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The Institute of Internal Auditors South Africa

2019

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The Institute of Internal Auditors South Africa

THE INSTITUTE OF INTERNAL AUDITORS SOUTH AFRICA AND SUBSIDIARY
(Registration number 1985/003686/08)
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 May 2019

The Institute of Internal Auditors South Africa and subsidiary

(Registration number 1985/003686/08)

Consolidated Annual Financial Statements for the year ended 31 May 2019

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The Institute of Internal Auditors SA is a registered section 21 company as a professional body for Internal Auditors. The Institute provides training, certification and promotion for Internal Auditors and is affiliated to the Institute of Internal Auditors Global based in United States.
Registered office	Unit 2 Bedfordview Office Park 3 Riley Rd Bedfordview 2008
Business address	Unit 2 Bedfordview Office Park 3 Riley Rd Bedfordview 2008
Postal address	PO Box 2290 Bedfordview Gauteng 2008
Bankers	Nedbank Investec
Auditor's	Nexia SAB&T Registered Auditors
Company registration number	1985/003686/08
Level of assurance	These consolidated financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The financial statements were internally compiled by: Warren Elbourne MAT(SA) Member of Accounting Technician of South Africa Bcomm Accounting. DMS Dip in Fin Man

The Institute of Internal Auditors South Africa and subsidiary

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Consolidated Annual Financial Statements for the year ended 31 May 2019

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

The Institute of Internal Auditors South Africa and subsidiary

(Registration number 1985/003686/08)

Consolidated Annual Financial Statements for the year ended 31 May 2019

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated financial statements fairly present the state of affairs of the 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 International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the consolidated financial statements.

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied 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 group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of material misstatement 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 employees 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 group. While operating risk cannot be fully eliminated, the 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 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 consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Institute's cash flow forecast and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group annual consolidated financial statements. The annual consolidated financial statements have been examined by the Institute's external auditors and their report is presented on page 4 to 6.

The annual consolidated financial statements set out on pages 8 to 21, which have been prepared on the going concern basis, were approved by the board of directors on 13 September 2019 and were signed on its behalf by:

James G Gourrah

Mr Charles Nel
Acting C E O

Mr James Gourrah
Chairman

Nexia SAB&T
accountants | auditors | consultants

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INDEPENDENT AUDITOR'S REPORT

To the members of The Institute of Internal Auditors South Africa and Subsidiary

Report on the Audit of the consolidated and separate Financial Statements

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated and separate financial statements of The Institute of Internal Auditors South Africa and its subsidiary set out on pages 9 to 23, which comprise the statement of financial position as at 31 May 2019, and the consolidated and separate statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of The Institute of Internal Auditors South Africa and its subsidiary as at 31 May 2018, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Sized Entities, and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of *Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "The Institute of Internal Auditors South Africa and Subsidiary Consolidated Annual Statements for the year ended 31 May 2019", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the institute or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nexia SABqT

Nexia SAB&T
Per. C. Chigora
Director
Registered Auditor
13 September 2019

119 Witch Hazel Avenue
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Centurion
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Nexia SAB&T

The Institute of Internal Auditors South Africa and subsidiary

(Registration number 1985/003686/08)

Consolidated Annual Financial Statements for the year ended 31 May 2019

Directors' Report

The directors have pleasure in submitting their report on the financial statements of The Institute of Internal Auditors South Africa for the year ended 31 May 2019.

1 Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the previous year.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated financial statements.

2 Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

3 Going concern

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

4 Auditors

Nexia SAB&T continued in office in accordance with section 90 of the Companies Act 71 of 2008.

5 Secretary

The group secretary is Pumla Sogoni.

