Chartered
Governance
Institute of
Southern Africa

THE CHARTERED GOVERNANCE INSTITUTE OF SOUTHERN AFRICA NPC

(Registration Number 1972/000007/08)
Annual Financial Statements
for the year ended 31 December 2020

Annual Financial Statements

in compliance with Companies Act 71 of 2008
Prepared: J A Maybery ACG (Acc)
Position: Financial Manager
Publish date: 11/05/2021

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

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GENERAL INFORMATION

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Non-profit company acting as a professional body
COUNTRY OF INCORPORATION AND DOMICILE	South Africa
REGISTERED OFFICE	Block C, Riviera Road Office Park 6-10 Riviera Road Killarney 2193
POSTAL ADDRESS	P.O. Box 3146 Houghton 2041
DIRECTORS	Karen Robinson - President Lynelle Bagwandeen - Senior Vice President Sonia Giuricich - Vice President Robert Likhang - Past President Christopher Wilson Karen Southgate Michelle Rissik-Nunes Ophelia Akosah-Bempah Sandile Mbhamali Sharon Clarke Sikander Kajee Stephen Sadie CEO - Executive Director
REGISTRATION NUMBER	1972/000007/08
BANKERS	The Standard Bank of South Africa Limited and Nedbank Group Limited.
AUDITOR	Mazars Registered Auditors
COMPANY SECRETARY	Irma Warriner P O Box 1029 Sundowner 2151
PREPARER	The annual financial statements have been internally prepared by: J A Maybery - ACG (Acc)
ISSUED	11/05/2021

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008 of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the International Financial Reporting Standards for Small and Medium-sized Entities as to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company 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 company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The annual financial statements support the viability of the company. The directors are satisfied that the company has or has access to sufficient resources to continue in operation for the forseeable furture.

The annual financial statements have been audited by the independent auditing firm, Mazars, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholder the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' audit report is presented on pages 6 to 9.

The annual financial statements as set out on pages 15 to 39 were approved by the board on 11 May 2021 and were signed on their behalf by:

Karen Robinson - President

Lynelle Bagwandeen - Senior Vice President

Stephen Sadie - CEO

Certificate of the Company Secretary

I certify that The Chartered Governance Institute of Southern Africa NPC has filed all its returns and notices as required by the Companies Act 71 of 2008 of South Africa and that such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

I Warriner
Company Secretary
Johannesburg
11 May 2021

Finance and Risk Committee Report

Membership

S Giuricich (Chair)	Chair (from October 2020)
B Rufetu	
DM Da Silva	
SAH Kajee	Chair (to October 2020)

Structure

The committee was appointed by the Board to hold office for the year under review. The Committee met four times in 2020. The attendance of the committee is reflected on page TBA of the integrated report. The External Auditor, the CEO, Finance Manager, and Technical Adviser attend meetings by standing invitation.

Role and Activities

- Reviewed and recommended for board approval, the Annual Financial Statements of CGISA for the year ended 31 December 2020
- Reviewed management accounts of CGISA and its associated entities on a regular basis
- Assisted the Board in determining its appropriate risk levels
- Reviewed the identification of key risks, both internal and external, and risk responses
- Monitored and reviewed the effectiveness of internal control systems, including IT systems and internal financial reporting
- The committee continues to monitor all actions taken to ensure the relevance and sustainability of CGISA in the future
- Assisted the Board in its evaluation of the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes applied in the day-to-day management of business
- Facilitated and promoted communication between the board, management, and the external auditors
- Reviewed the external auditors management letter and monitored the implementation of appropriate corrective actions by management
- Oversaw the financial reporting process to facilitate the appropriateness, transparency and integrity of the processes leading to the fair presentation of internal and externally published financial information
- Reviewed CGISA and associated entities' monitoring compliance with laws and regulations
- Reviewed and evaluated the effectiveness of financial risk management and compliance functions
- Assessed the independence of the external auditor

- Reviewed and recommended for Board approval, the scope and fees pertaining to the external audit process
- Monitored the solvency and liquidity of all relevant entities
- Introduced such measures as in the Committee’s opinion may serve to enhance the credibility and objectivity of financial statements and reports prepared
- Reviewed the effectiveness of the external audit process following the end of the annual audit cycle
- Reviewed and recommended for Board approval, the integrated report for the year ended 31 December 2020
- Reviewed and recommended for Board approval, the annual Budget for the ensuing year
- Reviewed and approved the revised Finance and Risk Committee terms of reference
- Considered the financial impact of the Covid-19 pandemic on CGISA's ability to continue as a going concern, and recommended for approval by the board certain financial deductions to mitigate the effects of the pandemic on the Institute
- There were no internal auditors on the Committee as no internal audits were done in 2020. Internal audits are done every three years.

S Giuricich
Chairman
Finance and Risk Committee
Johannesburg
11 May 2021

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The Chartered Governance Institute of Southern Africa

Independent Auditor's Report

To the Members of The Chartered Governance Institute of Southern Africa NPC

Opinion

We have audited the financial statements of The Chartered Governance Institute of Southern Africa NPC set out on pages 15 to 39, which comprise the statement of financial position as at 31 December 2020, 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 Chartered Governance Institute of Southern Africa NPC as at 31 December 2020, 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.

Emphasis of matter – Impact of the COVID-19 pandemic on the financial statements

The South African economy has been deeply impacted by the COVID-19 pandemic and the resulting nation-wide lockdown which has been in effect since 27 March 2020. After the initial lockdown the government implemented a risk-based lockdown level approach which saw the easing of certain limitations. However, the lack of a clear timeline on the lifting of the various lockdown levels and the uncertainties surrounding the global distribution of the COVID-19 vaccine causes further socio-economic uncertainty and will negatively impact on the business operations of the company.

