INSTITUTE OF
DIRECTORS
SOUTH AFRICA

ANNUAL FINANCIAL STATEMENTS 2019

BETTER DIRECTORS.
BETTER BOARDS.
BETTER BUSINESS.

REPORTING SUITE

INTEGRATED REPORT

- Primary communication to stakeholders on our value-creation process
- Prepared in accordance with the International <IR> Framework

ANNUAL FINANCIAL STATEMENTS

- Statements of financial performance and position
- Prepared in accordance with IFRS

GOVERNANCE REPORT

- An explanation of our application of good governance
- Prepared in accordance with the King IV Report on Corporate Governance in South Africa 2016 (King IV)

Represents further information available online at **www.iodsa.co.za**

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AUDITORS

BDO South Africa Incorporated

Registered auditors

LEVEL OF ASSURANCE

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

PREPARER

Presheen Roopraj – Manager: Finance and Assurance

Zandi Madikiza CA(SA) – Executive: Finance and Operations

STATEMENT OF RESPONSIBILITY AND APPROVAL

The Board of Directors is responsible for the preparation of the annual financial statements of the Institute of Directors in South Africa NPC (IoDSA) and to ensure that proper systems of internal control are employed by or on behalf of the IoDSA. The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and in the manner required by the Companies Act of South Africa.

The financial statements have been prepared on the going concern basis, as the directors have no reason to believe that the IoDSA will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The financial statements have been audited by the independent firm, BDO South Africa Incorporated, who were given unrestricted access to all financial records and related data. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. BDO South Africa Incorporated's audit report is presented on pages 4 and 5.

The annual financial statements set out on pages 3 to 21 were approved by the Board of Directors on 16 April 2020 and are signed on its behalf by:

Muhammad Seedat
Chair of the Board

Louisa Stephens
Chair of the Audit and Risk Committee

REPORT OF THE DIRECTORS

for the year ended 31 December 2019

The governing body of the Institute of Directors in South Africa NPC (IoDSA) is the Board of Directors.

BOARD OF DIRECTORS

NM Bhengu
S Bray
P Natesan
ZA Jacobs
NF Msiza
L Stephens
MO Seedat
EA Wilton[&]
S Malan[@]
AR Oosthuizen (Chief Executive Officer)*
PF Radebe**
DP du Plessis (Chair)^
P Kabuya^

& Appointed on 19 June 2019
@ Appointed on 28 August 2019
** Resigned on 28 March 2019*
*** Resigned on 22 January 2019*
^ Resigned on 19 June 2019

COMPANY SECRETARY

There is no Company Secretary. A third party is utilised for basic company secretarial filing services.

GENERAL REVIEW

The Institute of Directors in South Africa NPC (IoDSA) is a professional body recognised by the South African Qualifications Authority (SAQA) and a non-profit company (NPC) that exists to promote corporate governance, and to maintain and enhance the credibility of directorship as a profession.

FINANCIAL REPORT AND GOING CONCERN

The annual financial statements are the responsibility of the Board of Directors. The financial results of the IoDSA for the year ended 31 December 2019 reveal a profit of R3 376 039 (2018: profit of R1 589 534). Revenue is R52 581 488 (2018: R48 903 851). Fair value adjustment of the other financial assets is R586 534 gain (2018: R602 343 loss). Expenses for the year are R51 944 109 (2018: R48 155 626) Total funds and reserves as at 31 December 2019 are R23 777 778 (2018: R20 401 739). The post year-end COVID-19 pandemic will have an impact on the 2020 financial results; but measures have been put in place to manage this so that it doesn't materially impact the IoDSA's ability to continue as a going concern. Management has done updated scenario assessments of the possible impact of this for the 12 months post year-end and are comfortable that the entity will be a going concern.

SUBSEQUENT EVENTS

The COVID-19 outbreak is developing rapidly in 2020. Measures taken by government to contain the virus have affected economic activity and the entity's business. We have responsibly taken measures to prevent the spread of the virus through social distancing and remote working. We are making use of technology to provide a number of our services digitally and thus sustain some revenue. We are adhering to strict cash management processes and applying conservative expenditure measures to mitigate the potential impact to revenue.

TAXATION STATUS

The IoDSA is exempt from income tax in terms of section 10(1)(d)(iv)(bb) of the Income Tax Act, Act 58 of 1962, as amended.

