

# **MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA NPC**

**(Registration Number 2001/004871/08)**

**(Association classified as a non-profit company under the Companies Act of South Africa,  
71 of 2008)**

**Trading as Motor Industry Ombudsman of South Africa**

**Annual Financial Statements  
for the year ended 28 February 2017**



# MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA NPC

(Registration Number 2001/004871/08)

Annual Financial Statements for the year ended 28 February 2017

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The reports and statements set out below comprise the annual financial statements presented to the members:

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# MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA NPC

(Registration Number 2001/004871/08)

Annual Financial Statements for the year ended 28 February 2017

## GENERAL INFORMATION

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|  |   |
|--|---|
| <b>COUNTRY OF INCORPORATION AND DOMICILE</b>       | South Africa  |
| <b>NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES</b> | To administer dispute resolution between consumers and participants in the motor and related industries |
| <b>DIRECTORS</b>                                   | AA Bezuidenhout<br>JL Krause<br>MN Phosa<br>JHL van Vreden  |
| <b>REGISTERED OFFICE</b>                           | Meiring Naude Road<br>Scientia 627-Jr<br>Pretoria<br>0184   |
| <b>BANKERS</b>                                     | First National Bank   |

# MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA NPC

(Registration Number 2001/004871/08)

Annual Financial Statements for the year ended 28 February 2017

## DIRECTORS' RESPONSIBILITIES AND APPROVAL

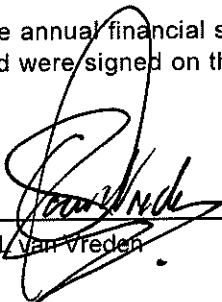
The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company.

The annual financial statements as set out on pages 5 to 12 were approved by the board on 24 April 2017 and were signed on their behalf by:

  
\_\_\_\_\_  
J.H. van Vreden

# MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA NPC

(Registration Number 2001/004871/08)

Annual Financial Statements for the year ended 28 February 2017

## **DIRECTORS' REPORT**

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The directors present their report for the year ended 28 February 2017.

### **1. Review of activities**

#### **Main business and operations**

The principal activity of the company is to administer dispute resolution between consumers and participants in the motor and related industries and there were no major changes herein during the year.

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

### **2. Going concern**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### **3. Events after reporting date**

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect of the financial position of the company.

### **4. Directors**

The directors of the company during the year and to the date of this report are as follows:

AA Bezuidenhout  
JL Krause  
MN Phosa  
JHL van Vreden

# MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA NPC

(Registration Number 2001/004871/08)

Annual Financial Statements as at 28 February 2017

## Statement of Financial Position

| Figures in R                        | Note(s) | 2017              | 2016             |
|-------------------------------------|---------|-------------------|------------------|
| <b>Assets</b>                       |         |                   |                  |
| <b>Current Assets</b>               |         |                   |                  |
| Trade and other receivables         | 3       | 18 687 075        | 6 111 430        |
| Cash and cash equivalents           | 4       | 10 000            | -                |
|                                     |         | <u>18 697 075</u> | <u>6 111 430</u> |
| <b>Total Assets</b>                 |         | <u>18 697 075</u> | <u>6 111 430</u> |
| <b>Equity and Liabilities</b>       |         |                   |                  |
| <b>Equity</b>                       |         |                   |                  |
| Retained earnings                   |         | <u>17 726 489</u> | <u>5 899 809</u> |
| <b>Current Liabilities</b>          |         |                   |                  |
| Trade and other payables            | 5       | <u>970 586</u>    | <u>211 621</u>   |
| <b>Total Equity and Liabilities</b> |         | <u>18 697 075</u> | <u>6 111 430</u> |

# MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA NPC

(Registration Number 2001/004871/08)

Annual Financial Statements for the year ended 28 February 2017

## Statement of Comprehensive Income

14 months

| Figures in R                | 2017              | 2016             |
|-----------------------------|-------------------|------------------|
| <b>Revenue</b>              | 31 363 854        | 22 399 747       |
| Operating costs             | (19 537 174)      | (16 499 938)     |
| <b>Operating surplus</b>    | <b>11 826 680</b> | <b>5 899 809</b> |
| <br>                        |                   |                  |
| <b>Surplus for the year</b> | <b>11 826 680</b> | <b>5 899 809</b> |

# MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA NPC

(Registration Number 2001/004871/08)

Annual Financial Statements for the year ended 28 February 2017

## Statement of Changes in Equity

| Figures in R                                   | Retained earnings | Total             |
|--|-------------------|-------------------|
| <b>Balance at 1 January 2014</b>               | -                 | -                 |
| <b>Total comprehensive income for the year</b> |                   |                   |
| Surplus for the year                           | 5 899 809         | 5 899 809         |
| <b>Balance at 29 February 2016</b>             | <u>5 899 809</u>  | <u>5 899 809</u>  |
| <b>Balance at 1 March 2016</b>                 | 5 899 809         | 5 899 809         |
| <b>Total comprehensive income for the year</b> |                   |                   |
| Surplus for the year                           | 11 826 680        | 11 826 680        |
| <b>Balance at 28 February 2017</b>             | <u>17 726 489</u> | <u>17 726 489</u> |



# MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA NPC

(Registration Number 2001/004871/08)

Annual Financial Statements for the year ended 28 February 2017

## Statement of Cash Flows

14 months

| Figures in R  | Note(s) | 2017         | 2016        |
|---|---------|--------------|-------------|
| <b>Cash flows from operating activities</b>               |         |              |             |
| Surplus for the year                                      |         | 11 826 680   | 5 899 809   |
| <i>Adjustments for:</i>                                   |         |              |             |
| <b>Operating cash flow before working capital changes</b> |         | 11 826 680   | 5 899 809   |
| <i>Working capital changes</i>                            |         |              |             |
| Increase in trade and other receivables                   |         | (12 575 645) | (6 111 430) |
| Increase in trade and other payables                      |         | 758 965      | 211 621     |
| <b>Cash generated by operating activities</b>             |         | 10 000       | -           |
| <b>Net cash from operating activities</b>                 |         | 10 000       | -           |
| Increase cash and cash equivalents                        |         | 10 000       | -           |
| <b>Cash and cash equivalents at end of the year</b>       | 4       | 10 000       | -           |

# MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA NPC

(Registration Number 2001/004871/08)

Annual Financial Statements for the year ended 28 February 2017

## Accounting Policies

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### 1. General information

Motor Industry Ombudsman of South Africa NPC is a non profit company incorporated in South Africa.