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Statement of Financial Position as at 31 May 2019

	Note(s)	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
Assets					
Non-Current Assets					
Property, plant and equipment	2	10 984 519	11 482 954	9 857 556	10 196 510
Intangible assets	3	1	12 989	1	11 418
		10 984 520	**11 495 943**	**9 857 557**	**10 207 928**
Current Assets					
Inventories	4	1 263 738	807 547	1 263 738	803 072
Loans to group companies		0	0	8 860 450	6 720 205
Trade and other receivables	5	8 093 714	8 720 140	5 920 431	7 253 065
Cash and cash equivalents	6	14 401 117	20 835 662	13 554 766	20 556 163
		23 758 569	**30 363 349**	**29 599 385**	**35 332 505**
Total Assets		**34 743 089**	**41 859 292**	**39 456 942**	**45 540 433**
Equity and Liabilities					
Equity					
Reserves		15 700 814	15 700 814	15 700 814	15 700 814
Retained income		7 036 284	13 332 080	15 108 421	18 448 443
		22 737 098	**29 032 894**	**30 809 235**	**34 149 257**
Liabilities					
Current Liabilities					
Trade and other payables	9	5 731 780	6 861 474	3 589 702	5 955 891
Deferred income	7	6 140 297	5 835 587	4 981 552	5 361 203
Provisions	8	133 914	129 337	76 453	74 082
		12 005 991	**12 826 398**	**8 647 707**	**11 391 176**
Total Equity and Liabilities		**34 743 089**	**41 859 292**	**39 456 942**	**45 540 433**

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Statement of Comprehensive Income

		GROUP		COMPANY	
		2019	2018	2019	2018
	Note(s)	R	R	R	R
Revenue	10	53 024 066	51 835 010	33 177 224	31 446 654
Cost of sales	11	(29 474 416)	(25 858 005)	(16 604 010)	(15 063 215)
Gross surplus		**23 549 650**	**25 977 005**	**16 573 214**	**16 383 439**
Other income	12	7 999	63 570	4 164 137	4 665 677
Operating expenses		(31 079 298)	(28 328 873)	(25 289 275)	(22 630 789)
Operating (deficit)	13	**(7 521 649)**	**(2 288 298)**	**(4 551 924)**	**(1 581 673)**
Investment revenue	14	1 225 853	1 439 790	1 211 902	1 425 978
(Deficit) for the year		**(6 295 796)**	**(848 508)**	**(3 340 022)**	**(155 695)**
Other Comprehensive Income		0	0	0	0
Total Comprehensive Income		**(6 295 796)**	**(848 508)**	**(3 340 022)**	**(155 695)**
Total comprehensive deficit attributable to:					
Owners of the parent		(3 340 022)	(155 695)	(3 340 022)	(155 695)
Minority		(2 955 774)	(692 813)	(2 955 774)	(692 813)
Total		**(6 295 796)**	**(848 508)**	**(3 340 022)**	**(155 695)**

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Statement of Changes in Equity

	Revaluation reserve R	Special reserve R	Total reserves R	Retained income R	Total equity R
GROUP					
Balance at 31 May 2017	**6 387 362**	**9 313 452**	**15 700 814**	**14 180 587**	**29 886 401**
Deficit for the year	0	0	0	(848 508)	(848 508)
Other comprehensive income	0	0	0	0	0
Total comprehensive surplus for the 12 months	**0**	**0**	**0**	(848 508)	(848 508)
Special reserve expenditure **	0	0	0	0	0
Total changes	**0**	**0**	**0**	**0**	**0**
Balance at 31 May 2018	**6 387 362**	**9 313 452**	**15 700 814**	**13 332 079**	**29 032 893**
Deficit for the year	0	0	0	(6 295 796)	(6 295 796)
Other comprehensive income	0	0	0	0	0
Total comprehensive surplus for the 12 months	**0**	**0**	**0**	(6 295 796)	(6 295 796)
Special reserve expenditure **	0	0	0	0	0
Total changes	**0**	**0**	**0**	**0**	**0**
Balance at 31 May 2019	**6 387 362**	**9 313 452**	**15 700 814**	**7 036 283**	**22 737 097**