INDEPENDENT AUDITOR'S REPORT

OPINION

We have audited the financial statements of The Institute of Directors in South Africa NPC set out on pages 6 to 21, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other 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 Directors in South Africa NPC as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with the 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 Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). 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 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 the 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 skepticism 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.
- 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.

BDO South Africa Incorporated
Registered Auditors
V Ngobese
Director
Registered Auditor

14 May 2020

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2019

	Notes	2019 R	2018 R
Revenue	2	52 581 488	48 903 851
Other income	2.1	2 152 126	1 443 652
Gross income		**54 733 614**	**50 347 503**
Operating expenses	4	(51 944 109)	(48 155 626)
Operating profit for the year		**2 789 505**	**2 191 877**
Fair value adjustments on investments		586 534	(602 343)
Comprehensive income for the year		**3 376 039**	**1 589 534**

STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	Notes	2019 R	2018 R
ASSETS			
Non-current assets			
Property, plant and equipment	5	1 789 589	1 708 921
		1 789 589	**1 708 921**
Current assets			
Inventory	6	7 237	19 079
Trade and other receivables	7	4 029 481	2 191 263
Investments in collective investment schemes	8	25 322 097	19 366 966
Cash and cash equivalents	9C	11 816 705	12 530 831
		41 175 520	**34 108 139**
Total assets		**42 965 109**	**35 817 060**
FUND AND LIABILITIES			
Funds and reserves			
Accumulated funds		**23 777 778**	**20 401 739**
Non-current liabilities			
Amounts received in advance	10	**502 753**	**1 106 033**
Current liabilities			
Trade and other payables	11	4 450 980	4 032 132
Provisions	12	2 185 988	1 758 155
Amounts received in advance	10	12 047 610	8 519 001
		18 684 578	**14 309 288**
Total funds and liabilities		**42 965 109**	**35 817 060**

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

for the year ended 31 December 2019

	Accumulated funds R
Balance at 1 January 2018	18 812 205
Comprehensive income for the year	1 589 534
Balance at 31 December 2018	**20 401 739**
Comprehensive income for the year	3 376 039
Balance at 31 December 2019	**23 777 778**

STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

	Notes	2019 R	2018 R
Cash inflow from operating activities			
Cash generated by operations	9A	3 338 058	889 825
Investment income		580 722	519 370
Net cash inflow from operating activities		**3 918 780**	**1 409 195**
Cash outflow from investing activities			
Acquisition of furniture and equipment		(588 841)	(486 370)
Proceeds from sale of assets		1 200	–
(Payment)/receipt of other financial assets		(4 045 265)	4 012 106
Net cash outflow from investing activities		**(4 632 906)**	**3 525 736**
Net increase/(decrease) in cash and cash equivalents		**(714 126)**	**4 934 931**
Cash and cash equivalents at the beginning of the year		**12 530 831**	**7 595 900**
Cash and cash equivalents at the end of the year	9C	**11 816 705**	**12 530 831**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis except for certain financial instruments recognised at fair value as stated below, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

Application of the International Financial Reporting Standards for Small and Medium-sized Entities

The preparation of financial statements requires management to make certain judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, and associated assumptions, are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Where appropriate, balances have been reclassified for better disclosure purposes and do not affect the prior year financial statement materially.

1.1 Key sources of estimates of uncertainty and significant judgements used by management

There are no key sources of estimation uncertainty at the statement of financial position date, that have had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial year. The areas of significant judgement used by management are disclosed below.

Provisions

The provision for bonuses is based on a calculation taking into account the company performance and the employee performance appraisal for the period.

Financial assets

Management has assessed their financial assets for impairment indicators and consider there to be no impairment required.

1.2 Critical accounting estimates and significant judgements

The IoDSA makes certain estimates and assumptions regarding the future. Estimates and significant judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

Fair value measurement

A number of assets included in the IoDSA's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the IoDSA's financial assets utilises market observable inputs and data as far as possible.

The IoDSA measures Other Financial Assets at fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

1.3 Revenue: Subscriptions

Subscriptions are accounted for on the accrual basis.