Without modifying our opinion on the annual financial statements, we draw attention to the impact of the COVID-19 pandemic and the resultant national lockdown, and the consideration in Note 22 -Events after reporting date on page 36 Annual Financial statements

Emphasis of matter – PAYE deductions on fringe benefits

During the audit it was identified that certain fringe benefits have not been included in the PAYE calculation of employees which resulted in no PAYE being paid over to SARS on these amounts. The company is in the process of submitting a voluntary disclosure (VDP) to SARS on the matter and has made corrections to the Annual financial statements to rectify the error. Please refer to note 24 for the prior period correction.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "The Chartered Governance Institute of Southern Africa NPC's separate Annual Financial Statements for the year ended 31 December 2020 which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's reports 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.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description, which is located at [indicate page number or other specific reference to the location of the description], forms part of our auditor's report

Mazars
Partner: Miles Fisher
Registered Auditor
21/05/2021
Johannesburg

Auditor’s Responsibilities for the Audit of the 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.
- 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.

Directors' Report

The directors present their report for the year ended 31 December 2020.

1. Review of activities

Main business and operations

CGISA operates as a Non-Profit Company in terms of the Companies Act 71 of 2008 of South Africa (Co. Act).

Being a professional examining body, it continues to provide an examination that satisfies the demands for competence on the part of trained and qualified company secretaries and governance professionals in the private and public sectors. CGISA serves qualified professionals and provides a wide range of services to its members, such as technical information and seminars. A further purpose is ensuring the name and reputation of CGISA, and thereby its members, remain uppermost in the mind of decision makers and employers. In addition, it provides administrative services to associated Institutes.

There has been no material change in its activities during the year under review, however, the increase of webinars has improved the bottom line. The operating results and the financial position of the company are fully set out in the attached financial statements and do not, in our opinion, require any further comment.

2. Going concern

The 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, including specific consideration of the risk associated with COVID-19.

We have considered and will continue to closely monitor the potential impact of COVID-19 on our company.

The directors are focused and committed to the restructuring initiatives and debt reduction of company. The directors are also of the view that there are no material uncertainties that cast doubt on the company's ability to operate. The directors are also satisfied that the company has sufficient resources, or access to resources, to continue with all operating activities for the foreseeable future. Based on this assessment, the directors have no reason to believe that the company will not be a going concern for the foreseeable future.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

Impact of COVID-19

The enforcement of a nationwide lockdown by the South African government from the 27th of March 2020 due to the COVID-19 outbreak impacted our business and that of our members, students, customers and suppliers.

Our offices were closed in line with this instruction and most of our staff and management were able to continue working remotely in the safety of their homes. Most of the services offered could be obtained online as CGISA has invested substantially in its information management systems over the past eight years. A number of the services performed by the Institute can be performed electronically. The company was able to service most of its obligations in 2020.

Directors' Report

The effects of the COVID-19 pandemic are continually changing and there was a negative impact on CGISA’s performance for the 2020 financial year, the value thereof is estimated at R3 million in revenue, related to student examinations not being held for May 2020, interest rates dropping and the inability to hold the Corporate Governance Conference.

In an effort to partially counter the negative impact of COVID-19, we implemented a 5% discount to members with full balances still outstanding at 20th April 2020, if payment was received by the 31st May 2020 and implemented an additional 10% discount to members who settled their outstanding balances by 15th August 2020. We took advantage of the four month payment holiday on skills development levy, relief on PAYE and TERS.

To off set the loss in revenue for seminars we concentrated solely on webinars and were able to make up the total revenue lost. Salaries were cut for all management and staff by 10% from June 2020 and no 13th cheque was paid. In December 2020 one long standing manager resigned and there were two retrenchments. These cost savings will be continued on into 2021, in addition to another 10% salary cut from 1st January 2021 (20% cut in total).

4. Property, Plant and Equipment

There has been no changes in property, plant and equipment of the company or the policy regarding their use in the current period. At 31 December 2020 the company's investment in property , plant and equipment amounted to R159 773 (2019:R 156 444) , of which R93 043 was added in the current year.

5. Prior period correction

During the financial period ended 31/12/2020 it was noted that there were "group life benefits" that were paid for by The Chartered Governance Institute of Southern Africa NPC (CGISA) on behalf of employees. These group life benefits included the following:

- Group life assurance
- Spouses death
- Physical health insurance
- Funeral benefits

These benefits meet the definition of a fringe benefit in terms of S1 P(i) of the 7th schedule of the Income Tax Act but has however not been included in the calculation of the employees pay as you earn (PAYE) which has resulted in an under declaration to the South African Revenue Services (SARS).

Given that the payroll function has been outsourced to an independent contractor the directors and management were unaware of the issue.

In terms of the requirements of the fourth schedule of the Income Tax Act CGISA is liable for the amounts that are to be paid over to SARS as a result of this under declaration.

Although this has been an issue that has been continuing for many years, in terms of the requirements of the Taxation Administration Act records are only required to be kept for a five year period and this is the period that the PAYE that is due to SARS as a result of the non-declaration of the above fringe benefits.

A voluntary disclosure procedure has been entered into with the SARS overseen by the Mazars tax department to rectify the issue and try and mitigate any fines and penalties that could be incurred.

For all tax periods starting 01/03/2021 these group life benefits have been included in the calculation of PAYE for all employees and the issue is no longer continuing.

Directors' Report

6. Litigation statement

The company is currently involved in a labour court case, which is expected to sit in 2022 and depending on the outcome may have an adverse effect on the business.