** Special projects identified by the Board.

	Revaluation reserve R	Special reserve R	Total reserves R	Retained income R	Total equity R
COMPANY					
Balance at 31 May 2017	**6 387 362**	**9 313 452**	**15 700 814**	**18 604 138**	**34 304 952**
Deficit for the year	-	-	-	(155 695)	(155 695)
Other comprehensive income		-		-	-
Total comprehensive defecit for the year	-	-	-	(155 695)	(155 695)
Special reserve expenditure **	-	-	-	-	-
Total changes	-	-	-	-	-
Balance at 31 May 2018	**6 387 362**	**9 313 452**	**15 700 814**	**18 448 443**	**34 149 257**
Deficit for the year	-	-	-	(3 340 022)	(3 340 022)
Other comprehensive income		-		-	-
Total comprehensive defecit for the year	-	-	-	(3 340 022)	(3 340 022)
Special reserve expenditure **	-	-	-	-	-
Total changes	-	-	-	-	-
Balance at 31 May 2019	**6 387 362**	**9 313 452**	**15 700 814**	**15 108 421**	**30 809 235**

** Special projects identified by the Board.

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Statement of Cash Flows

	Note(s)	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
Cash flows from operating activities					
Cash receipts from customers		53 472 749	52 159 229	34 479 957	31 989 670
Cash paid to suppliers and employees		(60 926 122)	(52 227 512)	(40 499 077)	(30 938 578)
Cash used in operations	15	(7 453 373)	(68 283)	(6 019 120)	1 051 092
Interest income		1 225 853	1 439 790	1 211 902	1 425 978
Net cash from operating activities		**(6 227 520)**	**1 371 507**	**(4 807 218)**	**2 477 070**
Cash flows from investing activities					
Purchase of property, plant and equipment	2	(275 850)	(839 590)	(87 884)	(193 700)
Nett proceeds on sale of assets	3	68 825	68871	33 950	68 871
Loans advanced to group companies				(2 140 245)	(1 806 372)
Net cash from investing activities		**(207 025)**	**(770 719)**	**(2 194 179)**	**(1 931 201)**
Total cash movement for the 12 months		**(6 434 545)**	**600 788**	**(7 001 397)**	**545 869**
Cash at the beginning of the 12 months		20 835 662	20 234 874	20 556 163	20 010 294
Total cash at end of the 12 months	6	**14 401 117**	20 835 662	**13 554 766**	**20 556 163**

The Institute of Internal Auditors South Africa and subsidiary

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Consolidated Annual Financial Statements for the year ended 31 May 2019

Accounting Policies

Presentation of financial statements

The consolidated annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management are required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Key sources of estimation uncertainty

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 8 - Provisions.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Institute; and
- the cost of the item can be measured reliably.

Office furniture equipment, IT equipment and computer software are carried at cost less accumulated depreciation and accumulated impairment losses.

Building is measured at fair value less any subsequent accumulated depreciation and any subsequent accumulated impairment losses.

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

Item	Depreciation Method	Average useful life
Buildings	Straight Line	50 Years
Office furniture & Equipment	Straight Line	5 Years
IT Equipment	Straight Line	3 Years
Computer Software	Straight Line	3 Years
Leasehold Improvements	Straight Line	5 Years

Land is not depreciated

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Land and building are independently revalued every three years.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in surplus and deficit in the period.

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Accounting Policies

1.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and

- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.
Research and development costs are recognised as an expense in the period incurred. Amortisation is provided to write down the intangible assets, on a straight-line basis, as follows:

Item	Useful life
Software	3 years

The residual value, amortisation period and amortisation method for intangible assets are reassessed when there is an indication that there is a change from the previous estimate.

1.4 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through surplus or deficit unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, are measured at fair value through surplus and deficit.

Trade and other receivables

Receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

Trade and other payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. 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 measured at fair value and subsequently recorded at amortised cost.

1.5 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment or may be impaired.

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Accounting Policies

1.5 Impairment of assets (continued)

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior 12 months. A reversal of impairment is recognised immediately in profit or loss.

1.6 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.7 Provisions and contingencies

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event; it is probable that the group will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Contingent assets and contingent liabilities are not recognised.

1.8 Revenue

Revenue is recognised to the extent that the group has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the Institute. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Interest is recognised, in profit or loss, using the effective interest rate method.

Revenue comprises of subscription income, book sales, conference fees, educational course fees, certification fees and other ancillary income.

Membership income is accounted for on the accrual basis.

