The Insurance Institute of South Africa
(Registration number 1993/002172/08)
Annual Financial Statements
for the year ended 31 December 2016

Colin Smith & Company
Chartered Accountants (S.A.)
Registered Auditor
Issued 28 April 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	To provide and maintain a central organisation for the promotion of efficiency, progress, welfare, knowledge and general development among persons engaged or employed in the insurance and related sectors, whether members of the institute or not.
Directors	Wayne Abrahams Themba Baloyi Brian Benfield George Bishop Heidi Dias Daryl De Vos David Harpur (Chief Executive) Angela Mahlanga Delphine Maidou Leila Moonda Leo Morwe Gerrit Sandrock Barry Scott Peter Todd
Registered office	Ground Floor Block B, Investment Place 10th Road off 2nd Road Hyde Park 2196
Postal address	P O Box 413264 Craighall 2024
Auditor's	Colin Smith & Company Chartered Accountants (S.A.) Registered Auditor
Company registration number	1993/002172/08
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Issued	28 April 2017

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

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the 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 directors have reviewed the company's cash flow forecast for the year to 31 December 2017 and, in the light of this review and the 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.

The external auditor's are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor's and their report is presented on page 4.

The annual financial statements set out on pages 6 to 18, which have been prepared on the going concern basis, were approved by the board on 28 April 2017 and were signed on its behalf by:

Approval of financial statements

Director	**Director**
MD & CEO IISA.	

Independent Auditor's Report

To the shareholder of The Insurance Institute of South Africa

Opinion

We have audited the Annual Financial Statements of The Insurance Institute of South Africa set out on pages 8 to 16, which comprise the Statement of Financial Position as at 31 December 2016, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Annual Financial Statements, including a summary of significant accounting policies.

In our opinion, the Annual Financial Statements present fairly, in all material respects, the financial position of The Insurance Institute of South Africa as at 31 December 2016, 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 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual 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 as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. Other information does not include the Annual Financial Statements and our auditor's report thereon.

Our opinion on the Annual 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 Annual Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Annual 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.

Independent Auditor's Report

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the Annual Financial Statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Annual 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 Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Annual 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 International Standards on Auditing 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 Annual Financial Statements.

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

- Identify and assess the risks of material misstatement of the Annual 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 Annual 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 Annual Financial Statements, including the disclosures, and whether the Annual 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.

Colin Smith & Co

Colin Smith & Company
Chartered Accountants (S.A.)
Registered Auditor
Per: Colin Smith
Partner

28 April 2017
Bryanston

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of The Insurance Institute of South Africa for the year ended 31 December 2016.

1. Nature of business

The Insurance Institute of South Africa was incorporated in South Africa with interests in the insurance industry. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

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

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

3. Insurance and risk management

The company follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control program, which is carried out in conjunction with the company's insurance brokers. All risks are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

4. Directors

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

Directors	Changes
Wayne Abrahams	
Themba Baloyi	
Brian Benfield	
George Bishop	
Heidi Dias	Appointed 29 September 2016
Daryl De Vos	
David Harpur (Chief Executive)	
Angela Mahlanga	Appointed 29 September 2016
Delphine Maidou	
Leila Moonda	
Leo Morwe	
Gerrit Sandrock	
Barry Scott	
Peter Todd	
N Omar	Resigned 01 June 2016

There have been no changes to the directorate for the period under review.

5. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

6. Events after the reporting period

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

Directors' Report

7. Going concern

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

8. Auditors

Colin Smith & Company continued in office as auditors for the company for 2016.

At the AGM, the shareholder will be requested to reappoint Colin Smith & Company as the independent external auditors of the company and to confirm Mr Colin Smith as the designated lead audit partner for the 2017 financial year.

9. Secretary

The company secretary is Mr Dave Freese.

10. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on 28 April 2017. No authority was given to anyone to amend the financial statements after the date of issue.