### 2. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

#### 2.1 Revenue recognition

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

##### 2.1.1 Services revenue

The service rendered is recognised as revenue by reference to the stage of completion of the transaction at the reporting date.

#### 2.2 Trade and other receivables

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

#### 2.3 Cash and cash equivalents

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

#### 2.4 Trade payables

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

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# MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA NPC

(Registration Number 2001/004871/08)

Annual Financial Statements for the year ended 28 February 2017

## Notes to the Annual Financial Statements

| Figures in R                          | 2017              | 2016             |
|---------------------------------------|-------------------|------------------|
| <b>3. Trade and other receivables</b> |                   |                  |
| Trade debtors                         | 13 481 344        | 5 446 945        |
| Other receivables                     | 5 205 731         | 664 485          |
|                                       | <u>18 687 075</u> | <u>6 111 430</u> |
|                                       | <u>18 687 075</u> | <u>6 111 430</u> |
| <b>4. Cash and cash equivalents</b>   |                   |                  |
| Bank balances                         | 10 000            | -                |
|                                       | <u>10 000</u>     | <u>-</u>         |
| <b>5. Trade and other payables</b>    |                   |                  |
| Trade creditors                       | 396 632           | -                |
| Value Added Taxation                  | 573 954           | 211 621          |
|                                       | <u>970 586</u>    | <u>211 621</u>   |

# MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA NPC

(Registration Number 2001/004871/08)

Annual Financial Statements for the year ended 28 February 2017

## Notes to the Annual Financial Statements

| Figures in R | 2017 | 2016 |
|--------------|------|------|
|--------------|------|------|

### 6. Related party balances and transactions

#### Related parties

#### Relationships

Ombudsman Schemes Administrators Common Directors/Shareholders of both companies (Pty) Ltd

#### Related party balances and transactions with:

- entities with control, joint control or significant influence over the company; and/or
- entities over which the company has control, joint control or significant influence; and /or
- key management personnel of the company

#### Related party balances

##### Other receivables - Owing (to) by related parties

|  |           |         |
|--|-----------|---------|
| Ombudsman Schemes Administrators (Pty) Ltd | 5 205 731 | 664 485 |
|--|-----------|---------|

#### Related party transactions

##### Collection fee in regards to contributions from related parties

|  |           |           |
|--|-----------|-----------|
| Ombudsman Schemes Administrators (Pty) Ltd | 3 136 385 | 2 239 975 |
|--|-----------|-----------|

##### Ombudsman scheme administration expenses from related parties

|  |            |            |
|--|------------|------------|
| Ombudsman Schemes Administrators (Pty) Ltd | 16 400 789 | 14 259 963 |
|--|------------|------------|

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Annual Financial Statements for the year ended 28 February 2017

## Notes to the Annual Financial Statements

| Figures in R  | 2017              | 2016              |
|---|-------------------|-------------------|
| <b>7. Ombudsman scheme administration expenses consists of the following:</b> |                   |                   |
| Accounting fees   | 244 027           | 363 132           |
| Advertising and branding costs  | 42 597            | 88 021            |
| Computer costs and website development  | 463 917           | 431 469           |
| Consulting fees   | 142 359           | 31 807            |
| Courier and postage fees  | 20 545            | 17 658            |
| Employment costs  | 13 010 487        | 10 868 601        |
| Insurance costs   | 60 009            | 58 244            |
| Lease rentals of premises   | 597 941           | 478 383           |
| Legal costs   | 147 938           | 74 514            |
| Motor vehicle inspection costs  | 64 212            | 75 924            |
| Office furniture, infrastructure and running costs                            | 573 905           | 836 009           |
| Printing, stationery and hire of printers                                     | 412 725           | 447 907           |
| Security costs  | 31 118            | 13 884            |
| Storage and archiving costs   | 37 544            | 41 754            |
| Subscriptions   | 47 315            | 27 092            |
| Telephone and communication costs   | 354 804           | 275 373           |
| Training costs  | 27 443            | 4 746             |
| Travel and accommodation costs  | 121 903           | 125 445           |
|   | <b>16 400 788</b> | <b>14 259 963</b> |

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# MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA NPC

(Registration Number 2001/004871/08)

Annual Financial Statements for the year ended 28 February 2017

## Detailed Income Statement

14 months

| Figures in R                               | 2017              | 2016              |
|--|-------------------|-------------------|
| <b>Gross Revenue</b>                       |                   |                   |
| Contributions                              | 31 363 854        | 22 399 747        |
|  | <u>31 363 854</u> | <u>22 399 747</u> |
| <b>Expenditure</b>                         |                   |                   |
| Collection fee in regards to contributions | 3 136 385         | 2 239 975         |
| Ombudsman scheme administration expenses   | 16 400 789        | 14 259 963        |
|  | <u>19 537 174</u> | <u>16 499 938</u> |
| <b>Surplus before taxation</b>             | <u>11 826 680</u> | <u>5 899 809</u>  |