



# **THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS NPC**

Trading as

**CHARTERED SECRETARIES SOUTHERN AFRICA (CSSA)**

**(Registration Number 1972/000007/08)**

**Annual Financial Statements**

**for the year ended 31 December 2018**

## **Annual Financial Statements**

in compliance with Companies Act 71 of 2008

Prepared: J A Maybery ACIS

Position: Financial Manager

Publish date: 17/04/2019



# THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS NPC

(Registration Number 1972/000007/08)

Annual Financial Statements for the year ended 31 December 2018

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# THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS NPC

(Registration Number 1972/000007/08)

Annual Financial Statements for the year ended 31 December 2018

## GENERAL INFORMATION

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<b>NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES</b>	Non-profit company acting as a professional body
<b>COUNTRY OF INCORPORATION AND DOMICILE</b>	South Africa
<b>REGISTERED OFFICE</b>	Block C, Riviera Road Office Park 6-10 Riviera Road Killarney 2193
<b>POSTAL ADDRESS</b>	P.O. Box 3146 Houghton 2041
<b>DIRECTORS</b>	Sikander Kajee - President Robert Likhang - Senior Vice President Karen Robinson - Vice President Shamida Smit - Past President Brian Dialwa Christopher Wilson Elizna Viljoen Karen Southgate Lynelle Bagwandeem Natasha Bouwman Sandra Linford Sonia Giuricich Stephen Sadie CEO - Executive Director Zernobia Lachporia
<b>REGISTRATION NUMBER</b>	1972/000007/08
<b>BANKERS</b>	The Standard Bank of South Africa Limited and Nedbank Group Limited.
<b>AUDITOR</b>	Mazars Registered Auditors
<b>COMPANY SECRETARY</b>	Irma Warriner P O Box 1029 Sundowner 2151



# THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS NPC

(Registration Number 1972/000007/08)

Annual Financial Statements for the year ended 31 December 2018

## **Directors' Responsibilities and Approval**

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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.

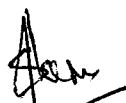
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal 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 financial statements. Based on available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company.

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 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 10 to 12.

The annual financial statements as set out on pages 13 to 35 were approved by the board on 6 April 2019 and were signed on their behalf by:



Sikander Kajee - President



Robert Likhong - Senior Vice President



Stephen Sadie - CEO



# THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS NPC

(Registration Number 1972/000007/08)

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## **Certificate of the Company Secretary**

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I certify that The Southern African Institute of Chartered Secretaries and Administrators 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.



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**I Warriner**

Company Secretary

Johannesburg

06/04/2019



# THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS NPC

(Registration Number 1972/000007/08)

Annual Financial Statements for the year ended 31 December 2018

## **Directors' Report**

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The directors present their report for the year ended 31 December 2018.

### **1. Review of activities**

#### **Main business and operations**

CSSA 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 accountants in the private and public sectors. CSSA 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 CSSA, 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 placements and 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.

### **3. Events after reporting date**

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

### **4. Litigation statement**

The company is not currently involved in any such claims or lawsuits, which individually or in aggregate, are expected to have a material adverse effect on the business or its assets.



# THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS NPC

(Registration Number 1972/000007/08)

Annual Financial Statements for the year ended 31 December 2018

## Directors' Report

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### 5. 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 Bagwandeem (Moderation Fees) - R15 547 (2017: R5 670)
- S Linford (Examination Fees) - R38 438 (2017: R31 138)

Other professional fees were paid as follows during the year

- C Wilson - Kilgetty Statutory Services (Pty) Ltd (Workshop and seminar expenses) – R2 000 (2017: R1 300)
- K Robinson (Webinar and workshop expenses) – R15 400 (2017: R8 100)
- K Robinson (Physical stock - WIP) – R30 000 (2017: R0)