7. Directors' interest in contracts

Examination, moderation and marking fees were paid to a number of Directors or other Related Parties in the prior year as follows:

- L Bagwandeen (Moderation Fees) - R12 948 (2019: R16 277)
- S Linford (Examination Fees) - R0 (2019: R38 828)
- S Periah (Moderation fees) – R546 (2019: R8 791)
- M Rissik-Nunes (Examination fees) – R10 950 (2019: R15 602)

Other professional fees were paid as follows during the year

- C Wilson - Kilgetty Statutory Services (Pty) Ltd (Courier, Workshop and seminar expenses) – R140 (2019: R883)
- K Robinson (Seminar, webinar and workshop expenses) – R7 050 (2019: R12 550)
- K Southgate (Webinar expenses) – R3 360 (2019: R3 310)

Executive Director Remuneration - S Sadie

- Salary - R1 210 230 (2019: R1 211 544)
- Thirteenth cheque - R 0 (2019: R100 962)
- Pension contribution - R121 023 (2019: R121 154)
- Group risk benefits - R43 528 (2019: R36 429)
- Medical aid contribution - R138 276 (2019: R124 620)

Total = R1 513 057 (2019: R1 594 709)

Directors' Report

Membership and webinar income etc were received from a number of Directors or other Related Parties in the prior year as follows:

- C Wilson (FCG membership) – R4 339 (2019: R4 069)
- C Wilson (PPG membership) – R826 (2019: R773)
- E Viljoen (FCG membership) – R4 339 (2019: R4 069)
- E Viljoen (Webinar income) – R391 (2019: R0)
- K Robinson (FCG membership) – R4 339 (2019: R4 069)
- K Robinson (Webinar income) – R391 (2019: R0)
- K Southgate (FCG membership) – R4 339 (2019: R4 069)
- K Southgate (PPG membership) – R826 (2019: R773)
- K Southgate (Webinar income) – R782 (2019: R0)
- L Bagwandeen (Discount allowed) – R17 (2019: R0)
- L Bagwandeen (FCG membership) - R4 339 (2019: R4 049)
- M Rissik-Nunes (FCG membership) – R1 653 (2019: R4 069)
- O Akosah-Bempah (Discount allowed) – R166 (2019: R0)
- O Akosah-Bempah (FCG membership) – R4 339 (2019: R4 069)
- O Akosah-Bempah (PPG membership) – R826 (2019: R773)
- O Akosah-Bempah (Webinar income) – R1 173 (2019: R0)
- R Likhang (FCG membership) – R4 339 (2019: R4 069)
- R Likhang (PPG membership) – R386 (2019: R0)
- R Likhang (Donation received) – R0 (2019: R501)
- S Clarke (FCG / GRADCG membership) – R4 339 (2019: R2 086)
- S Clarke (Webinar income) – R391 (2019: R0)
- S Giuricich (FCG membership) – R4 339 (2019: R4 069)
- S Giuricich (PPG membership) – R826 (2019: R773)
- S Giuricich (Webinar income) – R391 (2019: R0)
- S Kajee (FCG membership) – R4 339 (2019: R4 069)
- S Kajee (PPG membership) – R826 (2019: R773)
- S Linford (Discount allowed) – R173 (2019: R162)
- S Linford (FCG membership) - R4 339 (2019: R4 049)
- S Linford (Sale of physical stock) - R0 (2019: R947)
- S Mbhamali (FCG membership) – R4 339 (2019: R4 069)
- S Mbhamali (PPG membership) – R826 (2019: R773)
- S Periah (FCG membership) – R4 339 (2019: R4 069)

8. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008 of South Africa, and have concluded the company is liquid and solvent.

Directors' Report

9. Directors

The directors of the company during the year and to the date of this report are as follows:

Name
Karen Robinson - President
Lynelle Bagwandeen - Senior Vice President
Sonia Giuricich - Vice President
Robert Likhang - Past President
Christopher Wilson
Elizna Viljoen (Resigned 10 June 2020)
Karen Southgate
Michelle Rissik-Nunes (Appointed 10 June 2020)
Ophelia Akosah-Bempah (Appointed 10 June 2020)
Sandile Mbhamali
Sharon Clarke
Sikander Kajee
Stephen Sadie CEO - Executive Director
Suraya Periah (Resigned 31 December 2020)

10. Social and ethics committee

In line with the requirements of the Companies Act of South Africa, The Chartered Governance Institute of Southern Africa NPC has appointed a social and ethics committee. The members of the committee are:

Name	Appointment date
Sandile Mbhamali - Chairman	10 July 2020
Fiona Maskell	10 July 2020
Ophelia Akosah-Bempah	20 August 2020
Sabrina Paxton	10 July 2020
Stephen Sadie	10 July 2020
Suraya Periah (Resigned 31 December 2020)	10 July 2020

11. Secretary

The company's designated secretary is Irma Warriner, appointed in terms of s86 of the Companies Act 71 of 2008 of South Africa.

12. Independent Auditors

Mazars were appointed as the independent auditors for the year under audit, in terms of s90 of the Companies Act 71 of 2008 of South Africa.

Statement of Financial Position

Figures in R	Notes	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	3	159,773	156,444
Intangible assets	4	255,566	491,550
		415,339	**647,994**
Current Assets			
Inventories	5	39,606	57,635
Loans receivable	6	32,704	43,106
Trade and other receivables	7	260,520	969,606
Cash and cash equivalents	8	5,618,586	5,981,792
		5,951,416	**7,052,139**
Total Assets		**6,366,755**	**7,700,133**
Equity and Liabilities			
Equity			
Other reserves		302,000	321,000
Retained surplus		1,541,967	2,510,304
		1,843,967	**2,831,304**
Non-Current Liabilities			
SARS PAYE liability	9	-	235,681
Post-retirement medical aid liability	10	450,012	460,660
		450,012	**696,341**
Current Liabilities			
Trade and other payables	11	3,972,887	3,444,812
Loans payable	12	-	551,456
Post-retirement medical aid liability	10	73,600	71,400
Operating lease liability	13	26,289	104,820
		4,072,776	**4,172,488**
Total Equity and Liabilities		**6,366,755**	**7,700,133**

