The Insurance Institute of South Africa NPC

(Registration Number 1993/002172/08)
Annual Financial Statements
for the year ended 31 December 2022

Audited Financial Statements

in compliance with the Companies Act of South Africa
Prepared by: JTK Headbush
Professional designation: CA (SA)
Title: Executive Manager Finance and Operations

The Insurance Institute of South Africa NPC

(Registration Number 1993/002172/08)
Annual Financial Statements for the year ended 31 December 2022

General Information

Country of Incorporation and Domicile	South Africa
Registration Number	1993/002172/08
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	C N Molepe T C Mahlangu P G Todd N L Morwe D N De Vos A M Dias T P Baloyi P Olyott Z Saungweme (Appointed 31 August 2022) I Mahlangu (Appointed 5 September 2022) S H Schoeman (Appointed 11 October 2022) D Dinnie (Appointed 29 August 2022) R Naicker (Appointed 22 August 2022) A L Mhlanga (Resigned 31 March 2022) D H Matthee (Resigned 12 September 2022) C Masondo (Resigned 6 October 2022)
Registered Office	Sandton Gate, 3rd floor 27 Minerva Avenue Glenadrienne Sandton 2196
Postal Address	PO Box 413264 Craighall 2024
Bankers	First National Bank
Tax Number	9294062840
Auditors	Nexia SAB & T 119 Witch-Hazel Avenue Highveld Technopark Centurion
Published	30 June 2023

Contents

CEO Report

The Insurance Institute of South Africa (IISA) emerged from the COVID-19 era with encouraging results for the 2022 financial year. This comes at the backdrop of two years of recording deficits in the financial results. This is an indication that the economy is recovering, a further telling is the positive results that have been published by various industry players.

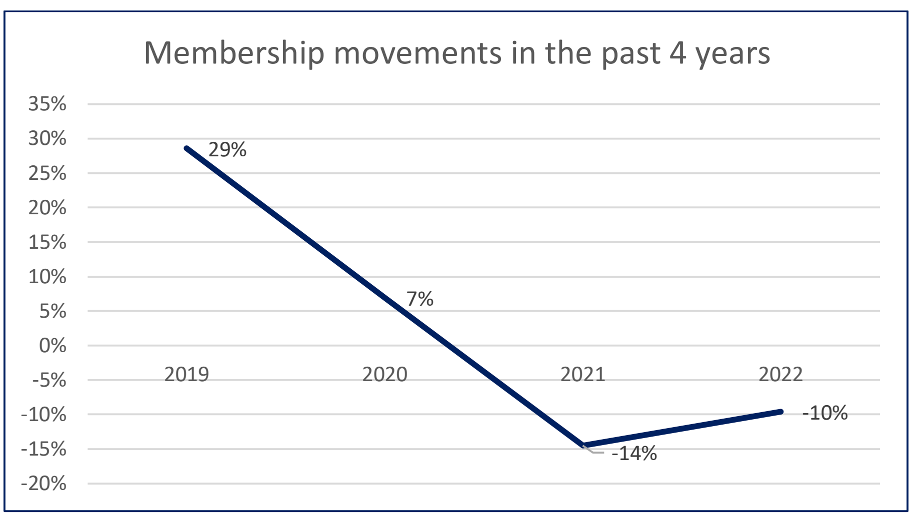
In 2022 we focused on ensuring that the IISA remains sustainable, this was implemented through the following critical success factors:

- Reviving the aspiration in professional designations which will promote growth in the membership base.
- Retention of corporate partners.
- Delivering vocational training with a focus on critical skills identified by the industry.

We successfully delivered a hybrid conference with over 700 in-person delegates. Through the conference we were able to reconnect professionals in the financial services sector and deliver world class content that contributed to delegates knowledge.

We hosted two cohorts of the Insurance Director Training which contributes to mitigation of shortage of skills at director level. As part of developing skills in the continent, we had the first cohort of graduates of the Professional Degree in Insurance that we designed in partnership with the Botswana Accounting College.

The membership base has been declining since 2020, this is due to an increase in retiring members as well as retrenchments experienced in the industry. In 2022 the membership base declined by 10%.



As a central organization for skills development, we continued to share with the industry unique, relevant and current thought leadership content from our international affiliates.

The current membership base is not a true reflection of the professionals in the industry, this indicates a critical need to increase the number of professionals accredited by the Institute.