1.4 Revenue: Other services

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable or received for services provided, net of discounts and value added taxation (VAT) and where there is reasonable expectation that the income will be received and all attaching conditions will be complied with.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue arising from the rendering of services, provided that all of the following criteria are met, should be recognised by reference to the stage of completion of the transaction at the balance sheet date:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits will flow to the seller;
- the stage of completion at the balance sheet date can be measured reliably; and
- the costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

When the above criteria are not met, revenue arising from the rendering of services should be recognised only to the extent of the expenses recognised that are recoverable.

Revenue relating to services is recognised during the period in which the service is performed.

Dividend income is recognised in profit or loss on the date that the IoDSA's right to receive payment is established.

Interest income is recognised using the effective interest method.

1.5 Income received in advance

Income received in advance is recorded as the portion of the contract income received but not yet recognised as revenue.

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of furniture and equipment. The estimated useful lives for the current and comparative periods are as follows:

- Furniture, fixtures and fittings – 10 years
- Computer hardware – 4 years
- Cellular phones – 2 years
- Golf Cart – 5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

1.7 Impairment of property, plant and equipment

At the end of each reporting period, the IoDSA reviews indicators of impairment of the carrying amounts of its property, plant and equipment to determine whether any of those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the IoDSA estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

1.8 Inventory

Inventories are measured at the lower of cost and net realisable value. Cost is determined on the first-in first-out method and includes expenditure in acquiring the inventories and bringing them to their existing location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

1.9 Operating leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

1.10 Financial instruments

Non-derivative financial assets and financial liabilities – recognition and de-recognition

The IoDSA initially recognises loans and receivables on the date when it originates. All other financial assets and financial liabilities are initially recognised on the trade date. The IoDSA's financial instruments consist mainly of bank balances and cash, short term deposits, trade receivables, investments in money market accounts, investments in collective investment schemes and trade payables.

Non-derivative financial assets – measurement

At fair value through profit or loss

Financial assets are designated as at fair value through profit or loss if the IoDSA manages such investments and makes purchase and sale decisions based on their fair value in accordance with the IoDSA's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Fair value adjustments of other financial assets through profit or loss includes all realised and unrealised value changes and foreign exchange differences but excludes interest and dividend income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Other financial assets

Other financial assets are initially measured at fair value, net of transaction costs. Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited against the provision for doubtful debts account. Changes in the carrying amount of the provision for bad debts are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

1.11 Provisions

Provisions are recognised when the IoDSA has a present obligation (legal or constructive) as a result of a past event, it is probable that the IoDSA will be required to settle the obligation, and a reliable estimate can be made of the amount of these obligations.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

1.12 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 paid annual leave and sick leave and bonuses) are recognised in the period in which the service is rendered and are not discounted. The expected cost of bonus payment is recognised as an expense when there is a legal or constructive obligation to make such payments.

2. REVENUE

	2019 R	2018 R
Membership subscriptions	19 237 650	18 291 905
Services rendered	31 910 435	29 310 524
Royalties	650 400	501 942
Sundry	783 003	799 480
	52 581 488	**48 903 851**

2.1 Other Income

	2019 R	2018 R
Interest received	1 753 846	1 353 904
Dividend income	150 207	89 748
Sundry*	248 073	–
	2 152 126	**1 443 652**

* *Includes SDL rebates from SETA, as well as an amount of R 220 529 received from Redefine Properties Ltd related to a tenant reimbursement on renovations.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

3. DIRECTORS' EMOLUMENTS

	Basic salary R	Pension R	Bonuses R	Total remuneration R
2019				
Executive directors				
AR Oosthuizen*	494 514	28 038	–	522 552
P Natesan	1 822 248	112 159	425 000	2 359 407
S Malan**	336 391	21 758	240 000	598 149
	2 653 153	**161 955**	**665 000**	**3 480 108**

* *AR Oosthuizen resigned on 28 March 2019.*

** *S Malan was appointed as a Director on 28 August 2019.*

	Basic salary R	Pension R	Bonuses R	Total remuneration R
2018				
Executive directors				
P Natesan	1 307 736	80 491	205 263	1 593 490
AR Oosthuizen	1 710 937	105 308	584 492	2 400 737
	3 018 673	**185 799**	**789 755**	**3 994 227**

Remuneration policy

The company's remuneration policy is recommended by the Remuneration Committee and approved in accordance with the delegation of authority. The policy is aligned with the guidelines of the King IV Report on Corporate Governance for South Africa 2016. Non-executive directors do not receive remuneration from the IoDSA.