The Institute of Internal Auditors South Africa and subsidiary

(Registration number 1985/003666/08)

Consolidated Annual Financial Statements for the year ended 31 May 2019

Notes to the Financial Statements

2 Property, plant and equipment

GROUP	2019			2018		
	Cost	Accumulated depreciation	Accumulated Carrying value	Cost	Accumulated depreciation	Accumulated carrying value
Buildings	10 032 140	(417 753)	9 614 387	10 016 272	(216 272)	9 800 000
Leasehold Improvements	743 093	(292 223)	450 870	743 093	(143 605)	599 488
Office equipment	1 847 123	(1 078 234)	768 889	1 747 827	(868 744)	879 083
IT equipment	856 286	(705 912)	150 374	767 798	(570 411)	197 387
Computer system	212 866	(212 866)	0	218 940	(210 373)	8 567
Total	**13 691 508**	**(2 706 988)**	**10 984 520**	**13 493 930**	**(2 009 405)**	**11 484 525**

Reconciliation of property, plant and equipment - GROUP - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	9 800 000	15 868	-	(201 481)	9 614 387
Leasehold Improvements	599 488	-	-	(148 618)	450 870
Office equipment	879 083	156 800	(43 220)	(223 774)	768 889
IT equipment	197 387	99 522	(7 086)	(139 449)	150 374
Computer system	8 567	3 660	(9 734)	(2 493)	-
	11 484 525	**275 850**	**(60 040)**	**(715 815)**	**10 984 520**

Reconciliation of property, plant and equipment - GROUP - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	10 000 000	0	0	(200 000)	9 800 000
Leasehold Improvements	394 706	341 697	0	(136 915)	599 488
Office equipment	750 230	348 286	0	(219 433)	879 083
IT equipment	188 241	144 993	(6 463)	(129 384)	197 387
Computer system	9 059	4 614	0	(5 106)	8 567
	11 342 236	**839 590**	**(6 463)**	**(690 838)**	**11 484 525**

Property, plant and equipment encumbered as security

The group has no assets classified under Property, Plant and Equipment pledged as security for liabilities and no restrictions have been imposed on any of its assets.

COMPANY	2019			2018		
	Cost	Accumulated depreciation	Accumulated Carrying value	Cost	Accumulated depreciation	Accumulated carrying value
Buildings	10 032 140	(417 753)	9 614 387	10 016 272	(216 272)	9 800 000
Office equipment	906 213	(782 718)	123 495	916 133	(714 205)	201 928
IT equipment	804 042	(684 367)	119 675	741 983	(555 968)	186 015
Computer system	212866	(212 866)	0	218 940	(210 373)	8 567
Total	**11 955 261**	**(2 097 704)**	**9 857 557**	**11 893 328**	**(1 696 818)**	**10 196 510**

Reconciliation of property, plant and equipment - COMPANY - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	9 800 000	15868	-	(201 481)	9 614 387
Office equipment	201 928	0	(9 920)	(68 513)	123 495
IT equipment	186 015	68 356	(6 296)	(128 400)	119 675
Computer system	8 567	3 660	(9 734)	(2 493)	0
	10 196 510	**87 884**	**(25 950)**	**(400 887)**	**9 857 557**

Reconciliation of property, plant and equipment - COMPANY - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	10 000 000	0	0	(200 000)	9 800 000
Office equipment	231 841	50 692	0	(80 605)	201 928
IT equipment	741 983	138 394	(5 300)	(123 043)	186 015
Computer system	9 059	4 614	0	(5 106)	8 567
	10 416 864	**193 700**	**(5 300)**	**(408 754)**	**10 196 510**

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Notes to the Financial Statements

2 Property, plant and equipment (continued) Details of properties

	GROUP 2019	2018
Property 1		
Unit 2, Bedfordview Office Park, Bedfordview Ext 928 & 328		
- Purchase price: 20 October 2001	4 018 500	4 018 500
- Additions since purchase or valuation	6 403 230	6 387 362
- Building accumulated depreciation	(807 343)	(605 862)
	9 614 387	9 800 000

Revaluation

The effective date of the revaluations was 25 May 2016. Revaluations were performed by independent valuer, Mr GC Jacobs, from Mirfin. No revaluation was done in 2018 but is expected to be done in 2019.

Depreciation has remained constant as improvements were written off.

Mr, GC Jacobs is not connected to the Institute.