Executive Director Remuneration - S Sadie

- Salary - R1 141 056 (2017: R1 075 968)
- Thirteenth cheque - R95 088 (2017: R89 664)
- Pension contribution - R113 070 (2017: R107 597)
- Medical aid contribution - R91 584 (2017: R36 048)

Total = R1 440 798 (2017: R1 309 277)

### 6. 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.



# THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS NPC

(Registration Number 1972/000007/08)

Annual Financial Statements for the year ended 31 December 2018

## **Directors' Report**

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### **7. Directors**

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

Sikander Kajee - President  
Robert Likhong - Senior Vice President  
Karen Robinson - Vice President  
Shamida Smit - Past President  
Brian Dialwa  
Christopher Wilson  
Elizna Viljoen (Appointed 20 June 2018)  
Karen Southgate  
Lynelle Bagwandeen (Appointed 20 June 2018)  
Natasha Bouwman  
Sandra Linford  
Sonia Giuricich (Appointed 20 June 2018)  
Stephen Sadie CEO - Executive Director  
Zernobia Lachporia

### **8. Secretary**

The company's designated secretary is Irma Warriner, appointed in terms of s86 of the Co. Act.

### **9. Independent Auditors**

Mazars were appointed as the independent auditors for the year under audit, in terms of s90 of the Co. Act.



# THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS NPC

(Registration Number 1972/000007/08)

Annual Financial Statements for the year ended 31 December 2018

## Finance and Risk Committee Report

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### Membership

SAH Kajee (Chair)  
HF Kocks (resigned 20/06/2018)  
JV Roberts (retired 18/02/2019)  
S Giuricich  
B Khangale (resigned 09/05/2018)  
B Rufetu (joined 22/06/2018)

### Structure

The committee was appointed by the Board to hold office for the year under review. The Committee met four times in 2018. The attendance of the committee is reflected on page 42 of the integrated report. The External Auditor, the CEO, Finance Manager, Technical Adviser and Internal Audit service provider attend meetings by standing invitation.

### Role and Activities

- Reviewed and recommended for board approval, the Annual Financial Statements of CSSA for the year ended 31 December 2018
- Reviewed management accounts of CSSA 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 CSSA 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, the external auditors and the internal auditors
- Reviewed the external auditors management letter and monitored the implementation of appropriate corrective actions by management
- Over saw 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 CSSA 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 2018
- Reviewed and recommended for Board approval, the annual Budget for the ensuing year
- Reviewed the Finance and Risk Committee terms of reference



SAH Kajee  
Chairman  
Finance and Risk Committee  
Johannesburg  
09 May 2019



## Independent Auditor's Report

*To the Members of The Southern African Institute of Chartered Secretaries and Administrators NPC*

### *Opinion*

We have audited the financial statements of The Southern African Institute of Chartered Secretaries and Administrators NPC set out on pages 13 to 35, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income 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 Southern African Institute of Chartered Secretaries and Administrators NPC as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the 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 International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Information*

The directors are responsible for the other information. The other information comprises the Directors' Report, The Finance and Risk Committee Report and The Certificate of the Company's Secretary 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.

REGISTERED AUDITOR – A FIRM OF CHARTERED ACCOUNTANTS(SA) • IRBA REGISTRATION NUMBER 900222

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PARTNERS: MV NINAN (NATIONAL CO-CEO), MC OLCKERS (NATIONAL CO-CEO), SJ ADLAM, B BANK, R BUCH, JC COMBRINK, GJ DE BEER, JJ ELOFF,  
MH FISHER, GD JACKSON, D KEEVE, R MURUGAN, MV PATEL, S RANCHHOOJEE, NP SWARTZ, DM TEKIE, S TRUTER, S VORSTER

A FULL LIST OF NATIONAL PARTNERS IS AVAILABLE ON REQUEST OR AT [www.mazars.co.za](http://www.mazars.co.za)



### *Responsibilities of the Directors for the Financial Statements*

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

A handwritten signature in black ink, appearing to read 'Gareth Jackson'.