Statement of Financial Position as at 31 December 2016

	Notes	2016 R	2015 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	520,011	661,658
Current Assets			
Trade and other receivables	3	210,000	122,100
Cash and cash equivalents	4	25,510,417	20,262,875
		25,720,417	**20,384,975**
Total Assets		**26,240,428**	**21,046,633**
Equity and Liabilities			
Equity			
Reserves		6,272,597	4,042,500
Retained income		12,959,053	12,598,144
		19,231,650	**16,640,644**
Liabilities			
Current Liabilities			
Trade and other payables	5	7,008,778	4,405,989
Total Equity and Liabilities		**26,240,428**	**21,046,633**

Statement of Comprehensive Income

	Notes	2016 R	2015 R
Revenue	6	28,119,798	26,319,450
Cost of sales		(605,167)	(478,209)
Gross surplus		**27,514,631**	**25,841,241**
Other income	7	176,462	205,743
Operating expenses		(26,467,533)	(24,401,081)
Operating surplus	8	**1,223,560**	**1,645,903**
Investment revenue	9	1,837,349	1,287,463
Surplus for the year		**3,060,909**	**2,933,366**
Other comprehensive income		-	-
Total comprehensive income for the year		**3,060,909**	**2,933,366**

The accounting policies on pages 12 to 13 and the notes on pages 14 to 16 form an integral part of the annual financial statements.

Statement of Changes in Equity as at 31 December 2016

Figures in Rand	Long term contract benefit reserve	Staff incentive reserve	CPD Development reserve	Conference reserve	Restructuring reserve	Material updates reserve	Printer replacement reserve	Trust fund	Total reserves	Retained income	Total equity
Balance as at 01 January 2015	**500,000**	**-**	**250,000**	**1,300,000**	**-**	**700,000**	**512,500**	**-**	**3,262,500**	**9,664,778**	**100**
Surplus for the year	-	-	-	-	-	-	-	-	-	2,933,366	2,933,366
Movement for the year	500,000	250,000	-	-	-	-	30,000	-	780,000	-	780,000
Total comprehensive income for the year	500,000	250,000	-	-	-	-	30,000	-	780,000	2,933,366	3,713,366
Balance as at 01 January 2016	**1,000,000**	**250,000**	**250,000**	**1,300,000**	**-**	**700,000**	**542,500**	**-**	**4,042,500**	**12,598,144**	**16,640,644**
Surplus for the year	-								-	3,060,909	3,060,909
Movement for the year	(500,000)	-	-	700,000	2,000,000	-	30,097	5,000,000	7,230,097	(7,700,000)	(469,903)
Total comprehensive income for the year	(500,000)	-	-	700,000	2,000,000	-	30,097	5,000,000	7,230,097	(4,639,091)	2,591,006
Balance as at 31 December 2016	**500,000**	**250,000**	**250,000**	**2,000,000**	**2,000,000**	**700,000**	**572,597**	**5,000,000**	**11,272,597**	**7,959,053**	**19,231,650**

The Insurance Institute of South Africa
(Registration number 1993/002172/08)
Annual Financial Statements for the year ended 31 December 2016

Statement of Cash Flows

	Notes	2016 R	2015 R
Cash flows from operating activities			
Cash generated from operations	11	3,432,970	1,721,144
Interest income		1,837,349	1,287,463
Net cash from operating activities		**5,270,319**	**3,008,607**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(42,500)	(81,797)
Sale of property, plant and equipment	2	19,723	-
Net cash from investing activities		**(22,777)**	**(81,797)**
Total cash movement for the year		**5,247,542**	**2,926,810**
Cash at the beginning of the year		20,262,875	17,336,065
Total cash at end of the year	4	**25,510,417**	**20,262,875**

Accounting Policies

1. Presentation of annual financial statements

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

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	4 years
IT equipment	Straight line	3 years
Computer software	Straight line	2 years
Printing equipment	Straight line	5 years

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

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

1.2 Financial instruments

Initial measurement

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

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment.