Land and buildings are re-valued independently every 3 years.

Income Capitalisation Approach method of valuation has been used in determination of market value of the property.

3 Intangible assets

GROUP	2019 Cost	Accumulated depreciation	Accumulated Carrying value	2018 Cost	Accumulated depreciation	Accumulated carrying value
Software	45 345	(45 344)	1	46 785	(33 927)	12 858

Reconciliation of intangible assets - GROUP - 2019

	Opening balance	Additions	Disposals	Amortisation	Total
Software	12 858	0	-785	-12072	1

Reconciliation of intangible assets - GROUP - 2018

	Opening balance	Additions	Disposals	Amortisation	Total
Software	29 652	0	0	(16 794)	12 858

COMPANY	Cost	Accumulated depreciation	Accumulated Carrying value	Cost	Accumulated depreciation	Accumulated carrying value
Software	42 072	(42 071)	1	42 072	(30 654)	11 418

Reconciliation of intangible assets - COMPANY - 2019

	Opening balance	Additions	Disposals	Amortisation	Total
Software	11 418	0	0	(11 417)	1

Reconciliation of intangible assets - COMPANY - 2018

	Opening balance	Additions	Disposals	Amortisation	Total
Software	26 641	0	0	(15 223)	11 418

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	GROUP 2019	GROUP 2018	COMPANY 2019	COMPANY 2018
4 Inventories				
Books	1 263 738	807 547	1 263 738	803 072
5 Trade and other receivables				
Trade receivables	6 743 831	7 644 003	4 709 533	6 377 512
Prepayments	1 301 935	1 004 665	1 219 218	851 344
Deposits	915	8 915	915	8 915
Sundry debtors	(9 235)	15 294	(9 235)	15 294
	8 037 446	**8 672 877**	**5 920 431**	**7 253 065**
6 Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	10 329	11 160	8 329	9 160
Bank balances	14 390 788	20 824 502	13 546 437	20 547 003
	14 401 117	**20 835 662**	**13 554 766**	**20 556 163**
7 Deferred income				
Fees in advance: Membership	4 333 229	4 936 795	4 333 229	4 936 795
Fees in advance: Assessments	401 278	346 531	401 278	346 531
Fees in advance: Learner-ships	1 158 745	474 384	0	0
Fees in advance: National events	247 045	77 877	247 045	77 877
	6 140 297	**5 835 587**	**4 981 552**	**5 361 203**

8 Provisions

Reconciliation of provisions - GROUP - 2019

GROUP	**Opening balance**	**Utilised during the year**	**Reversed during the year**	**Total**
Provision for audit fees	129 337	129 816	(125 239)	133 914
	129 337	**129 816**	**(125 239)**	**133 914**

Reconciliation of provisions - GROUP - 2018

GROUP	**Opening balance**	**Utilised during the year**	**Reversed during the year**	**Total**
Provision for audit fees	131 171	114 960	(116 794)	129 337
	131 171	**114 960**	**(116 794)**	**129 337**

Reconciliation of provisions - COMPANY - 2019

COMPANY	Opening balance	Utilised during the year	Reversed during the year	Total
Provision for audit fees	74 082	72 180	(69 809)	76 453
	74 082	**72 180**	**-69 809**	**76 453**

Reconciliation of provisions - COMPANY - 2018

COMPANY	Opening balance	Utilised during the year	Reversed during the year	Total
Provision for audit fees	76 068	63 000	(64 986)	74 082
	76 068	**63 000**	**(64 986)**	**74 082**

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Notes to the Financial Statements for the year ended 31 May 2019

