

ITS USER GROUP

Annual financial statements for the year ended
31 May 2013

QUESTUS INC.
Chartered Accountants (S.A.)
Registered Auditors
Issued 14 February 2013

ITS USER GROUP
FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MAY 2013

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Afford the users of the ITS Administrative System opportunities to discuss matters of common interest and to find solutions to common problems
EXECUTIVE COMMITTEE	Noel Knickelbein(Chairperson) Bobby Bezuidenhout(Treasurer) Juanita Frans Tlhageng Magetsi Christo Christowitz
REGISTERED OFFICE	11 Retief Street Potchefstroom 2531
POSTAL ADDRESS	P.O. Box 597 Potchefstroom 2520
BANKERS	ABSA Bank
AUDITORS	QUESTUS INC. Chartered Accountants (S.A.) Registered Auditors
ADMINISTRATOR	Ann Jack

ITS USER GROUP
FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MAY 2013

INDEX

The reports and statements set out below comprises of the financial statements presented to the members:

INDEX	PAGE
Report of the Independent Auditors	3
Executive Committee's Responsibilities and Approval	4
Executive Committee's Report	5
Balance Sheet	6
Income Statement	7
Cash Flow Statement	8
Accounting Policies	9
Notes to the Financial Statements	10

REPORT OF THE INDEPENDENT AUDITORS

To the members of ITS User Group

We were engaged to audit the accompanying financial statements of ITS User Group which comprises of the balance sheet as at 31 May 2013, and the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Executive Committee's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies of ITS User Group and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluation the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ITS User Group as of 31 May 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Standards on Auditing.


QUESTUS INC
CHARTERED ACCOUNTANTS (S.A.)
REGISTERED AUDITORS

ITS USER GROUP
FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MAY 2013

EXECUTIVE COMMITTEE'S RESPONSIBILITIES AND APPROVAL

The executive committee is required to maintain adequate accounting records and are responsible for the content and integrity of the financial statement 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 ITS User Group 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 the accounting policies of ITS User Group. The external auditors are engaged to express an independent opinion on the financial statements.

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

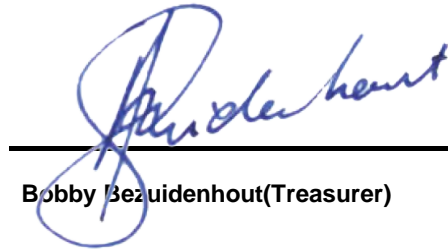
The executive committee is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently reviewing and reporting on ITS User Group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on page 3.

The financial statements set out on pages 6 to 10, which have been prepared on the going concern basis, were approved by the executive committee on 14 February 2014 and were signed on their behalf by:



Noel Knickelbein(Chairperson)



Bobby Bezuidenhout(Treasurer)

ITS USER GROUP
FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MAY 2013

EXECUTIVE COMMITTEE'S REPORT

The executive committee submits their report for the year ended 31 May 2013.

1. REVIEW OF ACTIVITIES

Main business and operations

Users of ITS software to come together annually and discuss the software. They afford the users of the ITS Administrative System opportunities to discuss matters of common interest and to find solutions to common problems.

The operating results and state of affairs of ITS User Group are fully set out in the attached financial statements and do not in our opinion require any further comment.

Net income of ITS User Group was 2013: 594,691(2012:371,629).

2. GOING CONCERN

We draw attention to the fact that at 31 May 2013, the ITS User Group had accumulated income of R3,280,864 and that their total assets exceed its liabilities by R3,280,864.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. The 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.

The ability of ITS User Group to continue as a going concern is dependent on a number of factors. The most significant of these is that the members continue to procure funding for the ongoing operations for ITS User Group.

3. POST BALANCE SHEET EVENTS

The executive committee is not aware of any matter or circumstance arising since the end of the financial year to date of this report.

