

**SOUTH AFRICAN GUILD of EDITORS**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 February 2011**

**SOUTH AFRICAN GUILD OF EDITORS**  
**Annual Financial Statements for the year ended 28 February 2011**

**GENERAL INFORMATION**

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<b>COUNTRY OF INCORPORATION AND DOMICILE</b>	Republic of South Africa
<b>NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES</b>	The Guild is a voluntary, non-profit organization which represents film and video picture editors, assistant editors and sound editors.
<b>REGISTERED OFFICE</b>	6 Sylvia Pass Observatory Johannesburg, 2198
<b>POSTAL &amp; BUSINESS ADDRESS</b>	P.O. Box 687 Ridge Terrace 2168
<b>AUDITORS</b>	Chili & Co Incorporated Chartered Accountants (S.A.) 145 Western Services Road, Woodmead
<b>BANKER</b>	ABSA Bank Limited, 14 Main Street, Johannesburg
<b>INCOME TAX REFERENCE NUMBER</b>	9302/404/16/6

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**EXECUTIVE COMMITTEE'S REONSIBILITIES AND APPROVAL**

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The executive committee is required by the Companies Act, 1973, to maintain adequate accounting records and is 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 fairly present the state of affairs of the guild 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 South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The executive committee acknowledges that they are ultimately responsible for the system of internal financial control established by the guild and place considerable importance on maintaining a strong control environment. To enable the executive committee to meet these responsibilities, the executive committee sets standards for internal control aimed at reducing risk of error or loss in cost effective manner. The standards included 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 guild and all employees are required to maintain the highest ethical standards in ensuring the guild's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the guild is on identifying, assessing, managing and monitoring all known forms of risk across the guild. While operating risk cannot be fully eliminated, the guild 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 systems 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 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 the guild's annual financial statements. The annual financial statements have been examined by the guild's external auditors and their report is presented on page 5 and 6.

The annual financial statements for the year ended 28 February 2011 as set out on pages 7 to 15, which have been prepared on the going concern, were approved by the executive committee, and were signed on its behalf by:

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**Chairman**  
Johannesburg

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## **INDEPENDENT AUDITORS REPORT**

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### **To The Members of SOUTH AFRICAN GUILD of EDITORS**

We have audited the accompanying annual financial statements of the SOUTH AFRICAN GUILD of EDITORS, which comprise the executive committee's report, the balance sheet as at 28 February 2011, the statement of changes in equity and cash flow statements for the year ended, and accounting policies and other explanatory notes, as set out on pages 7 to 14.

### **Executive committees' Responsibility for the Financial Statements**

The guild's executive committee is responsible for the preparation and fair presentation of these annual financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act, 1973. This responsibility includes: designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual 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 audit procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the annual 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 executive committee, as well as evaluating the overall presentation on the annual 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 annual financial statements present fairly, in all material respects, the financial position of the guild as of 28 February 2011, and its financial performance and its cash flows for the year ended in accordance with the South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act, 1973.

### **Other Matter**

The supplementary information set out on page 15 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

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Managing Partner  
**Chili and Co. Incorporated**  
**Chartered Accountants (S.A.)**  
Registered Auditor

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**EXECUTIVE COMMITTEE'S REPORT**

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The executive committee submits their report for the year ended 28 February 2011.

**1. Nature of business**

The guild is primarily engaged in the pursuit and recognition of excellence in the arts, sciences and technology of production, specifically post-production, for motion picture film, television, multimedia and other forms of new technology, and in promoting, improving and protecting the role and rights of editor as an essential and significant contributor to all such productions.

**2. Review of operations**

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

Net surplus for the year was R9 740 (2010: Surplus R8 250)

**3. Post balance sheet events**

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

**4. Non-current assets**

There were no major changes in the nature of non-current assets on the guild during the year.

**5. Going Concern**

The Executive committee has no reason to believe that the Guild will not continue as a going concern in the future based on forecasts and available cash resources.

**6. Executive committees**

The executive committees of the guild during the year and to the date of this report were as follows:

<b>Name</b>	<b>Nationality</b>
-----	South African
-----	South African
-----	South African
-----	South African

**7. Auditors**

Chili and Co Inc. have been appointed as external auditors of the guild during the year and will continue in office in accordance with section 270(2) of the Companies Act.

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**BALANCE SHEET**

	Notes	2011 R	2010 R
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible asset - Website	3	3 564	5 348
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	55 149	43 941
		<u>55 149</u>	<u>43 941</u>
<b>Total Assets</b>		<u>58 713</u>	<u>49 289</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Accumulated funds		41 089	32 839
Retained income		9 740	8 250
		<u>50 829</u>	<u>41 089</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4	7 884	8 200
		<u>7 884</u>	<u>8 200</u>
<b>Total Equity and Liabilities</b>		<u>58 713</u>	<u>49 289</u>

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**INCOME STATEMENT**

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	<b>Notes</b>	<b>2011</b> <b>R</b>	<b>2010</b> <b>R</b>
<b>INCOME</b>	2	<u>38 245</u>	<u>44 670</u>
<b>EXPENDITURE</b>		<u>28 505</u>	<u>36 420</u>
<b>Surplus/(Deficit) before interest</b>		<u>9 740</u>	<u>8 250</u>
<b>Surplus/(Deficit) for the year</b>		<u>9 740</u>	<u>8 250</u>

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**STATEMENT OF CHANGES IN EQUITY**

