THE INSTITUTE OF INTERNAL AUDITORS SOUTH AFRICA GROUP

(Registration number 1985/003686/08)

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 May 2020

The Institute of Internal Auditors South Africa Group

(Registration number 1985/003686/08)

Consolidated Annual Financial Statements for the year ended 31 May 2020

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The Group and Institute provides training, certification and promotion for Internal Auditors and is affiliated to the Institute of Internal Auditors Global based in United States.
Board Members	JJ Gourrah (Chairman) TM Mofokeng (Vice Chairman) C Nel (Acting C E O) VJ Chauke ST Nyangintsimbi MD Mogano AN Smuts GL Mahlangu N Ndwandwe A Moodley J Poggiolini HH Nkanyane AR Nemaangani MW Khosa
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
Company Secretary	Warren Elbourne (Acting)
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 Group

(Registration number 1985/003686/08)

Consolidated Annual Financial Statements for the year ended 31 May 2020

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

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 8 September 2020 and were signed on its behalf by:

James J Gourrah

Julius Mojapelo
Chief Executive Officer

James J Gourrah
Chairman

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Members of The Institute of Internal Auditors South Africa
Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of The Institute of Internal Auditors South Africa set out on pages 8 to 23, which comprise the statement of financial position as at 31 May 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Institute of Internal Auditors South Africa as at 31 May 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard 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.

Independent Auditor's Report

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 annual financial statements for the year ended 31 May 2020”, 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 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company’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 company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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.

Independent Auditor's Report

- 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 company'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 company'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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 SAB&T
Per. C. Chigora
Director
Registered Auditor
8 September 2020

119 Witch Hazel Avenue
Highveld Technopark
Centurion
0146

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 2020.

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.

Events after the reporting period

The World Health Organisation declared a global pandemic, with the spread of the Corona Virus (COVID-19). As a result, the SA Government has declared a National State of Disaster followed by a lockdown that enforced various measures which led to reduced business activities of the Institute thus possibly impacting on the future viability of the entity.
As a result of these measures the operations of the organisation were immediately reviewed in order to continue serving our members. The traditional face to face event organising was offered by alternative on-line facilities, still generating revenue but on a smaller scale. In the interest of the safety of its staff and ensuring continued service to members and stakeholders, the Institute took steps to make it possible for staff to work remotely.
Activities within the Institute have continued albeit on-line. The use of technology has made the Institute available to service its members and stakeholders which has reduced the severity of the COVID-19 interruptions on the cash flow projections for the coming year.
The Group will continue to monitor projected cash flows against actuals and take the necessary steps to ensure continued liquidity.

Going concern

The directors believe that the Institute has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Institute 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 Institute. 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 Institute.

Auditors

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

Secretary

The company secretary is Warren Elbourne in an acting capacity

Directorate

The board members in office at the date of this report are as follows:

Board Member	Designation	Changes
JJ Gourrah	Chairman	
TM Mofokeng	Vice Chairman	
C Nel	Acting C E O	Appointed, 17/10/2019
VJ Chauke		
ST Nyangintsimbi		
MD Mogano		
AN Smuts		
GL Mahlangu		
N Ndwandwe		
A Moodley		Appointed, 17/10/2019
J Poggiolini		Appointed, 17/10/2019
HH Nkanyane		Appointed, 20/12/2019
AR Nemaangani		Appointed, 20/12/2019
MW Khosa		Appointed, 20/12/2019
L Kamanga		Resigned, 20/12/2019
D Naidu		Resigned, 20/12/2019
JPC Opperman		Resigned, 20/12/2019
A Vorster		Resigned, 20/12/2019
LG Padayachee		Resigned, 17/10/2019
C Von Eck	C E O	Resigned, 26/07/2020
LS Machaba		Resigned, 17/10/2019