Statement of Comprehensive Income

Figures in R	Notes	2020	2019
Revenue	14	15,373,672	18,955,927
Amortisation	14	(267,284)	(360,375)
Depreciation	14	(89,714)	(56,526)
Employee costs	14	(8,823,860)	(9,990,282)
Operating costs		(7,513,350)	(9,365,679)
Operating deficit before other income and interest	15	**(1,320,536)**	**(816,935)**
Other income	16	82,829	217,919
Investment revenue	17	381,741	558,139
Finance costs	18	(112,371)	(142,978)
Deficit for the year		**(968,337)**	**(183,855)**
Other comprehensive income			
Revaluation - Post-retirement medical aid liability	10	(19,000)	(40,000)
Total other comprehensive income		(19,000)	(40,000)
Total comprehensive deficit for the year		**(987,337)**	**(223,855)**

Statement of Changes in Equity

Figures in R	Post-retirement medical aid reserve	Retained Surplus	Total
Balance at 1 January 2019	361,000	2,544,567	2,905,567
Deficit for the year	-	(183,855)	(183,855)
Other comprehensive income	(40,000)	-	(40,000)
Total comprehensive surplus / (deficit) for the year	(40,000)	(183,855)	(223,855)
Transfer from IBS		149,592	149,592
Balance at 31 December 2019	**321,000**	**2,510,304**	**2,831,304**
Balance at 1 January 2020	321,000	2,510,304	2,831,304
Deficit for the year	-	(968,337)	(968,337)
Other comprehensive income	(19,000)	-	(19,000)
Total comprehensive surplus / (deficit) for the year	(19,000)	(968,337)	(987,337)
Balance at 31 December 2020	**302,000**	**1,541,967**	**1,843,967**

Statement of Cash Flows

Figures in R	Notes	2020	2019
Cash flows from operating activities			
Cash receipts from customers		16,082,758	18,616,938
Cash payments to suppliers and employees		(15,888,616)	(19,766,084)
Cash generated from operations	20	194,142	(1,149,146)
Investment revenue	17	381,741	431,792
Finance costs	18	(38,012)	(50,095)
Net cash utilised in operating activities		537,871	(767,450)
Cash flows from investing activities			
Property, plant and equipment acquired	3	(93,043)	(173,462)
Intangible assets acquired	4	(31,300)	(397,523)
Net cash utilised in investing activities		(124,343)	(570,985)
Cash flows from financing activities			
Loans (repaid)/raised	6 & 11	(541,052)	403,578
Prior period correction		(235,681)	-
The Institute of Business Studies NPC Reserves transferred		-	149,592
Net cash (utilised in)/generated by financing activities		**(776,733)**	**553,170**
Decrease in cash and cash equivalents		(363,205)	(785,265)
Cash and cash equivalents at beginning of the year		5,981,792	6,767,057
Cash and cash equivalents at end of the year	8	5,618,586	5,981,792

Accounting Policies

1. General information

CGISA is a non-profit company incorporated in South Africa.

2. Summary of significant accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008 of South Africa. The annual financial statements have been prepared on the historical cost basis, except as indicated below, 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 except where specifically stated. No provision has been made for 2019 taxation as CGISA is exempt from income tax in terms of Section 10(1)(d)(iv)(bb) of the Income Tax Act No 58 of 1962.

2.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Depreciation and useful lives of property, plant and equipment

Depreciation on assets is calculated using the straight-line method to allocate their cost to residual values over the period management expects to use the asset. The actual lives of the assets and residual values are assessed depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining lives of the assets and projected disposable values.

Going concern

Management expects that there will be adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing its annual financial statements.

Provision for post-retirement medical aid contributions

Post-retirement healthcare benefits are provided to certain retired employees. Actuarial valuations are performed to measure the expected liability. Assumptions used include the discount rate, healthcare cost inflation, mortality rates, withdrawal rates and membership. By obtaining an external valuation by accredited valuators, management is of the opinion that the risk relating to estimation uncertainty has been mitigated. Details can be found in note 9.

Impairment of financials instruments

Loans and receivables

On loans receivable an impairment loss is recognised in the statement of comprehensive income when there is objective evidence that the loan receivable is impaired. Significant financial difficulties, probability that the company will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered as objective evidence of impairment.

Accounting Policies

Summary of significant accounting policies continued...

2.2 Property, plant and equipment

Items of property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Costs include costs incurred initially to acquire 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.

An item of property, plant and equipment is derecognised upon disposal or where no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit and loss and is calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item at the date of derecognition.

During the year, there was no significant changes in the pattern by which the company expects to consume the future economic benefits of property, plant and equipment.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

Category:	**Average Useful lives:**
Motor Vehicles	10 Years
Furniture and Fittings	10 Years
Office Equipment	5 Years
Computer Equipment	3 Years

Intangible assets

Intangible assets are initially recognised at cost and subsequently recognised at cost less any accumulated amortisation and any accumulated impairment losses.

The cost of an intangible asset includes its purchase price.

Amortisation is provided for all intangible assets on a straight-line basis so as to write down the cost of the intangible assets, on the straight-line basis over their useful lives.

The amortisation charge is recognised through profit and loss as it is incurred. The amortisation period and amortisation method applied to an intangible asset with a useful life is reviewed, and adjusted if necessary, on an annual basis. These changes are accounted for as a change in estimate.

Category:	**Average Useful lives:**
Trademarks	10 Years
Computer Software	3 Years

Accounting Policies

Summary of significant accounting policies continued...

