

FIM Africa

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

Annual Financial Statements
for the year ended 31 December 2017
Reviewed



Angie Du Toit (Accountant) was responsible for the supervision and preparation of the financial statements.
These financial statements were published on 21 May 2018

FIM Africa

Financial Statements

For the year ended 31 December 2017

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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 2017, 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 Conu's ability to continue as a going concern and have no reason to believe the Conu 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 the International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Financial Statements (ISRE 2400 (Revised))*, 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 20 May 2018 and are signed on its behalf by:



ROSE RUSHFORTH

Treasurer

FIM Africa

Council Members' report

for the year ended 31 December 2017

The Council Members have pleasure in presenting their report for the year ended 31 December 2017.

Business activities

The main business activities of the Conu 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 Conu at 31 December 2017 are set out in the financial statements.

Council Members

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

| | |
|-------------------------|---|
| Mr M Comana | President (Elected 22/10/2017) |
| Mr. Ray Wilson | President (Deceased 17/06/2017) |
| Mrs. Rose Rushforth | Vice President - Treasurer |
| Mr. Kevin Branch | Vice President - Sporting Central and Southern |
| Mr. Larbi Sbai | Vice President (Interim President up to 22/10/2017) |
| 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 (Resigned 22/10/2017) |
| Mrs Julie Matiba-Wahome | Vice President - Women (Elected 22/10/2017) |
| Ms. Jacqui Monteiro | Secretary General |

FIM Africa

Council Members' report

for the year ended 31 December 2017 (continued)

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.

Business & Postal address

FIM Africa
2nd Floor Meersig 1
Cnr of Upper Lake Lane & Constantia Blvd.
Constantia Kloof
Roodepoort
1709

Reviewer

KPMG Services Proprietary Limited

Incorporation

The Secretariat begun the process of registering The Council as a non-profit company in 2016. There were several delays in this registration process, with final compliance and registration being complete after the current year end. FIM Africa Non-Profit Company was incorporated on 4 May 2018.



KPMG Services Proprietary Limited
KPMG Crescent
85 Empire Road, Parktown, 2193,
Private Bag 9, Parkview, 2122, South Africa

Telephone +27 (0)11 647 7111
Fax +27 (0)11 647 8000
Docex 472 Johannesburg
Internet kpmg.co.za

Independent Reviewer's Report

To the Council Members of FIM Africa

We have reviewed the financial statements of FIM Africa set out on pages 6 to 16, which comprise the statement of financial position as at 31 December 2017 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Council Members' Responsibility for the Financial Statements

The Council Members are responsible for the preparation of these financial statements in accordance with the basis of accounting described in note 1, 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))*. 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 basis of accounting described in note 1.

Basis of Accounting

Without modifying our conclusion, we draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the Conu's own accounting policies to satisfy the financial information needs of the Conu's ultimate federation. As a result, the financial statements may not be suitable for another purpose.

Other Reports

The annual financial statements include the Council Members' Report. The Council Members are responsible for the Council Members' Report. Our conclusion on the financial statements does not cover the Council Members' Report and we do not express any form of assurance conclusion thereon.

In connection with our independent review of the financial statements, we have read the Council Members' Report and, in doing so, considered whether the Council Members' Report is materially inconsistent with the financial statements or our knowledge obtained in the independent review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Council Members' Report, we will report that fact. We have nothing to report in this regard.

KPMG Services Proprietary Limited

Per Steve Robinson
Chartered Accountant (SA)
Registered Auditor
Director
21 May 2018

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

Chief Executive N Dloum
Directors Full list on website

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.

