020

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	7	1 944 115	1 944 115	1 944 115

2019

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	10	1 226 063	1 226 063	1 226 063
Finance lease liabilities	7	282 202	282 202	282 202

Interest rate risk

Financial assets that are sensitive to interest rate risk are cash and cash equivalents. The interest rates applicable to these financial instruments compared favourably with those currently available in the market and as a result, no re-pricing analysis was considered necessary.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Notes to the Financial Statements

Figures in Rand	2020	2019

20. Events after the reporting period

COVID-19

A virus that was discovered in December 2019, has swept through the world setting in motion a series of events threatening the health of South Africans and having a major impact on supply chains and economies throughout the world. In order to curb the spread of the COVID-19 pandemic in South Africa, a nation-wide lockdown announced by the President of South Africa came into effect at midnight on the 26th of March 2020. Following that announcement, certain regulations were published in terms of the Disaster Management Act. 2002 enforcing the lockdown and exempting, inter alia, certain goods and services from the lockdown. Accordingly, the lockdown regulations required that certain companies temporarily cease normal operations.

The directors have considered the impact of the Covid-19 pandemic on the financial results of the company and its related subsidiaries/associates for the year ended 31 December 2020 and are of the view that there are no changes to the reported performance of the company and its related subsidiaries/associates as a result of the current state of Covid-19 pandemic. The directors are also of the view that based on the current information available to them and the measures taken to protect the business, the company and its related subsidiaries/associates will be able to continue into the foreseeable future as a going concern.

Detailed Income Statement

Figures in Rand	Note(s)	2020	2019
Revenue			
Affiliation fees		293 695	303 620
Commercial rights		-	126 087
Competitor levies		676 365	1 306 222
License income		3 849 482	5 753 292
Permit fees		846 934	1 785 309
Promotional items		156 982	321 056
	11	**5 823 458**	**9 595 586**
Other operating income			
Legal Fees Recovered		-	150 221
Sport, arts and culture covid-19 grant		2 697 437	-
	12	**2 697 437**	**150 221**
Expenses (Refer to page 29)		**(9 060 787)**	**(10 037 474)**
Operating loss	13	**(539 892)**	**(291 667)**
Investment income	15	802 894	933 193
Finance costs	16	(7 074)	(48 932)
Surplus for the year		**255 928**	**592 594**

Detailed Income Statement

Figures in Rand	Note(s)	2020	2019
Other operating expenses			
Accounting fees		61 845	2 000
Amortisation		18 773	61 727
Assets under R7000		2 695	6 603
Audit fees	13	133 100	121 000
Bad debts		10 951	139 763
Bank charges		256 442	337 821
Board of Directors expenses		20 162	68 928
Commission paid		114 844	185 903
Computer expenses		241 042	240 409
Corporate Compliance		8 000	281 729
Depreciation		291 638	478 203
Development fees		50 421	283 244
Discount allowed		-	74
Donations		20 000	8 325
Employee costs		5 916 454	5 420 033
Entertainment		70	9 304
General expenses		539	500
Insurance		1 112 618	1 018 521
Lease rentals on operating lease		255 465	169 763
Legal fees		287 194	116 633
MSA 2023 Strategic Plan		-	45 000
Marketing		14 157	33 501
Membership Fees		8 643	130 263
Motor vehicle expenses		3 344	9 114
National awards		2 699	467 924
Placement fees		36 000	-
Printing and stationery		78 532	79 471
Refreshments		6 992	6 483
Regional Awards		1 472	124 272
Regional Committee expenses		36 463	62 646
Repairs and maintenance		3 732	4 500
Security		5 540	3 465
Staff Uniform		923	1 392
Storage		9 107	9 003
Telephone and fax		45 313	72 924
Transport and freight		400	2 439
Travel - local		5 217	33 137
Travel - overseas		-	1 457
		9 060 787	**10 037 474**