2.3 Impairment of non-financial assets

The entity determined that there were no indicators of impairment in the years presented.

2.4 Inventories

Inventories are stated at the lower of cost and selling price less costs to sell. Cost is calculated using the first-in, first-out (FIFO) method. Inventories consists of textbooks for resale.
The cost of inventories comprise all costs of purchases, and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the relative revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.5 Financial Instruments

Classification
The company classifies financial assets and financial liabilities into the following categories:
- Financial asset at amortised cost
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition.

Initial recognition and measurement
Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments. Financial instruments are measured initially at the transaction price.

Subsequent measurement
Financial assets at amortised cost are subsequently measured at amortised cost, using the effective interest rate method, less accumulated impairment losses. Financial liabilities, classified as financial liabilities measured at amortised cost, are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.
Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Accounting Policies

Summary of significant accounting policies continued...

Trade Receivables

Trade receivables are classified as financial assets at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade Payables

Trade payables are classified as financial liabilities measured at amortised cost.

Loans receivable

Loans receivable, classified as financial assets at amortised cost, comprise loans to associated institutes. These are recorded at amortised cost using the effective interest rate method.

Loans payable

Loans payable, classified as financial liabilities measured at amortised cost, comprise loans from associated institutes. These are recorded at amortised cost using the effective interest rate method.

2.6 Related Parties

A related party is related to a company if any of the following situations apply to it:

- Individual control/significant influence: The party is controlled or significantly influenced by a member of key management personnel or by a person who controls the company.
- Key Management: The party is a member of the company's key management personnel.

2.7 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities.

Revenue is shown net of value-added tax and returns.

The company recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the company; and specific criteria have been met for each of the company's activities, as described below:

Student Fees

Examination fees and registration fees are recognised when no significant uncertainty as to its collectability exists.

Member Subscriptions

Subscriptions are recognised when no significant uncertainty as to its collectability exists.

Services Revenue

The service rendered is recognised as revenue by reference to the stage of completion of the transaction at the reporting date.

Events Revenue

Revenue from events are recognised when confirmation of attendance and registration is received.

Accounting Policies

Summary of significant accounting policies continued...

Royalties

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Interest Income

Interest income is recognised using the effective interest method.

Sponsorship Income

Sponsorship income is recognised on the accrual basis in accordance with the substance of the relevant agreements.

2.8 Employee benefit obligations

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave 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.

Defined contribution plans

The policy of CGISA, subject to the rules of the Pension Fund, is to provide retirement benefits for its employees. Current contributions to the defined contribution retirement benefit pension fund are based on a percentage of salaries cost and are charged as an expense in the period in which they are incurred.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Post-retirement medical aid liability

The company has both defined benefit and defined contribution plans for medical aid benefits. A defined contribution plan is a medical plan under which the company pays fixed contributions into a separate entity for employees while employed by the company and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The defined benefit plan in this particular case is a medical plan that the company contributes towards one ex-employee who retired.

The liability recognised in the statement of financial position in respect of defined benefit medical plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

Accounting Policies

Summary of significant accounting policies continued...

2.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

All other leases are classified as operating leases.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

2.10 Foreign Currencies

In preparing the financial statements, transactions in currencies other than the Institute's functional currency are recorded at the dates of the transactions. At the balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing at the balance sheet date. Exchange differences are recognised in profit and loss in the period in which they arise. CGI and CSIA annual fees are based in British Pound and United States Dollar respectively. The company's financial currency is the South African Rand (ZAR).

Notes to the Annual Financial Statements

Figures in R	2020	2019

3. Property, plant and equipment

			2020			2019
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Owned assets						
Motor Vehicles	144,925	142,169	**2,756**	144,925	139,164	**5,761**
Furniture and Fittings	41,014	41,014	**-**	41,014	40,395	**619**
Office Equipment	115,076	64,462	**50,614**	61,956	49,792	**12,164**
Computer Equipment	445,119	338,716	**106,403**	405,196	267,296	**137,900**
	746,134	586,361	**159,773**	653,091	496,647	**156,444**

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Depreciation	2019 Carrying value at end of year
Owned assets				
Motor Vehicles	5,761	-	(3,005)	2,756
Office Equipment	12,164	53,120	(14,670)	50,614
Computer Equipment	137,900	39,923	(71,420)	106,403
	156,444	93,043	(89,714)	159,773

4. Intangible assets

			2020			2019
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Trademarks	15,000	(10,500)	4,500	15,000	(9,000)	6,000
Computer Software	2,511,102	(2,260,036)	251,066	2,479,802	(1,994,252)	485,550
	2,526,102	(2,270,536)	255,566	2,494,802	(2,003,252)	491,550

The carrying amounts of intangible assets can be reconciled as follows:

	Carrying value at beginning of year	Additions	Amortisation	2020 Carrying value at end of year
Trademarks	6,000	-	(1,500)	4,500
Computer Software	485,550	31,300	(265,784)	251,066
	491,550	31,300	(267,284)	255,566

Notes to the Annual Financial Statements

Figures in R	2020	2019

5. Inventories

Inventories comprise:		
Merchandise for resale - Text Books	39,606	57,635

6. Loans receivable

The Chartered Institute of Business Management NPC	29,480	43,106
The Business Administrators Educational Foundation Trust - MENTOR	3,224	-
	32,704	43,106

The above loans are unsecured, interest is charged at 5.15% (2019: 5.15%) per annum on month end balance and there are no fixed terms of repayment.

7. Trade and other receivables

Trade Debtors	212,709	269,595
Sundry debtors	-	459,806
Prepaid expenses	47,811	240,205
	260,520	969,606

8. Cash and cash equivalents

Cash on hand	198	3,568
Current Accounts	1,028,499	514,993
Call Accounts	4,589,889	5,463,231
	5,618,586	5,981,792

For purposes of the statement of cash flow, cash and cash equivalents comprise the balances disclosed above.
A guarantee of R 222,348, is held by Standard Bank that relates to CGISA lease of property, from Growthpoint Limited.