Directors serve as per the terms of the MOI

Statement of Financial Position as at 31 May 2020

		GROUP		INSTITUTE	
	Note(s)	2020	2019	2020	2019
		R	R	R	R
Assets					
Non-Current Assets					
Property, plant and equipment	2	10 572 129	10 984 519	9 690 496	9 857 556
Intangible assets	3	1	1	1	1
		10 572 130	**10 984 520**	**9 690 497**	**9 857 557**
Current Assets					
Inventories	4	1 292 302	1 263 738	1 292 302	1 263 738
Loans to group companies	16	0	0	9 480 029	8 860 450
Trade and other receivables	5	7 269 883	8 093 714	5 099 948	5 920 431
Cash and cash equivalents	6	11 155 981	14 401 117	10 722 062	13 554 766
		19 718 166	**23 758 569**	**26 594 341**	**29 599 385**
Total Assets		**30 290 296**	**34 743 089**	**36 284 838**	**39 456 942**
Equity and Liabilities					
Equity					
Reserves		15 700 814	15 700 814	15 700 814	15 700 814
Retained income		2 616 674	7 036 284	11 622 139	15 108 421
		18 317 488	**22 737 098**	**27 322 953**	**30 809 235**
Liabilities					
Current Liabilities					
Trade and other payables	9	5 113 050	5 731 780	3 760 743	3 589 702
Deferred income	7	6 742 050	6 140 297	5 128 585	4 981 552
Provisions	8	117 708	133 914	72 557	76 453
		11 972 808	**12 005 991**	**8 961 885**	**8 647 707**
Total Equity and Liabilities		**30 290 296**	**34 743 089**	**36 284 838**	**39 456 942**

The Institute of Internal Auditors South Africa Group

(Registration number 1985/003686/08)

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Statement of Comprehensive Income

		GROUP		INSTITUTE	
		2020	2019	2020	2019
	Note(s)	R	R	R	R
Revenue	10	55 715 520	53 024 066	34 938 279	33 177 224
Cost of sales	11	(27 549 245)	(29 474 416)	(15 768 016)	(16 604 010)
Gross surplus		**28 166 275**	**23 549 650**	**19 170 263**	**16 573 214**
Other income	12	0	7 999	3 662 486	4 164 137
Operating expenses		(33 375 983)	(31 079 298)	(27 095 927)	(25 289 275)
Operating (deficit)	13	**(5 209 708)**	**(7 521 649)**	**(4 263 178)**	**(4 551 924)**
Investment revenue	14	790 097	1 225 853	776 896	1 211 902
(Deficit) for the year		**(4 419 611)**	**(6 295 796)**	**(3 486 282)**	**(3 340 022)**
Other Comprehensive Income		0	0	0	0
Total Comprehensive Income		**(4 419 611)**	**(6 295 796)**	**(3 486 282)**	**(3 340 022)**

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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 2018	**6 387 362**	**9 313 452**	**15 700 814**	**13 332 080**	**29 032 894**
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**	**7 036 284**	**22 737 098**
Deficit for the year	0	0	0	(4 419 611)	(4 419 611)
Other comprehensive income	0	0	0	0	0
Total comprehensive surplus for the 12 months	**0**	**0**	**0**	(4 419 611)	(4 419 611)
Special reserve expenditure **	0	0	0	0	0
Total changes	**0**	**0**	**0**	**0**	**0**
Balance at 31 May 2020	**6 387 362**	**9 313 452**	**15 700 814**	**2 616 673**	**18 317 487**

** Special projects identified by the Board.

	Revaluation reserve R	Special reserve R	Total reserves R	Retained income R	Total equity R
INSTITUTE					
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**
Deficit for the year	-	-	-	(3 486 282)	(3 486 282)
Other comprehensive income		-		-	-
Total comprehensive defecit for the year	**-**	**-**	**-**	(3 486 282)	(3 486 282)
Special reserve expenditure **	-	-	-	-	-
Total changes	**-**	**-**	**-**	**-**	**-**
Balance at 31 May 2020	**6 387 362**	**9 313 452**	**15 700 814**	**11 622 139**	**27 322 953**