4. OPERATING EXPENSES

	2019 R	2018 R
Computer and database development	1 202 140	1 211 353
Conferences and functions	1 649 296	2 015 698
Depreciation	484 976	551 285
Employee salaries and benefits	19 352 734	17 249 452
Facilitator fees	11 528 940	11 481 544
Legal, consulting and trademarks	1 380 758	961 852
Marketing and public relations	2 929 286	2 381 350
Member benefits	1 929 854	2 025 303
Rent and services	3 275 318	3 345 443
Sundry expenses	8 210 807	6 932 346
	51 944 109	**48 155 626**

5. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and fittings R	Computer hardware R	Cellular phones R	Golf cart R	Total R
Cost					
Balance at 1 January 2019	3 141 115	2 228 233	10 525	90 275	5 470 148
Additions	330 938	257 903	–	–	588 841
Disposals of assets	(164 461)	(215 134)	–	–	(379 595)
Balance at 31 December 2019	**3 307 592**	**2 271 002**	**10 525**	**90 275**	**5 679 394**

	Furniture, fixtures and fittings R	Computer hardware R	Cellular phones R	Golf cart R	Total R
Accumulated depreciation					
Balance at 1 January 2019	2 039 429	1 709 768	10 525	1 505	3 761 227
Depreciation	202 755	264 166	–	18 055	484 976
Disposals of assets	(142 464)	(213 934)	–	–	(356 398)
Balance at 31 December 2019	**2 099 720**	**1 760 000**	**10 525**	**19 560**	**3 889 805**
Carrying amount	**1 207 872**	**511 002**	**–**	**70 715**	**1 789 589**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

6. INVENTORY

	2019 R	2018 R
King reports and related publications	7 237	19 079
	7 237	**19 079**

* *Purchasing of King IV reports to be stored at the IoDSA offices has been discontinued.*

7. TRADE AND OTHER RECEIVABLES

	2019 R	2018 R
Trade receivables	3 590 510	1 933 603
Provision for doubtful debts	(89 338)	(162 579)
	3 501 172	**1 771 024**
Prepayments	528 309	420 239
	4 029 481	**2 191 263**

Trade receivable are generally collected within 30 days which represents normal terms.

8. INVESTMENTS IN COLLECTIVE INVESTMENT SCHEMES

8.1 Categories of collective investment schemes

	2019 R	2018 R
Designated at fair value through profit or loss	25 322 097	19 366 966
	25 322 097	**19 366 966**

8.2 Classes and fair value of collective investment schemes

All investments in collective investment schemes are measured at fair value.

	2019 R	2018 R
Other current assets at fair value through profit or loss		
Balance at the beginning of the year	19 366 966	23 057 134
(Withdrawals)/deposits*	4 045 265	(4 012 106)
Interest income	1 173 125	834 533
Dividend income	150 207	89 748
Fair value adjustment	586 534	(602 343)
Balance at the end of the year	**25 322 097**	**19 366 966**

The fair values of the investments in collective investment schemes are determined based on the latest unit price available at 31 December 2019.

* *The deposit of R 4 045 265 was invested in an Old Mutual Unit Trust in April 2019.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

9. NOTES TO THE STATEMENT OF CASH FLOWS

A. Reconciliation of net surplus for the year to cash generated from operations

	2019 R	2018 R
Total comprehensive income/(loss) for the year	**3 376 039**	**1 589 534**
Adjustments for:		
Depreciation of fixed assets	484 976	551 285
Fair value adjustments	(586 534)	602 343
Investment income	(1 904 053)	(1 443 652)
Loss on disposal of assets	21 997	–
Operating profit before working capital changes	**1 392 425**	**1 299 510**
(Increase)/Decrease in inventory	11 842	33 771
(Increase)/Decrease in trade and other receivables	(1 838 218)	(554 242)
Increase/(Decrease) in trade and other payables	418 847	(520 690)
Increase/(Decrease) in provisions	427 833	424 875
Increase/(Decrease) in amounts received in advance	2 925 329	206 601
Working capital changes	**1 945 633**	**(409 685)**
Cash generated from operations	**3 338 058**	**889 825**