9. SARS PAYE liability

SARS PAYE liability	-	235,681
Group life benefits not included in the calculation of PAYE - 2016 to 2019		

Notes to the Annual Financial Statements

Figures in R	2020	2019

10. Post-retirement medical aid liability

The post-retirement medical aid liability relates to the coverage of medical aid for a retired employee.

Valuation has been performed as at 31 December 2020

	2020	2019
Non-current liability	(450,012)	(460,660)
Current liability	(73,600)	(71,400)
	(523,612)	(532,060)

Net Statement of financial position	
Healthcare liability at 31 December 2019	**(532,060)**
(Cost) / income recognised in P&L	(44,000)
Remeasurements recognised in OCI	(19,000)
Company contributions paid*	71,448
Healthcare liability at 31 December 2020	**(523,612)**

*The contributions consist of actual contributions paid by the Company to the medical aid in the year to 31 December 2020 and the membership data supplied. Any adjustment to the figure will result in a corresponding change to the remeasurement effects.

R73 600 (2019: R71 400) of the total liability of R523 612 relates to short-term liabilities which are payments expected to be made within the next year.

Current and previous statement of Net Healthcare Liability	
Liability at 31 December 2019	(532,060)
Net asset / (liability) at 31 December 2019	**(532,060)**
Liability at 31 December 2020	(523,612)
Net asset / (liability) at 31 December 2020	**(523,612)**

Change in liability over current year

Over the financial year the benefit obligation changed as follows:

Healthcare liability at 31 December 2019	**(532,060)**
Current service cost	-
Interest cost	(44,000)
Actuarial (gain) / loss - experience	(24,000)
Actuarial (gain) / loss - demographic assumptions	-
Actuarial (gain) / loss - financial assumptions	5,000
Contributions / benefits paid	71,448
Healthcare liability at 31 December 2020	**(523,612)**

Notes to the Annual Financial Statements

Figures in R	2020	2019

Post-retirement medical aid liability continued...

*The actuarial loss attributable to experience of R24 000 is as a result of higher than expected healthcare inflation, as well as the same pensioner being present in both years, where with a larger group some mortality would have been expected given the age of the pensioner.

Financial Assumptions

Discount rate

A rate of 8.35% per annum has been assumed (8.75% used at 31 December 2019). This is set having regard to the market yield on long term government bonds at the valuation date. The term of the liabilities is approximately 7.0 years, and the discount rate has been set in line with this.

Long term price inflation

A long-term future inflation rate of 4.50% per annum has been assumed (5.15% was used at 31 December 2019). This is set having regard to the relationship between yields on suitable long term fixed and inflation linked government bonds.

Healthcare cost inflation

It is assumed that the present contribution structure of Discovery Health Medical Scheme will remain substantially unchanged in the future. In considering future healthcare cost inflation, a distinction may be drawn between the following underlying factors.

- Increases in tariffs and prices of medical services and products which may be expected to increase in line with general inflation levels; and
- Increased utilisation of medical services and products, on account of factors such as improvements in medical technology, increased patient awareness and the emergence of new diseases.

It is therefore assumed that the combined effect of price and utilisation increases will result in healthcare cost inflation of 2.0% pa in excess of price inflation i.e. 6.50% pa. The same approach was used in 2019, resulting in a healthcare cost inflation of 7.15% as at 31 December 2019.

As a result the 2020 net discount rate is assumed to be 1.74% per annum which is higher than the assumption of 1.49% which was used in 2019. All else being equal, this change decreased the liability by R5 203.

11. Trade and other payables

Trade payables	72,246	49,654
Accruals	-	56,043
Fees received in advance	1,456,270	1,267,250
Payroll accruals	953,520	760,665
Sundry creditors	965,095	856,095
Unallocated deposits	85,986	97,049
Unallocated student deposits	138,068	126,298
Value Added Taxation	301,703	231,758
	3,972,887	3,444,812

Notes to the Annual Financial Statements

Figures in R	2020	2019

12. Loans payable

The Business Administrators Educational Foundation Trust - MENTOR	-	551,456
	-	551,456

The above loans are unsecured, interest is charged at 5.15% per annum on month end balance and has no fixed terms of repayment.

13. Operating lease liability

Operating lease liability	26,289	104,820

Growthpoint Property Lease - expired 31st July 2020 and the new lease expires 31st July 2023.

The Institute rents offices under an operating lease. The lease is for an average period of three years, with fixed rentals over the same period.

Minimum lease payments under operating leases are recognised as an expense during the year.	1,125,732	1,255,603

At year-end, the company has outstanding commitments under non-cancellable operating leases that fall due as follows:

Within one year	906,477	837,255
Later than one year but within five years	1,558,171	-
	2,464,648	837,255

Notes to the Annual Financial Statements

Figures in R		2020	2019

14. Revenue

An analysis of revenue is as follows:

Sales - Physical Stock		222,131	455,566
Administration Fees Received		198,962	242,502
Corporate Governance Conference	*	-	1,283,015
Grant income		-	333,459
Integrated Reporting Awards	*	338,496	642,804
Member Income		5,806,917	5,635,713
Professional Practice Group Income		437,699	450,670
Royalties Received		30,316	31,405
Seminar, Workshop & Webinar Income	*	997,234	887,774
Advertising Income		91,191	-
Placements Income		-	317,500
Student Income		7,237,900	8,656,119
Technical Support Package		12,826	19,400
		15,373,672	18,955,927