FIM Africa

Statement of comprehensive income

For the year ended 31 December 2017

| | <i>Note</i> | 2017 USD | 2016 USD |
|--------------------------|-------------|---------------------|---------------------|
| Revenue | | <u>107 354</u> | <u>85 023</u> |
| Total Revenue | | <u>107 354</u> | <u>85 023</u> |
| | | | |
| Other operating costs | 2 | <u>(73 755)</u> | <u>(60 110)</u> |
| Operating Results | | <u>33 599</u> | <u>24 913</u> |
| | | | |
| Operating Surplus | | <u>33 599</u> | <u>24 913</u> |

FIM Africa

Statement of financial position

At 31 December 2017

| | <i>Note</i> | 2017 USD | 2016 USD |
|-------------------------------------|-------------|---------------------|---------------------|
| Assets | | | |
| Current assets | | 101 978 | 88 811 |
| Cash and cash equivalents | | 101 978 | 88 811 |
| Total assets | | 101 978 | 88 811 |
| Equity and liabilities | | | |
| Capital Funds | | (86 779) | (53 180) |
| Capital funds brought forward | | (53 180) | (28 267) |
| Operating Surplus | | (33 599) | (24 913) |
| Current liabilities | | (15 199) | (35 631) |
| Trade and other payables | 3 | (3 719) | (178) |
| Amounts owing to related party | 4 | (11 480) | (35 453) |
| Total equity and liabilities | | 101 978 | (88 811) |

FIM Africa

Statement of changes in equity

For the year ended 31 December 2017

| | Capital Funds USD | Total USD |
|------------------------------------|----------------------------------|----------------------|
| Balance at 31 December 2015 | (42 847) | (42 847) |
| Operating surplus for the year | (24 913) | (24 913) |
| Re-allocation of reserves | 14 580 | 14 580 |
| Balance at 31 December 2016 | (53 180) | (53 180) |
| Operating surplus for the year | (33 599) | (33 599) |
| Balance at 31 December 2017 | (86 779) | (86 779) |

FIM Africa

Statement of cash flows

For the year ended 31 December 2017

| | <i>Note</i> | 2017 USD | 2016 USD |
|---|-------------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 5 | <u>13 167</u> | <u>62 749</u> |
| Net cash generated from operating activities | | <u>13 167</u> | <u>62 749</u> |
| (Decrease)/increase in cash and cash equivalents | | 13 167 | 62 749 |
| Cash and cash equivalents at beginning of year | | <u>88 811</u> | <u>26 062</u> |
| Cash and cash equivalents at the end of the period | | <u>101 978</u> | <u>88 811</u> |

FIM Africa

Notes to the financial statements

For the year ended 31 December 2017

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.

The financial statements have been prepared in accordance with the Conu's Accounting Policies.

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

FIM Africa derives certain of its income from the FIM International e.g. licences, affiliation fees and a subsidiary. FIM Africa also derives income from the issuing of Officials Licences and Event Permits.

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.

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:

FIM Africa

Notes to the financial statements

For the year ended 31 December 2017

1. Significant accounting policies (continued)

1.3 Financial instruments (continued)

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.

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 2017

| 2. Other operating costs | 2017 USD | 2016 USD |
|--|--------------|-------------|
| Are arrived at after taking into account – | | |
| Marketing expenses | 3 849 | – |
| General expenses | 2 039 | 1 401 |
| Insurance | 1 689 | – |
| General Assembly Expenses | 24 242 | 24 440 |
| Council Expenses | 14 245 | 12 489 |
| Commission Expenses | 12 372 | – |
| Interpreter Fees | 1 390 | 3 452 |
| Admin Fees | 2 580 | 3 093 |
| Website Costs | 2 984 | 3 013 |
| Subsistence Allowance | 1 360 | 1 921 |
| Vehicle Hire | – | 2 870 |
| Seminar Expenses | – | 1 707 |
| Translation Fees | 1 240 | 1 530 |
| Auditors' remuneration and accounting fees | 3 250 | 2 360 |
| Bank Charges | 723 | 571 |
| 3. Trade and other payables | | |
| Other trade payables | 2 909 | 178 |
| Accrued expenses | 810 | |
| | <u>3 719</u> | <u>178</u> |