	GROUP 2019	GROUP 2018	COMPANY 2019	COMPANY 2018
9 Trade and other payables				
Trade payables	1 099 729	2 005 085	498 945	1 485 476
VAT	482 657	1 479 363	538 925	1 526 626
Debtors with credit balances	350 136	713 446	350 136	713 446
Leave Pay	980 541	995 173	896 333	912 740
IA Inc. QAR Royalty	244 179	244 179	244 179	244 179
Accruals	2 518 270	1 376 965	1 061 185	1 073 424
	5 675 512	**6 814 211**	**3 589 703**	**5 955 891**
10 Revenue				
Membership	15 141 528	13 532 234	15 141 528	13 532 234
Events & Conferences	13 225 382	13 582 229	13 225 382	13 582 229
Professional Pathways Development	1 042 871	1 039 656	1 042 871	1 039 656
Bookstore/Publications	2 321 615	1 902 366	2 321 615	1 902 366
Learnerships	8 532 207	8 909 825	0	0
CPD Training	9 398 180	9 824 718		
Quality Assurance reviews	1 916 455	1 653 813	0	0
Other (Certification, ELN)	1 445 828	1 390 169	1 445 828	1 390 169
Revenue Total	**53 024 066**	**51 835 010**	**33 177 224**	**31 446 654**
11 Cost of sales				
Costs	29 474 416	25 858 005	16 604 010	15 063 215
12 Other income				
Profit and loss on sale of assets	7 999	63 570	7 999	63 570
Administration fees	0	0	4 156 138	4 602 107
	7 999	**63 570**	**4 164 137**	**4 665 677**
13 Operating (deficit)				
Operating deficit for the year is stated after accounting for the following:				
Amortisation of intangible assets	12 072	16 794	11 417	15 223
Depreciation on property, plant and equipment	715 815	690 832	400 887	408 754
Employee costs	21 212 093	20 982 895	18 142 168	18 142 168
14 Investment revenue				
Interest revenue				
Bank	1 225 853	1 439 790	1 211 902	1 425 978

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Notes to the Financial Statements for the year ended 31 May 2019

	GROUP 2019	GROUP 2018	COMPANY 2019	COMPANY 2018
15 Cash used in operations				
Loss before taxation	(6 295 796)	(848 508)	(3 340 022)	(155 695)
Adjustments for:				
Depreciation and amortisation	726 447	710 234	412 304	423 977
Profit on sale of assets	(7 999)	(63 570)	(7 999)	(63 570)
Interest received	(1 225 853)	(1 439 790)	(1 211 902)	(1 425 978)
Movements in provisions	(10 057)	74 914	(14 037)	44 818
Special reserves expenditure	-	0	-	0
Changes in working capital:				
Inventories	(456 191)	(311 890)	(460 666)	(307 415)
Trade and other receivables	828 663	(9 555)	1 332 635	240 337
Trade and other payables	(1 317 297)	1 352 694	(2 349 781)	1 251 994
Deferred income	304 709	467 188	(379 652)	1 042 624
	(7 453 374)	**(68 283)**	**(6 019 120)**	**1 051 092**

16 Related parties

Relationships

Members of key management — Claudelle Von Eck

Related party balances and transactions with other related parties

	COMPANY 2019	COMPANY 2018
Related party balances		
Loan accounts - Owing (to) by related parties		
Leadership Academy for Guardians of Governance	8 860 450	6 720 205
Related party transactions		
Administration fees paid to (received from) related parties		
Learnership Academy for Guardians of Governance	(4 156 138)	(4 602 107)

17 Directors' remuneration

Executive

2019

	Emoluments	Other benefits*	Bonus	Total
Claudelle Von Eck	2 709 342	45 401	295 980	3 050 723

2018

	Emoluments	Other benefits*	Bonus	Total
Claudelle Von Eck	2 525 620	41 762	111 000	2 678 382

18 Financial Instruments

Categories of financial instruments - Group

2019

Financial assets	At amortised cost	Total
Trade and other receivables	8 093 714	8 093 714
Cash & cash equivalents	14 401 117	14 401 117
	22 494 831	**22 494 831**

Financial liabilities	At amortised cost	Total
Trade & other payables	5 675 512	5 675 512

Categories of financial instruments - Group

2018

Financial assets	At amortised cost	Total
Trade and other receivables	8 720 140	8 720 140
Cash & cash equivalents	20 835 662	20 835 662
	29 555 802	**29 555 802**

Financial liabilities	At amortised cost	Total
Trade & other payables	6 814 211	6 814 211

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Notes to the Financial Statements for the year ended 31 May 2019

Financial Instruments

Categories of financial instruments - Company

2019

Financial assets	At amortised cost	Total
Trade and other receivables	5 920 431	5 920 431
Cash & cash equivalents	13 554 766	13 554 766
	19 475 197	**19 475 197**

Financial liabilities	At amortised cost	Total
Trade & other payables	3 589 703	3 589 703

Categories of financial instruments - Company

2018

Financial assets	At amortised cost	Total
Trade and other receivables	7 253 065	7 253 065
Cash & cash equivalents	20 556 163	20 556 163
	27 809 228	**27 809 228**

Financial liabilities	At amortised cost	At amortised cost
Trade & other payables	5 955 891	5 955 891

19 Going Concern

The consolidated 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.