*** - Sponsorship Income is included in revenue above as follows:**

Corporate Governance Conference	-	441,910
Integrated Reporting Awards	244,700	260,151
Seminar, Workshop & Webinar Income	96,004	130,538
	340,704	832,599

Notes to the Annual Financial Statements

Figures in R	2020	2019
15. Operating deficit		
Operating deficit is arrived at after taking into account the following items:		
Income		
Exchange rate profits on foreign exchange	-	3,500
Expenditure		
Exchange rate losses on foreign exchange	(33,332)	(4,187)
Amortisation	(267,284)	(360,375)
Depreciation		
Owned assets	(89,714)	(56,526)
Auditors' remuneration		
Audit fees		
-current	(286,400)	(320,160)
Operating lease charges		
Premises and operating costs	(1,125,732)	(1,255,603)
Electricity, water and rates	(358,214)	(200,982)
Advertising	(755,159)	(672,930)
Boardroom Magazine	(312,147)	(312,769)
Computer expenses	(467,858)	(401,822)
Consulting fees	(271,174)	(292,435)
Employee Costs	(8,823,860)	(9,990,282)
Legal Fees	(699,803)	(25,233)
Integrated Reporting Awards and Corporate Governance Conference	(377,964)	(1,469,012)
International Capitation Fees	(400,882)	(420,672)
Student Expenses	(783,511)	(1,223,384)

Notes to the Annual Financial Statements

Figures in R	2020	2019

16. Other Income

Other income	75,743	208,085
Donation received	7,086	9,834
	82,829	217,919

17. Investment revenue

Interest income		
Interest received on call accounts	379,219	555,980
Interest received - Chartered Institute of Business Management NPC	2,508	2,159
Interest received - The Business Administrators Educational Foundation Trust	14	-
	381,741	558,139

18. Finance costs

Bank overdraft	-	24
Alexander Forbes interest paid	265	-
SARS - Penalties and interest	30,826	52,071
Interest Paid - Chartered Institute of Business Management NPC	94	5,468
Interest Paid - The Business Administrators Educational Foundation Trust	37,185	41,414
Interest Paid - Post-retirement medical liability	44,000	44,000
	112,371	142,978

19. Taxation

No provision has been made for 2020 taxation as CGISA is exempt from income tax in terms of Section 10(1)(d)(iv)(bb) of the Income Tax Act No 58 of 1962.

Notes to the Annual Financial Statements

Figures in R	2020	2019
20. Cash generated from operations		
Surplus / (Deficit) for the year	(987,337)	(223,855)
Adjustments for:		
Finance costs paid	38,012	50,095
Amortisation of Intangible assets	267,284	360,375
Depreciation of Property, plant and equipment	89,714	56,526
Investment income	(381,741)	(431,792)
Increase in post-retirement medical aid liability	(8,448)	19,584
Non-cash results of prior errors	-	235,681
Operating cash flow before working capital changes	(982,516)	66,614
Working capital changes		
Decrease / (Increase) in inventories	18,029	32,237
Decrease / (Increase) in trade and other receivables	709,086	(338,989)
Increase / (Decrease) in trade and other payables	449,544	(909,010)
	194,142	(1,149,146)

Notes to the Annual Financial Statements

Figures in R	2020	2019

21. Related party transactions and balances

			Transactions with related parties during the year		Amounts owed (to) / by the related party at year-end	
Name	**Relationship**	**Transactions**	**2020**	**2019**	**2020**	**2019**
Chartered Institute of Business Management NPC	Fellow Institute	Administration fee income / interest received / audit fees	(201,376)	(239,193)	29,480	43,106
The Business Administrators Educational Foundation Trust - MENTOR	Fellow Institute	Audit fees / interest received / interest paid	37,172	41,414	3,224	(551,456)

Examination, moderation and marking fees were paid to a number of Directors or other Related Parties in the prior year as follows:

- L Bagwandeen (Moderation Fees) - R12 948 (2019: R16 277)
- S Linford (Examination Fees) - R0 (2019: R38 828)
- S Periah (Moderation fees) – R546 (2019: R8 791)
- M Rissik-Nunes (Examination fees) – R10 950 (2019: R15 602)

Other professional fees were paid as follows during the year

- C Wilson - Kilgetty Statutory Services (Pty) Ltd (Courier, Workshop and seminar expenses) – R140 (2019: R883)
- K Robinson (Seminar, webinar and workshop expenses) – R7 050 (2019: R12 550)
- K Southgate (Webinar expenses) – R3 360 (2019: R3 310)

Executive Director Remuneration - S Sadie
- Salary - R1 210 230 (2019: R1 211 544)
- Thirteenth cheque - R 0 (2019: R100 962)
- Pension contribution - R121 023 (2019: R121 154)
- Group risk benefits - R43 528 (2019: R36 429)
- Medical aid contribution - R138 276 (2019: R124 620)

Total = R1 513 057 (2019: R1 594 709)

Notes to the Annual Financial Statements

Figures in R	2020	2019

Related party transactions and balances continued...