**Mazars**

**Partner: Gareth Jackson**

**Registered Auditor**

**10 June 2019**

**Johannesburg**



# THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS NPC

(Registration Number 1972/000007/08)

Financial Statements for the year ended 31 December 2018

## Statement of Financial Position

Figures in R	Notes	2018	2017
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	39,508	44,933
Intangible assets	4	454,402	394,850
		<b>493,910</b>	<b>439,783</b>
<b>Current Assets</b>			
Inventories	5	89,872	70,555
Loans receivable	6	67,520	90,569
Trade and other receivables	7	630,617	811,374
Cash and cash equivalents	8	6,767,057	5,860,126
		<b>7,555,066</b>	<b>6,832,624</b>
<b>Total Assets</b>		<b>8,048,976</b>	<b>7,272,407</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Other reserves		361,000	392,000
Retained surplus		2,544,567	2,318,302
		<b>2,905,567</b>	<b>2,710,302</b>
<b>Non-Current Liabilities</b>			
Post-retirement medical aid liability	9	448,076	435,460
<b>Current Liabilities</b>			
Trade and other payables	10	4,230,174	3,808,251
Loans payable	11	172,292	-
Post-retirement medical aid liability	9	64,400	58,600
Operating lease liability	12	228,467	259,794
		<b>4,695,333</b>	<b>4,126,645</b>
<b>Total Equity and Liabilities</b>		<b>8,048,976</b>	<b>7,272,407</b>



# THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS NPC

(Registration Number 1972/000007/08)

Financial Statements for the year ended 31 December 2018

## Statement of Comprehensive Income

Figures in R	Notes	2018	2017
<b>Revenue</b>	13	17,513,503	16,148,676
Amortisation	14	(314,241)	(459,586)
Depreciation	14	(26,844)	(34,061)
Employee costs	14	(8,854,857)	(7,545,661)
Operating costs		(8,630,088)	(9,156,238)
<b>Operating deficit before other income and interest</b>	14	<b>(312,527)</b>	<b>(1,046,870)</b>
Other income	15	55,748	40,973
Investment revenue	16	584,530	599,144
Finance costs	17	(101,486)	(104,387)
<b>Surplus/(deficit) for the year</b>		<b>226,265</b>	<b>(511,140)</b>
<b>Other comprehensive income</b>			
Revaluation - Post-retirement medical aid liability	10	(31,000)	(23,000)
<b>Total other comprehensive income</b>		<b>(31,000)</b>	<b>(23,000)</b>
<b>Total comprehensive surplus/(deficit) for the year</b>		<b>195,265</b>	<b>(534,140)</b>



# THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS NPC

(Registration Number 1972/000007/08)

Financial Statements for the year ended 31 December 2018

## Statement of Changes in Equity

Figures in R	Post-retirement medical aid reserve	Retained Surplus	Total
<b>Balance at 1 January 2017</b>	415,000	2,829,442	3,244,442
Deficit for the year	-	(511,140)	(511,140)
Other comprehensive income	(23,000)	-	(23,000)
<b>Total comprehensive surplus / (deficit) for the year</b>	<b>(23,000)</b>	<b>(511,140)</b>	<b>(534,140)</b>
<b>Balance at 31 December 2017</b>	<b>392,000</b>	<b>2,318,302</b>	<b>2,710,302</b>
<b>Balance at 1 January 2018</b>	392,000	2,318,302	2,710,302
Surplus for the year	-	226,265	226,265
Other comprehensive income	(31,000)	-	(31,000)
<b>Total comprehensive surplus / (deficit) for the year</b>	<b>(31,000)</b>	<b>226,265</b>	<b>195,265</b>
<b>Balance at 31 December 2018</b>	<b>361,000</b>	<b>2,544,567</b>	<b>2,905,567</b>



# THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS NPC

(Registration Number 1972/000007/08)

Financial Statements for the year ended 31 December 2018

## Statement of Cash Flows

Figures in R	Notes	2018	2017
<b>Cash flows from operating activities</b>			
Cash receipts from customers		17,694,260	16,107,703
Cash payments to suppliers and employees		(17,005,000)	(16,507,175)
Cash generated from operations	19	689,260	(399,472)
Investment revenue	16	467,890	445,572
Finance costs	17	(55,486)	(104,387)
Net cash utilised in operating activities		1,101,664	(58,287)
<b>Cash flows from investing activities</b>			
Property, plant and equipment acquired	3	(21,419)	(251,349)
Intangible assets acquired	4	(373,793)	-
Insurance pay out	15	5,138	-
Net cash utilised in investing activities		(390,074)	(251,349)
<b>Cash flows from financing activities</b>			
Loans raised/(repaid)	6 & 11	195,341	(356,726)
<b>Net cash generated by/(utilised in) financing activities</b>		<b>195,341</b>	<b>(356,726)</b>
Increase/(decrease) in cash and cash equivalents		906,931	(666,362)
Cash and cash equivalents at beginning of the year		5,860,126	6,526,488
Cash and cash equivalents at end of the year	8	6,767,057	5,860,126



# THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS NPC

(Registration Number 1972/000007/08)

Financial Statements for the year ended 31 December 2018

## **Accounting Policies**

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### **1. General information**

CSSA 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 2018 taxation as CSSA 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 annually and may vary 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 valuers, management is of the opinion that the risk relating to estimation uncertainty has been mitigated. Details can be found in note 9.

##### ***Impairment of financial 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.



# THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS NPC

(Registration Number 1972/000007/08)

Financial Statements for the year ended 31 December 2018

## Accounting Policies

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### 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:	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:	Useful lives:
Trademarks	10 Years
Computer Software	3 Years



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## **Accounting Policies**

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### **2.3 Impairment of non-current 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.



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## **Accounting Policies**

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### **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.

#### *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.



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## **Accounting Policies**

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### **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.

#### *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.



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## Accounting Policies

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### 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 CSSA, 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.

#### 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. A defined benefit plan 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.

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.

### 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. ICSA and CSIA annual fees are based in GB Pound and US Dollar respectively.



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### 3. Property, plant and equipment

	Cost	Accumulated depreciation	2018 Carrying value	Cost	Accumulated depreciation	2017 Carrying value
<i>Owned assets</i>						
Motor Vehicles	144,925	136,409	<b>8,516</b>	144,925	133,416	<b>11,509</b>
Furniture and Fittings	41,014	38,980	<b>2,034</b>	41,014	35,791	<b>5,223</b>
Office Equipment	55,129	41,045	<b>14,084</b>	55,129	30,019	<b>25,110</b>
Computer Equipment	238,560	223,686	<b>14,874</b>	217,142	214,051	<b>3,091</b>
	<b>479,628</b>	<b>440,120</b>	<b>39,508</b>	<b>458,210</b>	<b>413,277</b>	<b>44,933</b>

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

	Carrying value at beginning of year	Additions	Depreciation	2018 Carrying value at end of year
<i>Owned assets</i>				
Motor Vehicles	11,509	-	(2,993)	8,516
Furniture and Fittings	5,223	-	(3,189)	2,034
Office Equipment	25,110	-	(11,026)	14,084
Computer Equipment	3,091	21,419	(9,636)	14,874
	<b>44,933</b>	<b>21,419</b>	<b>(26,844)</b>	<b>39,508</b>



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### 4. Intangible assets

	Cost	Accumulated amortisation	2018 Carrying value	Cost	Accumulated amortisation	2017 Carrying value
Trademarks	15,000	(7,500)	7,500	15,000	(6,000)	9,000
Computer Software	2,082,279	(1,635,377)	446,902	1,708,487	(1,322,637)	385,850
	2,097,279	(1,642,877)	454,402	1,723,487	(1,328,637)	394,850