4. EXECUTIVE COMMITTEE

At the date of this report, the Executive Committee comprised of the following persons:

Noel Knickelbein(Chairperson)
Bobby Bezuidenhout(Treasurer)
Juanita Frans
Tlhageng Magetsi
Christo Christowitz

5. BANKERS

ABSA Bank

6. AUDITORS

QUESTUS INCORPORATED

ITS USER GROUP
FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MAY 2013

BALANCE SHEET

	Notes	R 2013	R 2012
ASSETS			
Non current assets			
Property, plant and equipment	1	9,961	-
		9,961	-
Current assets			
Cash and cash equivalents	2	3,271,388	2,848,800
		3,271,388	2,848,800
TOTAL ASSETS		3,281,349	2,848,800
EQUITY AND LIABILITIES			
Capital and reserves			
Retained surplus		3,280,864	2,686,172
Current liabilities			
Trade and other payables	3	486	162,627
		486	162,627
TOTAL EQUITY AND LIABILITIES		3,281,349	2,848,799

ITS USER GROUP
FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MAY 2013

INCOME STATEMENT

	Notes	R 2013	R 2012
INCOME		2,055,359	1,909,622
Conference and delegate fees 2013		1,578,970	1,503,464
Membership fees 2013		338,189	294,208
Vendor income		138,200	111,950
PLUS: OTHER INCOME			
Interest		52,776	51,870
LESS: OPERATING EXPENSES		1,513,444	1,589,863
Auditors remuneration		42,659	-
Bank charges		4,024	3,671
Commission		500	250
Computer expense		8,140	-
Conferencing		1,127,991	1,245,934
Courier & Postage		23,878	16,408
Depreciation		4,383	-
Legal fees		-	3,659
Meals & Incidents		5,384	14,511
Post box rental		-	648
Printing & Stationery		54,458	66,924
Salaries & Wages		90,000	88,840
Subsistence & Travel		128,236	105,704
Website		820	2,240
Workshops		22,971	41,074
NET INCOME/(DEFICIT) FOR THE YEAR		594,691	371,629
RETAINED SURPLUS AT THE BEGINNING OF THE YEAR		2,686,172	2,314,543
RETAINED SURPLUS AT THE END OF THE YEAR		3,280,864	2,686,172

ITS USER GROUP
FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MAY 2013

CASH FLOW STATEMENT

	Notes	R 2013	R 2012
CASH FLOW FROM OPERATING ACTIVITIES		436,932	371,629
Net surplus for the year		594,691	371,629
Depreciation		4,383	-
(Increase)/Decrease receivables		-	-
Increase/(Decrease) in trade and other payables		(162,142)	-
NET CASH FROM OPERATING ACTIVITIES		<u>436,932</u>	<u>371,629</u>
CASH EFFECTS OF INVESTMENT ACTIVITIES			
Purchase of Property, Plant and Equipment		(14,344)	-
NET CASH FROM INVESTING ACTIVITIES		<u>(14,344)</u>	<u>-</u>
TOTAL CASH MOVEMENT FOR THE YEAR		<u>422,588</u>	<u>371,629</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		<u>2,848,799</u>	<u>2,477,170</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	2	<u>3,271,388</u>	<u>2,848,799</u>

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the accounting policies of ITS User Group. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

1.1 Financial Instruments

Receivables

Trade debtors are not recognised when due, as income is recognised when received. Pre-paid expenses are recognised as other receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are carried at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Revenue Recognition

Revenue is recognized when received and therefore no trade debtors are provided.

Fixed Assets

All fixed assets are initially recorded at cost and adjusted for any impairment in value. Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives.

Item	Average useful life
Computer equipment	3 years

ITS USER GROUP
FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MAY 2013

NOTES TO THE FINANCIAL STATEMENTS

	R 2013	R 2012
1. PROPERTY, PLANT AND EQUIPMENT		
Computer Equipment		
Carrying value beginning of year	-	-
Less : Depreciation	(4,383)	-
Carrying value end of year	9,961	-
Cost price	14,344	-
Accumulated depreciation	(4,383)	-
2. CASH AND CASH EQUIVALENTS		
Cheque Account	1,950,728	1,591,547
32 Day notice deposit	401,299	390,099
Investment Advantage	922,781	881,289
	<u>3,274,809</u>	<u>2,862,935</u>
ABSA Credit Card	(3,421)	(14,135)
Credit Card 0011	(3,421)	(14,135)
Credit Card 1019	-	-
	<u>3,271,388</u>	<u>2,848,800</u>
3. TRADE AND OTHER PAYABLES		
Integrated Tertiary Software (Pty) Ltd	-	162,627
Lotsmore Promotions	486	-
	<u>486</u>	<u>162,627</u>
3.1	These amounts consist of payments received by ITS User Group that were intended for Integrated Tertiary Software (Pty) Ltd.	