As part of our Corporate Social Investment, we adopted two school (Sitintile Secondary school and Masitake Secondary School) and empowered them with study material for Maths and Science for both leaners and teachers. Furthermore we hosted five learners for a week and exposed them to careers within the insurance industry.

In all that we have done and accomplished in 2022, we are aware that none of it would have materialised without the support of the greater industry. We are grateful for our corporate partners, sponsors, professional members, and all stakeholders for the ultimate success of all our endeavours. A further telling of what happens when we come together in the name of this sector is what we managed to achieve despite the challenging times.

Looking ahead the focus areas for 2023 is:

- Elevating the relevance of the insurance profession to be one that is aspired to,
- Grow the membership base and income,
- Deliver training on critical skills,
- Being the central organisation/hub for skills development in the industry,
- Deliver work readiness programmes.

Our aspiration remains to capture at least 3% of insurance professionals as accredited member professionals.

Directors' Responsibilities and Approval

The directors are required by the Companies Act 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 financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the IISA, and explain the transactions and financial position of the business of the IISA at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the IISA 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 IISA and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors 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 IISA and all employees are required to maintain the highest ethical standards in ensuring the IISA's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the IISA is on identifying, assessing, managing and monitoring all known forms of risk across the IISA. While operating risk cannot be fully eliminated, the IISA 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 forecasts and available cash resources the directors have no reason to believe that the IISA will not be a going concern in the foreseeable future. The financial statements support the viability of the IISA.
The annual financial statements have been audited by the independent auditing firm, Nexia SAB & T, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the member, the board of directors and committees of the board of directors. The board of directors believes that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 10 to 12.

The external auditors are responsible for independently auditing and reporting on the IISA's annual financial statements. The annual financial statements have been examined by the IISA's external auditors and their unqualified audit report is presented on pages 10 to 12.

The annual financial statements set out on pages 11 to 29 which have been prepared on the going concern basis, were approved by the board of directors on 29 March 2023 and were signed on 30 June 2023 on their behalf by:

C N Molepe

T C Mahlangu

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of The Insurance Institute of South Africa NPC for the year ended 31 December 2022.

1. Incorporation

The IISA was incorporated on 04 March 1993 and obtained its certificate to commence business on the same day.

2. Review of financial results and activities

Nature of business

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.

3. Review of financial results and activities

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 of South Africa. 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 IISA are set out in these financial statements.

4. 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.

The directors have given due consideration to the potential impact of the COVID-19 pandemic on the IISA's ability to continue as a going concern. The directors believe that the pandemic will have a temporary impact on the business activities. Not withstanding these short-term challenges the directors are of the view that the IISA has sufficient resources to continue as a going concern.

5. Insurance and risk management

The IISA 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 programme, which is carried out in conjunction with the IISA'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.

Directors' Report

6. Directors

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

Directors	Office	Designation	Changes
C N Molepe	Chairperson	Non-Executive	
T C Mahlangu	Chief Executive Officer	Executive	
P G Todd		Non-Executive	
N L Morwe		Non-Executive	
D N De Vos		Non-Executive	
A M Dias		Non-Executive	
T P Baloyi		Non-Executive	
P Olyott		Non-Executive	
Z Saungweme		Non-Executive	Appointed, 31 August 2022
I Mahlangu		Non-Executive	Appointed, 5 September 2022
S H Schoeman		Non-Executive	Appointed, 11 October 2022
D Dinnie		Non-Executive	Appointed, 29 August 2022
R Naicker		Non-Executive	Appointed, 22 August 2022
A L Mhlanga		Non-Executive	Resigned, 31 March 2022
D H Matthee		Non-Executive	Resigned, 12 September 2022
C Masondo		Non-Executive	Resigned, 6 October 2022

8. Directors' interests in contracts

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

9. Independent Auditors

Nexia SAB & T was appointed as the independant auditors of the IISA for the 2022 financial year.

10. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on Wednesday, 29 March 2023. No authority was given to anyone to amend the annual financial statements after the date of issue.

11. Acknowledgements

Thanks and appreciation are extended to all of our members, staff, suppliers and the insurance industry for their continued support of the IISA.

Report of the Audit, Risk, Investments and Governance Committee

We are pleased to present our report for the financial year ended 31 December 2022.