B. Loss on disposal of furniture and equipment

	2019 R	2018 R
Net book value of assets disposed	–	–
Loss on disposal of assets	21 997	–
	21 997	**–**

C. Cash and cash equivalents

	2019 R	2018 R
Restricted cash: Guarantee on deposit of lease	572 656	567 235
Restricted cash: Committee for Responsible Investments in SA	126 177	126 177
Restricted cash: African Governance Showcase Competition	505 779	581 448
Bank deposits and cash	10 612 093	11 255 971
	11 816 705	**12 530 831**

10. AMOUNTS RECEIVED IN ADVANCE

	2019 R	2018 R
King IV sponsorships amounts received in advance*	1 106 033	1 709 313
Other amounts received in advance	11 444 330	7 915 721
	12 550 363	**9 625 034**
Non-current liabilities	**502 753**	**1 106 033**
Current liabilities	**12 047 610**	**8 519 001**

* *This balance relates to the sponsorships received for the King IV Report. The sponsorships are being released to income over a 5-year period from 2016 to 2021.*

11. TRADE AND OTHER PAYABLES

	2019 R	2018 R
Accumulated lease payments	357 354	-
Trade payables and accruals	1 403 273	835 366
Committee for Responsible Investments in South Africa	126 177	126 177
African Governance Showcase Competition	505 779	581 448
Leave pay accrual	177 751	163 889
Unallocated deposits	966 623	1 115 046
Value Added Tax	914 023	1 210 206
	4 450 980	**4 032 132**

12. PROVISIONS

	2019 R	2018 R
Opening balance 1 January	1 758 155	1 333 280
Provisions raised	2 200 000	1 763 519
Utilised during the year	(1 772 167)	(1 338 644)
Balance at 31 December	**2 185 988**	**1 758 155**
Current liabilities	**2 185 988**	**1 758 155**

The provision includes an incentive bonus based on the company's performance. The bonus is provided for all employees who qualify in respect of the expected cash payment and will be realised in March 2020.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

13. OPERATING LEASE COMMITMENTS

	2019 R	2018 R
Future operating lease commitments with respect to land and buildings:		
Within 1 year	2 226 757	2 061 812
Within 2 to 5 years	7 807 258	10 034 015
	10 034 015	**12 095 827**
Future operating lease commitments with respect to equipment:		
Within 1 year	155 244	344 832
Within 2 to 5 years	426 921	737 409
	582 165	**1 082 241**

The IoDSA leases the business premises under operating leases. The IoDSA entered into a new lease agreement with Redefine Properties in 2019. The lease runs for a period of 5 years, from 1 January 2019 to 31 December 2023, with an option to renew the lease after that date. Lease payments increase as per the escalation clause of 8% per annum. A new lease agreement was signed with Konika Minolta in August 2018. Equipment is leased under operating leases for a period of 5 years at an escalation of 0% per annum.

14. FINANCIAL INSTRUMENTS

Financial instruments have been categorised as follows:

	2019 R	2018 R
Financial assets – Loans and receivables		
Cash and cash equivalents	11 816 705	12 530 831
Trade and other receivables (excluding prepayments)	3 501 172	1 724 449
Financial assets – Fair value through profit or loss		
Other financial assets	25 322 097	19 366 966
Financial liabilities – Amortised cost		
Trade and other payables (excluding VAT)	3 536 957	2 821 928

15. SUBSEQUENT EVENTS

No material facts or circumstances have arisen between 31 December 2019 and the date of this report that require disclosure in or adjustment to the annual financial statements.

16. TAXATION

The IoDSA is exempt from income tax in terms of section 10(1)(d)(iv)(bb) of the Income Tax Act, Act 58 of 1962, as amended.

17. RELATED PARTIES

There were no related parties except for key management. Executive directors are members of key management. Refer to note 3.

18. FINANCIAL GUARANTEE

As indicated in the notes to the statement of cash flows, the lease agreement for the office premise Grayston Ridge Office Park, Block B, required a financial guarantee security of R572 656 (2018: R567 235) for the due compliance with the terms and conditions by the lessee regarding the lease, and or any renewal of the lease. This amount has been deposited with FNB Limited to meet the lease guarantee.

19. COMPARATIVES

During the reporting period, it was identified that some revenue and expenditure items had previously been disclosed separately in the notes to the annual financial statements. It was concluded that it would be more appropriate to consolidate some of the expenditure and revenue items.

FEEDBACK

We value and encourage feedback on this report from our stakeholders.

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* *Name changes on these accounts to reflect "South Africa" are taking longer than anticipated due to the protocols on the third-party platforms.*

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