** Special projects identified by the Board.

Statement of Cash Flows

		GROUP		INSTITUTE	
		2020	2019	2020	2019
	Note(s)	R	R	R	R
Cash flows from operating activities					
Cash receipts from customers		56 124 989	53 472 749	35 468 670	34 479 957
Cash paid to suppliers and employees		(59 841 599)	(60 926 122)	(38 247 506)	(40 499 077)
Cash used in operations	15	(3 716 610)	(7 453 373)	(2 778 836)	(6 019 120)
Interest income		790 097	1 225 853	776 896	1 211 902
Net cash from operating activities		**(2 926 513)**	**(6 227 520)**	**(2 001 940)**	**(4 807 218)**
Cash flows from investing activities					
Purchase of property, plant and equipment	2	(318 624)	(275 850)	(211 185)	(87 884)
Nett proceeds on sale of assets	3	0	68 825	0	33 950
Loans advanced to group companies				(619 579)	(2 140 245)
Net cash from investing activities		**(318 624)**	**(207 025)**	**(830 764)**	**(2 194 179)**
Total cash movement for the 12 months		**(3 245 137)**	**(6 434 545)**	**(2 832 704)**	**(7 001 397)**
Cash at the beginning of the 12 months		14 401 117	20 835 662	13 554 766	20 556 163
Total cash at end of the 12 months	6	**11 155 980**	**14 401 117**	**10 722 062**	**13 554 766**

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.

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.

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.

2 Property, plant and equipment

GROUP			2020			2019
	Cost	**Accumulated depreciation**	**Accumulated Carrying value**	**Cost**	**Accumulated depreciation**	**Accumulated carrying value**
Buildings	10 032 140	(619 582)	9 412 558	10 032 140	(417 753)	9 614 387
Leasehold Improvements	743 093	(440 842)	302 251	743 093	(292 223)	450 870
Office equipment	1 859 590	(1 303 546)	556 044	1 847 123	(1 078 234)	768 889
IT equipment	1 108 448	(858 167)	250 281	856 286	(705 912)	150 374
Computer system	266 861	(215 866)	50 995	212 866	(212 866)	0
Total	**14 010 132**	**(3 438 003)**	**10 572 129**	**13 691 508**	**(2 706 988)**	**10 984 520**

Reconciliation of property, plant and equipment - GROUP - 2020

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Buildings	9 614 387			(201 829)	9 412 558
Leasehold Improvements	450 870			(148 619)	302 251
Office equipment	768 889	12 467		(225 312)	556 044
IT equipment	150 374	252 162		(152 255)	250 281
Computer system	-	53 995		(3 000)	50 995
	10 984 520	**318 624**	**-**	**(731 015)**	**10 572 129**

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**

Notes to the Financial Statements

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.

INSTITUTE	2020			2019		
	Cost	**Accumulated depreciation**	**Accumulated Carrying value**	**Cost**	**Accumulated depreciation**	**Accumulated carrying value**
Buildings	10 032 140	(619 582)	9 412 558	10 032 140	(417 753)	9 614 387
Office equipment	918 680	(840 607)	78 073	906 213	(782 718)	123 495
IT equipment	948 765	(799 895)	148 870	804 042	(684 367)	119 675
Computer system	266861	(215 866)	50995	212866	(212 866)	0
Total	**12 166 446**	**(2 475 950)**	**9 690 496**	**11 955 261**	**(2 097 704)**	**9 857 557**

Reconciliation of property, plant and equipment - INSTITUTE - 2020

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Buildings	9 614 387			(201 829)	9 412 558
Office equipment	123 495	12 467		(57 889)	78 073
IT equipment	119 675	144 723		(115 528)	148 870
Computer system	0	53 995		(3 000)	50 995
	9 857 557	**211 185**	**-**	**(378 246)**	**9 690 496**

Reconciliation of property, plant and equipment - INSTITUTE - 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**

Notes to the Financial Statements

2 Property, plant and equipment (continued) Details of properties	GROUP 2020	GROUP 2019
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	6 403 230
- Building accumulated depreciation	(1 009 172)	(807 343)
	9 412 558	**9 614 387**

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 2019 but is expected to be done in 2020. However due to COVID-19 the revaluation process has been delayed to late 2020

Based on the property trends for properties around the area and COVID-19,
management is of the opinion that value of the of the property is stated at market related and there are no indicators of impairment

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 and next valuation will be in late 2020 delayed due to COVID-19