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

	Carrying value at beginning of year	Additions	Amortisation	2018 Carrying value at end of year
Trademarks	9,000	-	(1,500)	7,500
Computer Software	385,850	373,793	(312,741)	446,902
	394,850	373,793	(314,241)	454,402

### 5. Inventories

Inventories comprise:

Merchandise for resale - Text Books	89,872	70,555
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### 6. Loans receivable

The Chartered Institute of Business Management NPC	63,762	10,955
Institute of Business Studies NPC	-	27,533
The Business Administrators Educational Foundation Trust - MENTOR	3,758	52,081
	67,520	90,569

The above loans are unsecured, interest is charged at 5.15% (2017: 5.15%) per annum on month end balance and there are no fixed terms of repayment.



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### 7. Trade and other receivables

Trade Debtors	276,589	437,755
Sundry debtors	(Interest on fixed deposit accrual)	153,572
Prepaid expenses	237,388	199,328
Value Added Taxation	-	20,719
	<u>630,617</u>	<u>811,374</u>

### 8. Cash and cash equivalents

Cash on hand	1,221	1,382
Current Accounts	986,404	488,671
Call Accounts	5,779,432	5,370,073
	<u>6,767,057</u>	<u>5,860,126</u>

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 CSSA lease of property, from Growthpoint Limited.



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### 9. 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 2018.

Non-current liability	(448,076)	(435,460)
Current liability	(64,400)	(58,600)
	<u>(512,476)</u>	<u>(494,060)</u>

#### Net Statement of financial position

<b>Healthcare liability at 31 December 2017</b>	<b>(494,060)</b>
(Cost) / income recognised in P&L	(46,000)
Remeasurements recognised in OCI	(31,000)
Company contributions paid*	58,584
<b>Healthcare liability at 31 December 2018</b>	<b>(512,476)</b>

\*The contributions consist of actual contributions paid by the Company to the medical aid in the year to 31 December 2018 and the membership data supplied. Any adjustment to the figure will result in a corresponding change to the remeasurement effects.

R64 400 (2017: R58 600) of the total liability of R512 476 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 2017	(494,060)
<b>Net asset / (liability) at 31 December 2017</b>	<b>(494,060)</b>
Liability at 31 December 2018	(512,476)
<b>Net asset / (liability) at 31 December 2018</b>	<b>(512,476)</b>

#### Change in liability over current year

Over the financial year the benefit obligation changed as follows:

<b>Healthcare liability at 31 December 2017</b>	<b>(494,060)</b>
Current service cost	-
Interest cost	(46,000)
Actuarial (gain) / loss - experience	(32,000)
Actuarial (gain) / loss - demographic assumptions	-
Actuarial (gain) / loss - financial assumptions	1,000
Contributions / benefits paid	58,584
<b>Healthcare liability at 31 December 2018</b>	<b>(512,476)</b>



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\*The actuarial loss attributable to experience of R32 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 9.15% per annum has been assumed (10.00% used at 31 December 2017). 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 9.0 years, and the discount rate has been set in line with this.

#### *Long term price inflation*

A long-term future inflation rate of 5.75% per annum has been assumed (6.70% was used at 31 December 2017). 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. 7.75% pa. The same approach was used in 2017, resulting in a healthcare cost inflation of 8.70% as at 31 December 2017.

As a result the 2018 net discount rate is assumed to be 1.30% per annum which is equal to the assumption of 1.20% which was used in 2017. All else being equal, this change decreased the liability by R880.