Membership and webinar income etc were received from a number of Directors or other Related Parties in the prior year as follows:

- C Wilson (FCG membership) – R4 339 (2019: R4 069)
- C Wilson (PPG membership) – R826 (2019: R773)
- E Viljoen (FCG membership) – R4 339 (2019: R4 069)
- E Viljoen (Webinar income) – R391 (2019: R0)
- K Robinson (FCG membership) – R4 339 (2019: R4 069)
- K Robinson (Webinar income) – R391 (2019: R0)
- K Southgate (FCG membership) – R4 339 (2019: R4 069)
- K Southgate (PPG membership) – R826 (2019: R773)
- K Southgate (Webinar income) – R782 (2019: R0)
- L Bagwandeen (Discount allowed) – R17 (2019: R0)
- L Bagwandeen (FCG membership) - R4 339 (2019: R4 049)
- M Rissik-Nunes (FCG membership) – R1 653 (2019: R4 069)
- O Akosah-Bempah (Discount allowed) – R166 (2019: R0)
- O Akosah-Bempah (FCG membership) – R4 339 (2019: R4 069)
- O Akosah-Bempah (PPG membership) – R826 (2019: R773)
- O Akosah-Bempah (Webinar income) – R1 173 (2019: R0)
- R Likhang (FCG membership) – R4 339 (2019: R4 069)
- R Likhang (PPG membership) – R386 (2019: R0)
- R Likhang (Donation received) – R0 (2019: R501)
- S Clarke (FCG / GRADCG membership) – R4 339 (2019: R2 086)
- S Clarke (Webinar income) – R391 (2019: R0)
- S Giuricich (FCG membership) – R4 339 (2019: R4 069)
- S Giuricich (PPG membership) – R826 (2019: R773)
- S Giuricich (Webinar income) – R391 (2019: R0)
- S Kajee (FCG membership) – R4 339 (2019: R4 069)
- S Kajee (PPG membership) – R826 (2019: R773)
- S Linford (Discount allowed) – R173 (2019: R162)
- S Linford (FCG membership) - R4 339 (2019: R4 049)
- S Linford (Sale of physical stock) - R0 (2019: R947)
- S Mbhamali (FCG membership) – R4 339 (2019: R4 069)
- S Mbhamali (PPG membership) – R826 (2019: R773)
- S Periah (FCG membership) – R4 339 (2019: R4 069)

Notes to the Annual Financial Statements

Figures in R	2020	2019

22. Events after the reporting period

Impact of COVID-19

The enforcement of a nationwide lockdown by the South African government from the 27th of March 2020 due to the COVID-19 outbreak impacted our business and that of our members, students, customers and suppliers.

Our offices were closed in line with this instruction and most of our staff and management were able to continue working remotely in the safety of their homes. Most of the services offered could be obtained online as CGISA has invested substantially in its information management systems over the past eight years. A number of the services performed by the Institute can be performed electronically. The company was able to service most of its obligations in 2020.

The effects of the COVID-19 pandemic are continually changing and there was a negative impact on CGISA's performance for the 2020 financial year, the value thereof is estimated at R3 million in revenue, related to student examinations not being held for May 2020, interest rates dropping and the inability to hold the Corporate Governance Conference.

In an effort to partially counter the negative impact of COVID-19, we implemented a 5% discount to members with full balances still outstanding at 20th April 2020, if payment was received by the 31st May 2020 and implemented an additional 10% discount to members who settled their outstanding balances by 15th August 2020. We took advantage of the four month payment holiday on skills development levy, relief on PAYE and TERS.

To off set the loss in revenue for seminars we concentrated solely on webinars and were able to make up the total revenue lost. Salaries were cut for all management and staff by 10% from June 2020 and no 13th cheque was paid. In December 2020 one long standing manager resigned and there were two retrenchments. These cost savings will be continued on into 2021, in addition to another 10% salary cut from 1st January 2021 (20% cut in total).

Notes to the Annual Financial Statements

Figures in R

23. Financial instruments

The company has classified its financial assets in the following categories:

	Financial asset at amortised cost	Total
2020		
Loan Receivable	32,704	32,704
Trade and other receivables	212,709	212,709
Cash and cash equivalents	5,618,586	5,618,586
2019		
Loan Receivable	43,106	43,106
Trade and other receivables	729,401	729,401
Cash and cash equivalents	5,981,792	5,981,792

The company has classified its financial liabilities in the following categories

	Financial liabilities at amortised cost	Total
2020		
Trade and other payables	72,246	72,246
2019		
Trade and other payables	105,697	105,697
Loan payable	551,456	551,456

Notes to the Annual Financial Statements

Figures in R	2020	2019

24. Prior period correction

During the financial period ended 31/12/2020 it was noted that there were "group life benefits" that were paid for by The Chartered Governance Institute of Southern Africa NPC (CGISA) on behalf of employees. These group life benefits included the following:

- Group life assurance
- Spouses death
- Physical health insurance
- Funeral benefits

These benefits meet the definition of a fringe benefit in terms of S1 P(i) of the 7th schedule of the Income Tax Act but have however not been included in the calculation of the employees pay as you earn (PAYE) which has resulted in an under declaration to the South African Revenue Services (SARS).

Given that the payroll function has been outsourced to an independent contractor the directors and management were unaware of the issue.

In terms of the requirements of the fourth schedule of the Income Tax Act CGISA is liable for the amounts that are to be paid over to SARS as a result of this under declaration.

Although this has been an issue that has been continuing for many years, in terms of the requirements of the Taxation Administration Act records are only required to be kept for a five year period and this is the period that the PAYE that is due to SARS as a result of the non-declaration of the above fringe benefits.

A voluntary disclosure procedure has been entered into with the SARS overseen by the Mazars tax department to rectify the issue and try and mitigate any fines and penalties that could be incurred.

For all tax periods starting 01/03/2021 these group life benefits have been included in the calculation of PAYE for all employees and the issue is no longer continuing.

The effect that the above issue will have on the financial statements is as follows:

	2020	2019
Statement of financial position		
Non-Current Liabilities:		
SARS PAYE	-	(235,681)
Current Liabilities:		
Trade and other payables - payroll accruals	(334,128)	-
Equity:		
Retained Earnings	-	235,681
Statement of comprehensive income		
PAYE expense	(68,088)	(186,798)
Finance costs	(30,359)	(48,883)
	(98,447)	(235,681)

25. Approval of annual financial statements

These financial statements were approved by the board of directors and authorised for issue on 11 May 2021.