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

3 Intangible assets

GROUP	2020 Cost	2020 Accumulated depreciation	2020 Accumulated Carrying value	2019 Cost	2019 Accumulated depreciation	2019 Accumulated carrying value
Software	45 345	(45 344)	1	45 345	(45 344)	1

Reconciliation of intangible assets - GROUP - 2020

	Opening balance	Additions	Disposals	Amortisation	Total
Software	1	0	0	0	1

Reconciliation of intangible assets - GROUP - 2019

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

COMPANY	Cost	Accumulated depreciation	Accumulated Carrying value	Cost	Accumulated depreciation	Accumulated carrying value
Software	42 072	(42 071)	1	42 072	(42 071)	1

Reconciliation of intangible assets - INSTITUTE - 2020

	Opening balance	Additions	Disposals	Amortisation	Total
Software	1	0	0	-	1

Reconciliation of intangible assets - INSTITUTE - 2019

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

Notes to the Financial Statements

	GROUP		INSTITUTE	
	2020	2019	2020	2019
4 Inventories				
Books	1 292 302	1 263 738	1 292 302	1 263 738

The cost of goods sold during 2020 is R1 136 912 (2019: R1 757 884)

5 Trade and other receivables

Trade receivables	6 925 476	7 343 831	4 763 204	5 309 533
Provision for Impairement of receivables	(600 000)	(600 000)	(600 000)	(600 000)
Prepayments	951 568	1 301 935	951 568	1 219 218
Deposits	0	915	0	915
Sundry debtors	(14 824)	(9 235)	(14 824)	(9 235)
	7 262 220	**8 037 446**	**5 099 948**	**5 920 431**

6 Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	9 479	10 329	7 479	8 329
Bank balances	11 146 502	14 390 788	10 714 583	13 546 437
	11 155 981	**14 401 117**	**10 722 062**	**13 554 766**

7 Deferred income

Fees in advance: Membership	4 898 522	4 333 229	4 898 522	4 333 229
Fees in advance: Assessments	230 063	401 278	230 063	401 278
Fees in advance: Learner-ships	1 613 465	1 158 745	0	0
Fees in advance: National events	0	247 045	0	247 045
	6 742 050	**6 140 297**	**5 128 585**	**4 981 552**

8 Provisions

Reconciliation of provisions - GROUP - 2020

GROUP	Opening balance	Utilised during the year	Reversed during the year	Total
Provision for audit fees	133 914	99 788	(115 994)	117 708
	133 914	**99 788**	**(115 994)**	**117 708**

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 - INSTITUTE - 2020

INSTITUTE	Opening balance	Utilised during the year	Reversed during the year	Total
Provision for audit fees	76 453	65 908	(69 804)	72 557
	76 453	**65 908**	**-69 804**	**72 557**

Reconciliation of provisions - INSTITUTE - 2019

INSTITUTE	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**

Notes to the Financial Statements for the year ended 31 May 2020

	GROUP		INSTITUTE	
	2020	2019	2020	2019
9 Trade and other payables				
Trade payables	1 044 507	1 099 729	677 599	498 945
VAT	532 237	482 657	539 900	538 925
Debtors with credit balances	334 194	350 136	334 194	350 136
Leave Pay	850 673	980 541	704 094	896 333
IA Inc. QAR Royalty	244 179	244 179	244 179	244 179
Accruals	2 099 597	2 518 270	1 260 777	1 061 185
	5 105 387	**5 675 512**	**3 760 743**	**3 589 703**
10 Revenue				
Membership	16 639 156	15 141 528	16 639 156	15 141 528
Events & Conferences	13 873 244	13 225 382	13 873 244	13 225 382
Professional Pathways Development	1 248 240	1 042 871	1 248 240	1 042 871
Bookstore/Publications	1 727 959	2 321 615	1 727 959	2 321 615
Learnerships	8 360 599	8 532 207	0	0
CPD Training	8 733 309	9 398 180	0	
Quality Assurance reviews	3 683 333	1 916 455	0	0
Other (Certification, ELN)	1 449 680	1 445 828	1 449 680	1 445 828
Revenue Total	**55 715 520**	**53 024 066**	**34 938 279**	**33 177 224**
11 Cost of sales				
Membership	1 892 464	1 748 299	1 892 464	1 748 299
Events & Conferences	10 447 409	9 461 116	10 447 409	9 461 116
Professional Pathways Development	867 670	2 247 013	867 670	2 247 013
Bookstore/Publications	2 258 902	2 953 996	2 258 902	2 953 996
Learnerships	4 658 485	6 426 197		
CPD Training	4 727 002	5 311 836		
Quality Assurance reviews	2 395 742	1 132 373		
Other (Certification, ELN)	301 571	193 586	301 571	193 586
Cost of sales total	**27 549 245**	**29 474 416**	**15 768 016**	**16 604 010**
12 Other income				
Profit and loss on sale of assets	0	7 999	0	7 999
Administration fees	0	0	3 662 486	4 156 138
	0	**7 999**	**3 662 486**	**4 164 137**
13 Operating (deficit)				
Operating deficit for the year is stated after accounting for the following:				
Amortisation of intangible assets	0	12 072	0	11 417
Depreciation on property, plant and equipment	731 014	715 815	378 245	400 887
Employee costs	25 109 206	21 212 093	21 265 468	18 142 168
14 Investment revenue				
Interest revenue				
Bank	790 097	1 225 853	776 896	1 211 902