### 10. Trade and other payables

Trade payables	387,238	139,357
Accruals	188,152	288,159
Fees received in advance	1,495,750	1,297,105
Payroll accruals	645,340	593,623
Sundry creditors (Debtor's overpayments)	1,093,063	1,005,207
Unallocated deposits	104,222	298,001
Unallocated student deposits	109,174	186,799
Value Added Taxation	207,235	-
	<u>4,230,174</u>	<u>3,808,251</u>



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### 11. Loans payable

Institute of Business Studies NPC	172,292	-
	<u>172,292</u>	<u>-</u>

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

### 12. Operating lease liability

Operating lease liability	<u>228,467</u>	<u>259,794</u>
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Growthpoint Property Lease - expires 31st July 2020

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

Minimum lease payments under operating leases are recognised as an expense during the year.

<u>1,255,603</u>	<u>1,255,603</u>
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At year-end, the company has outstanding commitments under non-cancellable operating leases that fall due as follows:

Within one year	1,379,249	1,286,930
Later than one year but within five years	<u>837,255</u>	<u>2,216,504</u>
	<u>2,216,504</u>	<u>3,503,434</u>



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### 13. Revenue

An analysis of revenue is as follows:

Sales - Physical Stock	410,527	368,441
Administration Fees Received	304,840	546,414
Corporate Governance Conference *	1,533,419	1,517,873
Integrated Reporting Awards *	606,655	721,077
Member Income	5,395,327	5,775,049
Professional Practice Group Income	460,381	476,564
Royalties Received	40,699	46,654
Seminar, Workshop & Webinar Income *	847,404	580,739
Advertising Income	4,290	-
Placements Income	368,950	254,016
Student Income	7,507,940	5,842,191
Technical Support Package	33,071	19,658
	<u>17,513,503</u>	<u>16,148,676</u>

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

Corporate Governance Conference	572,915	635,900
Integrated Reporting Awards	258,500	410,000
Seminar, Workshop & Webinar Income	110,140	100,100
	<u>941,555</u>	<u>1,146,000</u>



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<b>14. Operating deficit</b>		
Operating deficit is arrived at after taking into account the following items:		
<i>Income</i>		
Exchange rate profits on foreign exchange	4,800	-
<i>Expenditure</i>		
Exchange rate losses on foreign exchange	-	(4,376)
Amortisation	(314,241)	(459,586)
<i>Depreciation</i>		
<i>Owned assets</i>	(26,844)	(34,061)
Auditors' remuneration		
Audit fees		
-current	(233,035)	(162,513)
<i>Operating lease charges</i>		
Premises	(1,255,603)	(1,255,603)
Electricity, water and rates	(79,095)	(301,251)
Advertising	(600,956)	(659,734)
Boardroom and Technical newsletter	(290,658)	(178,920)
Computer expenses	(368,900)	(379,391)
Consulting fees	(310,073)	(303,122)
Employee Costs	(8,854,857)	(7,545,661)
Legal Fees	(43,148)	(25,127)
Integrated Reporting Awards and Corporate Governance Conference	(1,665,418)	(1,742,904)
International Capitation Fees	(370,009)	(347,666)
Student Expenses	(1,217,333)	(984,020)



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### 15. Other Income

Other income	45,810	40,973
Profit on foreign exchange	4,800	-
Insurance pay out	5,138	-
	<u>55,748</u>	<u>40,973</u>

### 16. Investment revenue

#### Interest income

Interest received on call accounts	581,175	594,432
Interest received - Institute of Business Studies NPC	-	56
Interest received - Chartered Institute of Business Management NPC	3,339	4,427
Interest received - The Business Administrators Educational Foundation Trust NPC	16	229
	<u>584,530</u>	<u>599,144</u>

### 17. Finance costs

Bank overdraft	-	31
Interest Paid - Institute of Business Studies NPC	10,249	9,919
Interest Paid - Chartered Institute of Business Management NPC	-	173
Interest Paid - The Business Administrators Educational Foundation Trust NPC	45,237	52,264
Interest Paid - Post-retirement medical liability	46,000	42,000
	<u>101,486</u>	<u>104,387</u>

### 18. Taxation

No provision has been made for 2018 taxation as CSSA is exempt from income tax in terms of Section 10(1)(d)(iv)(bb) of the Income Tax Act No 58 of 1962.