20 Events after the reporting period

The directors are not aware of any material event which occured after the reporting date and up to the date of the audit report which could affect the financial statements.

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Consolidated Annual Financial Statements for the year ended 31 May 2019

Detailed Income Statement

	Note(s)	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
Revenue					
Revenue		53 024 066	51 835 010	33 177 224	31 446 654
Cost of sales	11	**(29 474 416)**	**(25 858 005)**	**(16 604 010)**	**(15 063 215)**
Gross profit		**23 549 650**	**25 977 005**	**16 573 214**	**16 383 439**
Other income					
Interest received	14	1 225 853	1 439 790	1 211 902	1 439 790
Gains on disposal of assets		7 999	63 570	7 999	63 570
Administration fees		-	-	4 156 138	4 602 107
		1 233 852	**1 503 360**	**5 376 039**	**6 091 655**
Operating expenses					
AGM costs		(20 249)	(23 737)	(19 004)	(17 337)
Auditors remuneration		(129 816)	(114 960)	(72 180)	(63 000)
BEE		-	(134 000)	-	(68 000)
Bad debts provision		(86 245)	(30 524)	-	-
Bank charges		(167 735)	(157 059)	(153 474)	(143 158)
Consulting fees		(3 025)	(39 737)	(2 148)	(20 574)
Debtors correction		(13 207)	35 483	(13 207)	35 483
Depreciation, amortisation and impairments		(726 447)	(711 909)	(412 304)	(423 977)
Donations		-	-	-	-
Electricity and water		(1 591 901)	(1 513 462)	(570 494)	(520 667)
Employee costs		(23 289 951)	(20 982 895)	(20 220 026)	(18 142 168)
Entertainment		(15 043)	(5 328)	(12 617)	(5 328)
Exchange rate difference		16 253	(64 603)	16 253	(64 603)
Interest Paid		-	(819)	-	-
Insurance		(176 643)	(170 501)	(145 546)	(147 661)
Legal fees – Statutory/General		(340 860)	(63 052)	(305 257)	(53 761)
Library costs		(12 834)		(12 834)	-
Marketing expenses		(442 536)	(543 749)	(405 242)	(487 695)
Office expenses		(360 909)	(377 152)	(177 215)	(185 620)
Postage		(3 333)	(6 948)	(3 333)	(5 148)
Printing and stationery		(114 625)	(76 461)	(79 705)	(45 760)
Prizes		(14 833)	(9 028)	(14 833)	(9 028)
Public relations		(766 599)	(500 000)	(736 583)	(352 955)
Recruitment		(205 156)	(503 638)	(11 967)	(426 487)
Repairs and maintenance		(215 718)	(288 853)	(107 998)	(124 463)
Telephone and fax		(989 020)	(495 636)	(646 322)	(305 868)
Training		(505 099)	(335 299)	(505 003)	(206 273)
Travel - Local		(246 612)	(298 130)	(119 868)	(123 227)
Travel - Overseas: Committee members refreshments		(200 835)	(234 704)	(200 835)	(234 704)
Travel - Regional Governors/Board committees		(52 178)	(107 091)	(52 178)	(107 091)
Travel – local refreshments		(68 447)	(92 233)	(53 765)	(73 689)
Travel - overseas		(335 695)	(482 484)	(251 590)	(308 030)
		(31 079 298)	**(28 328 873)**	**(25 289 275)**	**(22 630 789)**
Deficit for the 12 months		**(6 295 796)**	**(848 508)**	**(3 340 022)**	**(155 695)**

The supplementary information presented does not form part of the financial statements and is unaudited