Notes to the Financial Statements for the year ended 31 May 2020

	GROUP		INSTITUTE	
	2020	2019	2020	2019
15 Cash used in operations				
Deficit before taxation	(4 419 611)	-	(3 486 282)	-
Adjustments for:				
Depreciation and amortisation	731 014	726 447	378 245	412 304
Profit on sale of assets	-	(7 999)	-	(7 999)
Interest received	(790 097)	(1 225 853)	(776 896)	(1 211 902)
Movements in provisions	(146 073)	(10 057)	(196 133)	(14 037)
Special reserves expenditure	-	-	-	-
Changes in working capital:				
Inventories	(28 564)	(456 191)	(28 564)	(460 666)
Trade and other receivables	941 113	828 663	820 482	1 332 635
Trade and other payables	(606 146)	(1 317 297)	363 279	(2 349 781)
Deferred income	601 753	304 709	147 033	(379 652)
	(3 716 611)	**(1 157 578)**	**(2 778 836)**	**(2 679 098)**

16 Related parties

Relationships

Members of key management	Charles Nel (Acting CEO)

Related party balances and transactions with other related parties

Related party balances				
Loan accounts - Owing (to) by related parties				
Leadership Academy for Guardians of Governance		9 480 029	8 860 450	

The IIA has signed sub-ordination agreement with the Academy and the agreement will be in place for 24 months post year end.

Related party transactions

Administration fees paid to (received from) related parties				
Learnership Academy for Guardians of Governance		(3 662 486)	(4 156 138)	

Notes to the Financial Statements for the year ended 31 May 2020

17 Directors' remuneration

Executive

2020

	Emoluments	Other benefits*	Bonus	Total
Charles Nel	1 563 461		20 908	1 584 369
Claudelle Von Eck *	3 422 130	35 946	0	3 458 076

* Resigned 26 July 2020

2019

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

18 Financial Instruments

Categories of financial instruments - Group

2020

Financial assets	**At amortised cost**	**Total**
Trade and other receivables	7 269 883	7 269 883
Cash & cash equivalents	11 155 981	11 155 981
	18 425 864	**18 425 864**

Financial liabilities	**At amortised cost**	**Total**
Trade & other payables	5 113 050	5 113 050

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	5 731 780	5 731 780

Notes to the Financial Statements for the year ended 31 May 2020

Financial Instruments

Categories of financial instruments - Institute

2020

Financial assets	**At amortised cost**	**Total**
Trade and other receivables	5 099 948	5 099 948
Cash & cash equivalents	10 722 062	10 722 062
	15 822 010	**15 822 010**

Financial liabilities	**At amortised cost**	**Total**
Trade & other payables	3 760 743	3 760 743

Categories of financial instruments - Institute

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

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 World Health Organisation declared a global pandemic, with the spread of the Corona Virus (COVID-19). As a result, the SA Government has declared a National State of Disaster followed by a lockdown that enforced various measures which led to reduced business activities of the Institute thus possibly impacting on the future viability of the entity.