1. Terms of reference

The Audit, Risk, Investments and Governance Committee ('the Committee') is constituted as a Committee of the Board of Directors of the Insurance Institute of South Africa. The Committee carries out its mandate in accordance with the Audit, Investment, Risk & Governance Committee Charter.

2. Members and Attendance

The Committee performs the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditor. The Committee met quarterly during the 2022 financial year.

Name of member	23 Mar 2022	22 June 2022	15 Sep 2022	23 Nov 2022
A L Mhlanga (Chairperson)	Present	Resigned		
P G Todd (Interim Chairperson)	Present	Present	Present	Present
R Naicker	Not appointed	Present	Present	Present
D N De Vos	Present	Present	Present	Absent*
I Mahlangu	Not appointed	Present	Present	Present
C Masondo	Absent*	Resigned		

* Apologies received

3. Role and responsibilities

3.1 Statutory duties

Below are the key responsibilities of the Committee, detailed explanations of the responsibilities are contained in the approved Audit, Investment, Risk and Governance Committee Charter:

- Risk management;
- Audit management;
- Financial reporting;
- Investment management; and
- Compliance and Policy management.

Below are the objectives of the Committee:

Report of the Audit, Risk, Investments and Governance Committee

- Oversight over IISA's governance, internal control and risk management processes;
- Enhance the assurance stakeholders can place on the governance of the institute as a result of the independence oversight it provides;
- Assist the board in the effective discharge of its responsibilities with the ultimate aim of the achievement of the IISA's objectives; and
- Oversees the functions of financial management, control and governance, by reviewing financial statements, reports from the internal and external auditors, status of internal control and risk management and thus providing meaningful advice on sustainability of the company to the Board.

Financial statements

The Committee is responsible for the review of the annual financial statements and annual report. The Committee has reviewed the annual financial statements and recommended their approval by the board.

4. Annual Financial Statements

The Committee is satisfied with the preparation of the annual financial statements on a going concern basis.

5. Internal Assurance and Enterprise Risk Management Policy

The Committee is satisfied with the implementation of the enterprise risk management policy and that it would enhance the internal control environment within IISA. The Committee is responsible for the review of the top strategic and operational risks.

6. External Auditor

At the Annual General Meeting held on 26th of July 2022, Nexia SAB & T was appointed as the external auditors. The Committee satisfied itself through enquiry that the external auditor is independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act 71 of 2008 that internal governance processes within the firm support and demonstrate the claim to independence.

The Committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

7. Finance Function

The Committee is satisfied with the competence of the finance function in discharging its operational finance and reporting responsibilities.

On behalf of the Committee:

Peter Todd
Chairperson of the Audit, Risk, Investments and Governance Committee
30 June 2023

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INDEPENDENT AUDITOR'S REPORT

To the Directors of The Insurance Institute of South Africa NPC

Opinion

We have audited the financial statements of The Insurance Institute of South Africa NPC set out on pages 13 to 31, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Insurance Institute of South Africa NPC as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "The Insurance Institute of South Africa NPC Annual Financial Statements for the year ended 31 December 2022", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nexia SAB&T

Nexia SAB&T
Ayisha Ramasike
Director
Registered Auditor
30 June 2023

Statement of Comprehensive Income

Figures in R	Notes	2022	2021
Revenue	13	22,899,104	17,009,806
Direct Expenses	14	(7,815,279)	(2,584,154)
Gross surplus		**15,083,825**	**14,425,652**
Other operating income	15	247,756	478,233
Other operating expenses	16	(15,679,215)	(16,321,856)
Operating (deficit)	17	**(347,634)**	**(1,417,971)**
Finance income	18	1,226,292	865,643
Surplus / (deficit) for the year		**878,658**	**(552,328)**

Statement of Financial Position

Figures in R	Notes	2022	2021
Assets			
Non-current assets			
Property, plant and equipment	4	595,521	715,539
Intangible assets	5	248,541	410,948
		844,062	**1,126,487**
Current assets			
Trade and other receivables	6	2,233,876	2,807,753
Cash and cash equivalents	7	22,203,434	21,379,102
		24,437,310	**24,186,855**
Total assets		**25,281,372**	**25,313,342**
Equity and liabilities			
Equity			
Retained income		2,377,700	2,499,042
Reserves	8	17,500,000	16,500,000
		19,877,700	**18,999,042**
Liabilities			
Current liabilities			
Provisions	9	1,148,624	777,474
Trade and other payables	10	3,949,331	5,327,283
Deferred income	12	305,717	209,543
		5,403,672	**6,314,300**
Total equity and liabilities		**25,281,372**	**25,313,342**