Accounting Policies

1.2 Financial instruments (continued)

Financial instruments at fair value

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

1.3 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term unless:
- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:
- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.4 Impairment of assets

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

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

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

1.5 Revenue

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

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

1.6 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Annual Financial Statements

	2016 R	2015 R

2. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	212,842	(94,803)	118,039	170,342	(64,797)	105,545
Motor vehicles	52,551	(36,786)	15,765	52,551	(36,786)	15,765
IT equipment	117,385	(85,856)	31,529	196,275	(135,785)	60,490
Computer software	25,000	(24,999)	1	25,000	(24,999)	1
Printing equipment	625,900	(271,223)	354,677	625,900	(146,043)	479,857
Total	**1,033,678**	**(513,667)**	**520,011**	**1,070,068**	**(408,410)**	**661,658**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	105,545	42,500	-	(30,006)	118,039
Motor vehicles	15,765	-	-	-	15,765
IT equipment	60,490	-	(19,723)	(9,238)	31,529
Computer software	1	-	-	-	1
Printing equipment	479,857	-	-	(125,180)	354,677
	661,658	**42,500**	**(19,723)**	**(164,424)**	**520,011**

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	31,155	81,797	(7,407)	105,545
Motor vehicles	15,765	-	-	15,765
IT equipment	82,464	-	(21,974)	60,490
Computer software	1	-	-	1
Printing equipment	605,037	-	(125,180)	479,857
	734,422	**81,797**	**(154,561)**	**661,658**

3. Trade and other receivables

	2016 R	2015 R
Prepayments	-	22,100
Other receivable	210,000	100,000
	210,000	**122,100**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2016 R	2015 R
Cash on hand	2,705	2,020
Bank balances	25,507,712	20,260,855
	25,510,417	**20,262,875**

The company has a guarantee in favour of The Vunani Property Investment Trust to the value of R166 830.70 which expires on 31 January 2021.

Notes to the Annual Financial Statements

	2016 R	2015 R

5. Trade and other payables

	2016 R	2015 R
Amounts received in advance	3,757,110	2,993,508
VAT	509,229	273,916
Payroll liabilities	958,026	599,089
Leave pay accrual	585,200	448,445
Other accrued expenses - Sun City	1,190,599	82,031
Deposits received	8,614	9,000
	7,008,778	**4,405,989**

6. Revenue

	2016 R	2015 R
Botswana exam papers and certificates	732,816	346,040
CPD Development	304,412	198,722
Conference revenue	17,895,088	16,540,721
FAIS	219	425
Learner management	3,692	4,787
Membership subscriptions received	5,796,580	5,635,633
Qualification analysis	11,803	19,446
Royalties	35,306	315,421
Sale of text books	2,432,420	2,910,991
Seminar income	495,671	347,264
Training room income	411,791	-
	28,119,798	**26,319,450**

7. Other income

	2016 R	2015 R
Rental income	157,781	191,253
Recoveries	18,681	14,490
	176,462	**205,743**

8. Operating surplus

Operating surplus for the year is stated after accounting for the following:

	2016 R	2015 R
Operating lease charges		
Premises		
• Contractual amounts	1,007,412	894,084
Depreciation on property, plant and equipment	164,424	154,561
Employee costs	10,044,101	8,487,103
Research and development costs	205,125	104,726

9. Investment revenue

	2016 R	2015 R
Interest revenue		
Bank	1,837,349	1,287,463

10. Conference surplus / (deficit)

	2016 R	2015 R
Conference income	15,772,717	14,700,432
Conference sponsorships	2,122,371	1,840,289
Direct conference costs	(13,304,069)	(12,644,353)
	4,591,019	**3,896,368**

Notes to the Annual Financial Statements

	2016 R	2015 R

11. Cash generated from operations

	2016 R	2015 R
Profit before taxation	3,060,909	2,933,366
Adjustments for:		
Depreciation and amortisation	164,424	154,561
Interest received	(1,837,349)	(1,287,463)
Movement in reserves	(469,903)	280,000
Changes in working capital:		
Trade and other receivables	(87,900)	(113,932)
Trade and other payables	2,602,789	(245,388)
	3,432,970	**1,721,144**

12. Directors' remuneration

Executive

2016

	Emoluments	Contractual service award	Total
Directors	2,473,360	500,000	2,973,360

2015

	Emoluments	Total
Directors	2,088,000	2,088,000