



## Financial Report

### Continuing operations

Revenue/Grants increased to R7.663 million. Basketball South Africa is still experience problem with regard to obtaining grants or revenue related to the administration costs ranging from payment of salaries and capacitating the office with resources. Most of the grant from National Lottery Board and Department of Sport and Recreation are mainly program related and cannot be used for administrative costs. We thank some of executive committee members and employees that have used their resources to assist in our operations.

The surplus for the year (R4,159,851) has no meaning as all programs relating to the funds receivable were expensed in subsequently year. This is mainly due to the accounting policy relating the recognition of revenue.

Most sport organizations in South Africa experience the same problem with regard to administrative costs and mainly get supported by membership fees and affiliation fees to cover these costs. Basketball South Africa is in the process of putting up policies and procedures for the collection of membership fees and affiliation fees. This is very important as an improvement in membership registration also improves grant allocation to the federation. The grants from the Department of Sport and Recreation and National Lottery Board are mainly based on the number registered members in the organisation and levels of participation in Africa and World tournament and the improvement thereof.

### Cash flow

We must take particular focus in improving cash flows for the subsequent financial years. This comes from the experience in understanding the procedures of Department of Sport and Recreation and National Lottery Board. For the revenue stated in financial statements only R1.925k of the grants were received during the financial year. The National Lottery Board only transfers funds 3 months after the submission of the contracts and 2 months after the submission of the reports.

Basketball South Africa also has an adverse credit record with the financial institutions that have tightened lending conditions. This has also adversely impacted on our employees with no salaries paid during October 2007 and April 2008.

### Balance sheet and borrowings

The non-current assets increases a new computer bought in office.

Current asset reflect the funds receivable of R7.3m from the National Lottery Board and Department of Sports and Recreation. An amount of R2,9m has is payable to Wheelchair Basketball for their programs.

Non-current liabilities relate to amount owing to SASCO for assisting the organization with high performance programs for our national teams.

The current liabilities increase mainly due to costs from:

1. All expenditure relating to International participation in Libya (Senior Men), Mozambique (Under 16 men) and Madagascar (Senior women)
2. Tax liabilities for PAYE

### Detailed Income Statements

The expenses have increased due to major national team activities in current year. The detail analyses of the major variances in expenses have been discussed below:

- Consulting fees – Strategic planning session fees and development of bidding document for 2012 Afrobasket
- Employee cost – Back payment of outstanding salaries during 2007 and 2008
- Training and camp expenses – Participation in African championships of Senior men, senior women and under 16 men
- Referees support – Senior referees fees, recycling of international referees in Mozambique, accompanying of national team to Afrobaskets and recycling of commissioners in Abidjan
- Membership Disks – Copying of all disks for distribution with membership registration and in developmental programs
- Club development fees – Kits and balls relating to the Club Development policy



- Team clothing – National team clothing for Under16 men and women in Zimbabwe, Under 16 men in Mozambique, Senior men in Mozambique, Senior men in Libya, Senior women in Madagascar
- Travel and transportation - National team clothing for Under16 men and women in Zimbabwe, Under 16 men in Mozambique, Senior men in Mozambique, Senior men in Libya, Senior women in Madagascar

## The year ahead

We also still experienced cash flow problem resulting from the slow release of funds from NLDTF and SRSA.

We received R2.3m from NLDTF which R900k transferred to Wheelchair Basketball. We manage to retrieve funds from old outstanding contracts relating to 2003 and 2001 for R1.084m and R456k respectively. We manage to organize some agreement with City of Johannesburg to use some of their facilities at low cost and we also have an agreement with Molten to receive rebates on any products relating to Basketball bought in country.

We manage to use the funds for the following:

- Repayment of Libya tour expenses
- Talent Identification for the selection of Under 20 national teams for participation in ZONE VI games
- Referees instructors for provincial development of referees at Level 3
- Women Camp for the development of players, referees, technical officials and statisticians
- Capacitate the office to functionality
- Coaches Summit for development of coaches in South Africa

We expect R522k for SRSA mainly for Club Development and Development. Also from SRSA will transfer funds related to the national school tournament in Port Elizabeth to an amount of R1,8m. We also expect R 2,6m from the current NLDTF contract to pay off all existing expenses relating to last year international participation – we are waiting for NLDTF to review the improvement in financial policies to release these funds. Expectation expenditure for the funds will be spent as per the our Detailed Calendar going forward.

We recently submitted the current year NLDTF funds for the organization. We are also applied on behalf of the following affiliates:

- **Eastern Cape** for Capacity Building, Transformation, Development & Talent ID, Participation in National Tournament, Provincial School Tournaments
- **Freestate** for Capacity Building, Transformation, Development & Talent ID, Participation in National Tournament, Provincial School Tournaments
- **Mpumalanga** for Capacity Building, Transformation, Development & Talent ID, Participation in National Tournament, Provincial School Tournaments
- **USSA Basketball** for Capacity Building, High performance, Development of the national league
- **Wheelchair Basketball** for High performance and International Participation

Management accounts have not done due to limiting the use of consultants. We are looking at employing Office administrator with bookkeeping experience, human resource and secretarial experiences.

In the coming year (2011-2012) focus will remain on cash flow management and full compliance of policies and procedures. We will also review the appropriateness of the documentation used for our transactions. While there has been a reduction in creditors relating to stated in the financial statements more emphasis is necessary and a comprehensive debt reduction plan would have to be developed.