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<b>19. Cash generated from operations</b>		
Surplus / (Deficit) for the year	195,265	(534,140)
<i>Adjustments for:</i>		
Finance costs	55,486	104,387
Amortisation of Intangible assets	314,241	917,672
Depreciation of Property, plant and equipment	26,844	(424,025)
Investment income	(467,890)	(445,572)
Insurance pay-out	(5,138)	-
Increase in post-retirement medical aid liability	18,416	11,000
<b>Operating cash flow before working capital changes</b>	<b>137,224</b>	<b>(370,678)</b>
<i>Working capital changes</i>		
Decrease / (Increase) in inventories	(19,317)	112,553
Decrease / (Increase) in trade and other receivables	180,757	(61,555)
Increase / (Decrease) in trade and other payables	390,596	(79,792)
	<b>689,260</b>	<b>(399,472)</b>



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### 20. Related party transactions and balances

Name	Relationship	Transactions	Transactions with related parties during the year		Amounts owed (to) / by the related party at year-end	
			2018	2017	2018	2017
Institute of Business Studies NPC	Fellow Institute	Administration fee income / interest paid / interest received / moderation expenses / audit fees	(27,955)	24,092	(172,292)	27,533
Chartered Institute of Business Management NPC	Fellow Institute	Administration fee income / interest received / audit fees	(269,975)	(539,948)	63,762	10,955
The Business Administrators Educational Foundation Trust - MENTOR	Fellow Institute	Audit fees / interest received / interest paid	43,737	50,551	3,758	52,081

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

- L Bagwandeen (Moderation Fees) - R15 547 (2017: R5 670)
- S Linford (Examination Fees) - R38 438 (2017: R31 138)

Other professional fees were paid as follows during the year:

- C Wilson - Kilgetty Statutory Services (Pty) Ltd (Workshop and seminar expenses) – R2 000 (2017: R1 300)
- K Robinson (Webinar and workshop expenses) – R15 400 (2017: R8 100)
- K Robinson (Physical stock - WIP) – R30 000 (2017: R0)

Executive Director Remuneration - S Sadie

- Salary - R1 141 056 (2017: R1 075 968)
- Thirteenth cheque - R95 088 (2017: R89 664)
- Pension contribution - R113 070 (2017: R107 597)
- Medical aid contribution - R91 584 (2017: R36 048)

Total = R1 440 798 (2017: R1 309 277)



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### 21. Financial instruments

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

	Financial asset at amortised cost	Total
<b>2018</b>		
Loan Receivable	67,520	67,520
Trade and other receivables	393,229	393,229
Cash and cash equivalents	6,767,057	6,767,057
<b>2017</b>		
Loan Receivable	90,569	90,569
Trade and other receivables	591,327	591,327
Cash and cash equivalents	5,860,126	5,860,126

The company has classified its financial liabilities in the following categories

	Financial liabilities at amortised cost	Total
<b>2018</b>		
Trade and other payables	575,390	575,390
Loan payable	172,292	172,292
<b>2017</b>		
Trade and other payables	427,516	427,516



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### 22. Prior period correction

Computer software was reclassified as an intangible assets during the course of the year, previously classified as Property, plant and equipment  
The impact of this error is as follows:

#### *Statement of financial position*

Increase in Intangible Assets	-	385,850
Decrease in Property, plant and equipment	-	(385,850)
	<u>-</u>	<u>-</u>

#### *Statement of comprehensive income*

Increase in amortisation		(458,086)
Decrease in depreciation		458,086
	<u>-</u>	<u>-</u>

### 23. Going Concern

The directors have reviewed the company's current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

### 24. Approval of annual financial statements

These financial statements were approved by the board of directors and authorised for issue on 6 April 2019.