Statement of Cash Flows

Figures in R	Notes	2022	2021
Net cash flows (used in) / from operations	23	(260,332)	317,780
Finance income		1,226,292	865,643
Total cash movement for the year		**965,960**	**1,183,423**
Cash flows used in investing activities			
Purchase of property, plant and equipment		(141,628)	(179,781)
Purchase of intangible assets		-	(85,150)
Cash flows used in investing activities		**(141,628)**	**(264,931)**
Net increase in cash and cash equivalents		**824,332**	**918,492**
Cash and cash equivalents at beginning of the year		21,379,102	20,460,610
Cash and cash equivalents at end of the year	7	**22,203,434**	**21,379,102**

Statement of Changes in Equity

Figures in R	Reserves	Retained income	Total Equity
Balance at 1 January 2021	14,965,246	4,586,124	19,551,370
Changes in equity			
Deficit for the year	-	(552,328)	(552,328)
Transfers from retained income	1,534,754	(1,534,754)	-
Balance at 31 December 2021	**16,500,000**	**2,499,042**	**18,999,042**
Balance at 1 January 2022 as previously reported	16,500,000	2,510,030	19,010,030
Increase (decrease) due to corrections of prior period errors	-	(10,988)	(10,988)
Balance at 1 January 2022 as restated	16,500,000	2,499,042	18,999,042
Changes in equity			
Surplus for the year	-	878,658	878,658
Transfers from retained income	1,000,000	(1,000,000)	-
Balance at 31 December 2022 as restated	**17,500,000**	**2,377,700**	**19,877,700**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

2. Basis of preparation

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standards 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, except for the following material items in the statement of financial position:
- Financial instruments which are measured at fair value.

These financial statements are prepared in Rands which is the IISA's functional currency. All financial information presented in Rands has been rounded to the nearest Rand, except when otherwise indicated. The financial statements were authorised for issue by the board of directors on 29 March 2023. These accounting policies are consistent with the previous period.

2.1 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the directors.

Costs include expenditure that is directly attributable to the acquisition of asset. The cost of self-constructed assets includes the following:

The cost of material and direct labour;

Any other costs directly attributable to bringing the assets to a working condition for their intended use when the IISA has an obligation to remove the asset or restore the site, an estimate of the costs dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs; and

Purchased software that is integral to the functionality of the related equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of an item) is recognised within other income in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only if it is probable that the future economic benefits of the expenditure will flow to the IISA. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Accounting Policies

Basis of preparation continued...

Items of property, plant and equipment are depreciated from the date they are available for use or in respect of self-constructed assets, from the date that the assets are completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is recognised in surplus or deficit.

The estimated useful lives for the current and comparative periods of significant items of property, plant and equipment are as follows:

Asset class	Useful life / depreciation rate
Leasehold improvements	5 years
Motor vehicles	6 years
Fixtures and fittings	6 years
Computer equipment	3 years
Printing equipment	8 years

2.2 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Accounting Policies

Basis of preparation continued...

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Assets class	Useful life/ amortisation rate
Computer software	5 years

2.3 Financial instruments

Recognition and measurement

IISA recognised a financial asset or a financial liability in the statement of financial position when, and only when it becomes a party to the contractual provisions of the instrument.

IISA classifies financial instruments, or their component part, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the IISA will not be able to collect all amounts due according to the original terms of the receivables.

Bad debt management

An ageing accounts receivable report is to be run monthly

- All debtors balances older than 240 days (120 days for corporate debtors) are to be provided for as doubtful debts.
- All debtors balances over 365 days (180 days for corporate debtors) are to be written off on recommendation by the Finance Executive and approval by the CEO for onward submission to the Audit, Risk, Investment and Governance Committee.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

Trade and other payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Trade and other payables expose IISA to liquidity risk and possibly to interest rate risk. Refer to note 26 for details of risk exposure and management thereof.

Accounting Policies

Basis of preparation continued...