4. 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 M Comana | President (Elected 22/10/2017) |
| Mr. Ray Wilson | President (Deceased 17/06/2017) |
| Mrs. Rose Rushforth | Vice President - Treasurer |
| Mr. Kevin Branch | Vice President - Sporting Central and Southern |
| Mr. Larbi Sbai | Vice President - (Interim President up to 22/10/2017) |
| 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 (Resigned 22/10/2017) |
| Mrs Julie Matiba-Wahome | Vice President - Women (Elected 22/10/2017) |
| Ms. Jacqui Monteiro | Secretary General |

FIM Africa

Notes to the financial statements

For the year ended 31 December 2017

4. Related parties (continued)

Types of related party transactions

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

- Grants and subsidies

| | 2017 USD | 2016 USD |
|--|---------------|---------------|
| <i>Material transactions with FIM Africa:</i> | | |
| Grants and Subsidies | <u>11 480</u> | <u>35 453</u> |
| <i>Amount owing to related party:</i> | | |
| FIM | <u>11 480</u> | <u>35 453</u> |

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

5. Notes to the statement of cash flows

5.1 Cash utilised in operations

| | | |
|---|---------------|---------------|
| Operating Surplus for the Year | <u>33 599</u> | <u>24 913</u> |
| Operating loss before working capital changes | <u>33 599</u> | <u>24 913</u> |
| <i>Working capital changes –</i> | | |
| Decrease in trade and other receivables | – | 2 205 |
| Increase in trade and other payables | <u>3 541</u> | <u>178</u> |
| | <u>3 541</u> | <u>2 383</u> |

5.2 Increase/(Decrease) in amount owing to related party

| | | |
|--|-----------------|---------------|
| Increase/(Decrease) in amount owing to related parties | <u>(23 973)</u> | <u>35 453</u> |
| | <u>(23 973)</u> | <u>35 453</u> |
| | <u>13 167</u> | <u>62 749</u> |

FIM Africa

Notes to the financial statements

For the year ended 31 December 2017 (continued)

6. 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 have 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.

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 | |
|---------------------------|-----------------|---------------|
| | 2017 | 2016 |
| | USD | USD |
| Cash and cash equivalents | 101 978 | 88 811 |
| | <u>101 978</u> | <u>88 811</u> |

FIM Africa

Notes to the financial statements

For the year ended 31 December 2017 (continued)

6. 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 will be funded by the FIM International.

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 |
|-------------------------------|---------------------------|----------------------------------|----------------------------|
| 2017 | | | |
| Amount owing to related party | 11 480 | 11 480 | 11 480 |
| Trade and other payables | 3 719 | 3 719 | 3 719 |
| | <u>15 199</u> | <u>15 199</u> | <u>15 199</u> |
| 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> |

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.

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.

FIM Africa

Notes to the financial statements

For the year ended 31 December 2017 (continued)

6. Financial risk management (continued)

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:

| | 2017 | | 2016 | |
|-------------------------------|------------------------|-------------------|------------------------|-------------------|
| | Carrying amount USD | Fair Value USD | Carrying amount USD | Fair Value USD |
| <i>Financial assets</i> | | | | |
| Cash and cash equivalents | 101 978 | 101 978 | 88 811 | 88 811 |
| <i>Financial liabilities</i> | | | | |
| Amount owing to related party | (11 480) | (11 480) | (35 453) | (35 453) |
| Trade and other payables | (3 719) | (3 719) | (177) | (177) |
| | <u>86 779</u> | <u>86 779</u> | <u>53 181</u> | <u>53 181</u> |

7. Going concern

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

8. Events subsequent to the reporting date

8.1 Incorporation of the Non-Profit Company

The secretariat began the process of registering the CONU as a Non - Profit Company in the prior year, there were several delays in the process with the incorporation and registration of the company completed on 4 May 2018.

8.2 Taxation – Public Benefit Organisation (“PBO”)

The secretariat is in the process of obtaining exempt taxation status in terms of a PBO from SARS. The council members have engaged with a tax expert who is of the opinion that the CONU is a PBO and consequently will be exempt from taxation. The financial statements are therefore prepared taking this opinion into account.