	<b>Accumulated fund</b>	<b>Retained income</b>	<b>Total equity</b>
	R	R	R
<b>2011</b>			
<b>At 1 March 2010</b>	<b>32 839</b>	<b>8 250</b>	<b>41 089</b>
Surplus for the year	-	9 740	9 740
Transfer to/from accumulated fund	8 250	( 8 250)	-
Total changes	8 250	1 490	9 740
<b>At 28 February 2011</b>	<b>41 089</b>	<b>9 740</b>	<b>50 829</b>
<b>2010</b>			
<b>At 1 March 2009</b>	<b>18 942</b>	<b>13 897</b>	<b>32 839</b>
Surplus for the year	-	8 250	8 250
Transfer to/from accumulated fund	13 897	( 13 897)	-
Total changes	13 897	( 5 647)	8 250
<b>At 28 February 2010</b>	<b>32 839</b>	<b>8 250</b>	<b>41 089</b>

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**CASH FLOW STATEMENT**

	Notes	2011 R	2010 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from members		38 245	44 670
Expenditure for the year		( 28 505)	( 36 420)
Interest income		-	-
Amortisation of website		1 784	1 784
Increase (decrease) in creditors		( 316)	( 9 284)
(Increase) decrease in debtors		-	-
<b>Net Cash flows from operating activities</b>		<b><u>11 208</u></b>	<b><u>750</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Net cash from investing activities</b>		<b><u>          </u></b>	<b><u>          </u></b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Net cash flow from financing activities</b>		<b><u>          </u></b>	<b><u>          </u></b>
<b>Total cash movement for the year</b>		<b>11 208</b>	<b>750</b>
Cash at beginning of the year		43 941	43 191
<b>Total cash at the end of the year</b>	5	<b><u>55 149</u></b>	<b><u>43 941</u></b>

**ACCOUNTING POLICIES**

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**1.1 Statement of compliance**

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

The following are the principle accounting policies, which are in all material respects, consistent with those applied in the previous year, except as otherwise indicated.

**1.2 Basis of preparation**

The annual financial statements have been prepared on the historical cost basis, except as modified for certain financial assets and liabilities which are carried at fair value or amortised cost as appropriate and comply with South African Statements of Generally Accepted Accounting Practice.

**1.3 Significant accounting judgements, estimates and assumptions**

The preparation of the guild's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material judgement to the carrying amount of the asset or liability affected in the future.

**1.4 Estimates and assumptions**

The key assumptions concerning the future other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The guild assesses at each balance sheet date whether the financial asset or guild of financial assets is impaired.

**1.5 Assets carried at amortised cost**

If there is objective evidence that the impairment loss on the assets carried at amortised cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows(excluding future expected credit losses that have not been incurred) discounted at the financial asset's original interest rate (i.e. the effective interest rate computed at initial recognition).The carrying amount of the assets is reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the assets does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in profit or loss.

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In relation to receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the guild will not be able to collect the entire amount due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

**1.6 Cash and cash equivalent**

Cash and short term deposits in the balance sheet comprise cash at banks and on hand and short term deposits with an original maturity of three months or less.

**1.7 Provisions**

Provisions are recognized when the guild has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the guild expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**1.8 Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the guild and the revenue can be reliably measured. Revenue is measured at a fair value of the consideration received. The following specific recognition criteria must also be met before revenue is recognized:

**1.9 Interest income**

Revenue is recognized as interest accrues (using the effective interest rate that is the rate that exactly discounts estimate future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset)

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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	2011 R	2010 R
<b>2. INCOME</b>		
Workshop fees	1 670	3 390
Member contributions	36 575	41 280
	<u>38 245</u>	<u>44 670</u>
<b>3. INTANGIBLE ASSET</b>		
<b>Website - SAGE</b>		
Opening balance	5 348	7 132
Development cost	-	-
Amortisation expense	( 1 784)	( 1 784)
Closing balance	<u>3 564</u>	<u>5 348</u>
<b>4. TRADE AND OTHER PAYABLES</b>		
Accounting fees	1 500	-
Audit fees	6 384	8 200
	<u>7 884</u>	<u>8 200</u>
<b>5. CASH AND CASH EQUIVALENTS</b>		
Cash at bank	54 992	43 941
Cash in hand	157	-
	<u>55 149</u>	<u>43 941</u>

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**DETAILED INCOME STATEMENT**

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	Notes	2011 R	2010 R
Revenue	2	<u>38 245</u>	<u>44 670</u>
		<b><u>38 245</u></b>	<b><u>44 670</u></b>
Accounting fees		1 500	2 439
Administration expenses		3 370	
Advertising		6 761	4 000
Audit fees		3 000	4 100
Bank charges		2 015	749
Catering expenses - workshops		7 503	2 437
Depreciation		1 784	1 784
Donations and gifts			50
Facilitation fees - workshops			2 800
Internet fees		1 080	2 438
Printing and stationery - workshops			1 000
Subscriptions		500	5 500
Sponsorship			5 000
Travel and accommodation			1 400
Website expenses		<u>993</u>	<u>2 723</u>
		<b><u>28 505</u></b>	<b><u>36 420</u></b>
<b>Surplus/(Deficit) before interest</b>		<b><u>9 740</u></b>	<b><u>8 250</u></b>
Finance income			
<b>Surplus/(Deficit) for the year</b>		<b><u><u>9 740</u></u></b>	<b><u><u>8 250</u></u></b>

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