As a result of these measures the operations of the organisation were immediately reviewed in order to continue serving our members. The traditional face to face event organising was offered by alternative on-line facilities, still generating revenue but on a smaller scale. In the interest of the safety of its staff and ensuring continued service to members and stakeholders, the Institute took steps to make it possible for staff to work remotely.

Activities within the Institute have continued albeit on-line. The use of technology has made the Institute available to service its members and stakeholders which has reduced the severity of the COVID-19 interruptions on the cash flow projections for the coming year.

The Group will continue to monitor projected cash flows against actuals and take the necessary steps to ensure continued liquidity.

Detailed Income Statement

	Note(s)	GROUP 2020 R	GROUP 2019 R	INSTITUTE 2020 R	INSTITUTE 2019 R
Revenue					
Revenue		55 715 520	53 024 066	34 938 279	33 177 224
Cost of sales	11	**(27 549 245)**	**(29 474 416)**	**(15 768 016)**	**(16 604 010)**
Gross profit		**28 166 275**	**23 549 650**	**19 170 263**	**16 573 214**
Other income					
Interest received	14	790 097	1 225 853	776 896	1 211 902
Gains on disposal of assets		-	7 999	-	7 999
Administration fees		-	-	3 662 486	4 156 138
		790 097	**1 233 852**	**4 439 382**	**5 376 039**
Operating expenses					
AGM costs		(17 027)	(20 249)	(11 672)	(19 004)
Auditors remuneration		(115 994)	(129 816)	(69 804)	(72 180)
Admin fees (External) - SAQA		(127 003)	-	(96 133)	-
Bad debts provision		7 054	(86 245)	-	-
Bank charges		(169 652)	(167 735)	(157 388)	(153 474)
Consulting fees		(124 800)	(3 025)	(120 021)	(2 148)
Debtors correction		35 516	(13 207)	35 516	(13 207)
Depreciation, amortisation and impairments		(731 014)	(726 447)	(378 245)	(412 304)
Donations		-	-	-	-
Electricity and water (Facilities costs)		(1 609 979)	(1 591 901)	(551 067)	(570 494)
Employee resource costs		(25 109 206)	(23 289 951)	(21 265 468)	(20 220 026)
Entertainment		(25 199)	(15 043)	(25 199)	(12 617)
Exchange rate difference		48 062	16 253	48 062	16 253
Interest Paid		-	-	-	-
Insurance		(113 469)	(176 643)	(81 671)	(145 546)
Legal fees – Statutory/General		(758 456)	(340 860)	(718 863)	(305 257)
Library costs		-	(12 834)	-	(12 834)
Marketing expenses		(620 086)	(442 536)	(519 372)	(405 242)
Office expenses		(322 508)	(360 909)	(142 878)	(177 215)
Postage		(886)	(3 333)	(886)	(3 333)
Printing and stationery		(65 501)	(114 625)	(48 777)	(79 705)
Prizes		(7 929)	(14 833)	(7 929)	(14 833)
Public relations		(896 562)	(766 599)	(896 562)	(736 583)
Recruitment		(1 001 190)	(205 156)	(988 095)	(11 967)
Repairs and maintenance		(173 199)	(215 718)	(112 878)	(107 998)
Telephone and fax		(904 582)	(989 020)	(530 882)	(646 322)
Training		(216 754)	(505 099)	(159 689)	(505 003)
Travel - Local		(152 480)	(246 612)	(92 887)	(119 868)
Travel - Overseas: Committee members (Accomm/Meals/Flights)		(97 153)	(200 835)	(97 153)	(200 835)
Travel - Regional Governors/Board committees		(83 559)	(52 178)	(83 559)	(52 178)
Travel – local: Committee members (Accomm/Flights/Meals)		(69 505)	(68 447)	(69 505)	(53 765)
Travel - overseas		47 078	(335 695)	47 078	(251 590)
		(33 375 983)	**(31 079 298)**	**(27 095 927)**	**(25 289 275)**
Deficit for the 12 months		**(4 419 611)**	**(6 295 796)**	**(3 486 282)**	**(3 340 022)**

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