2.4 Leases

Operating leases as lessor

Lease income from operating leases is recognised in income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases as lessee

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern of the benefit obtained.

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

2.5 Provisions

Provisions are recognised when the IISA has a present legal or constructive obligation as a result of past events and it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated.

2.6 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts.

IISA recognises revenue from the following major sources:

- Membership income
- Corporate partners
- Conference revenue
- Learning and development income
- Leadership and skills development income

2.7 Employee benefits

Short-term employee benefits

Compensation paid to employees for the rendering of services are recognised at the undiscounted amount paid or expected to be paid in the accounting period in which the services were rendered.

Where employees accumulate entitlement for paid absences, an expense is recognised as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In the case of non-accumulating paid absences, the expense is recognised only when the absences occur.

The expected cost of bonus payments are recognised when there is a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when there is no realistic alternative but to make the payments.

Accounting Policies

Basis of preparation continued...

2.7 Reserves

The purpose of the Reserving Policy is to ensure the stability of the ongoing operations of the organisation, its projects/ programs, and employment. Reserves are intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses.

Minimum reserves

The Reserve is made up of designated funds set aside by action of the Board of Directors. The minimum amount to be designated will be an amount sufficient to maintain ongoing operations and projects/ programs for a set period of time.

The Minimum Reserve Fund is equal to twelve months of operating and administrative costs excluding conference costs. The operating and administrative costs includes all recurring, predictable expenses such as salaries and benefits, occupancy, office expenses, delivering training programmes, IT related costs, and ongoing professional services.

Funding the Reserves

The Reserve Fund will be funded with surplus funds or net income. The Board of Directors may direct that a specific source of revenue be set aside for Reserves.

Annual Review

The Reserve Fund will be reviewed and adjusted in response to internal and external changes. The minimum amount of the Reserve Fund will be calculated each year after approval of the annual budget and submitted to the committee for approval and onward submission to the Board for final approval. The approved Reserve Fund will be included in the management accounts. The Reserve Fund will be recorded in the annual financial statements, management accounts as well as the finance system.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

3.1 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with International Financial Reporting Standards for Small and Medium-Sized Entities requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3.1.1 Key sources of estimation uncertainty

Impairment of property, plant and equipment

Accounting Policies

Critical accounting estimates and judgements continued...

The IISA reviews and tests the carrying value of property, plant and equipment and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Notes to the Annual Financial Statements

Figures in R	2022	2021

4. Property, plant and equipment

	2022			2021		
	Cost	Accumulated depreciation	Carrying Value	Cost	Accumulated depreciation	Carrying Value
Furniture and Fixures	128,794	(42,458)	86,336	68,506	(25,850)	42,656
Motor vehicles	218,706	(180,148)	38,558	218,706	(161,333)	57,373
Computer Equipment	291,887	(155,184)	136,703	285,918	(122,692)	163,226
Printing equipment	625,900	(614,110)	11,790	625,900	(607,033)	18,867
Leasehold improvements	556,414	(234,280)	322,134	556,414	(122,997)	433,417
Total	**1,821,701**	**(1,226,180)**	**595,521**	**1,755,444**	**(1,039,905)**	**715,539**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Total
Furniture and Fixures	42,656	60,288	(16,608)	86,336
Motor vehicles	57,373	-	(18,815)	38,558
Computer Equipment	163,227	81,340	(107,864)	136,703
Printing equipment	18,867	-	(7,077)	11,790
Leasehold improvements	433,416	-	(111,282)	322,134
	715,539	**141,628**	**(261,646)**	**595,521**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Total
Furniture and Fixures	49,964	4,000	(11,308)	42,656
Motor vehicles	112,049	-	(54,676)	57,373
Computer Equipment	115,255	138,144	(90,173)	163,227
Printing equipment	25,945	-	(7,078)	18,867
Leasehold improvements	501,721	37,637	(105,941)	433,416
	804,934	**179,781**	**(269,176)**	**715,539**

Computer Equipment with a total cost of R75 371 and accumulated depreciation of R75 371 were written off. The net effect of the write off was Rnil and will not have an impact on the users of the annual financial statements.

A register containing the information registered by the Companies Act 71. of 2008 is available for inspection at the registered office of IISA.

Notes to the Annual Financial Statements

Figures in R	2022	2021

5. Intangible assets

	2022			2021		
	Cost	Accumulated depreciation	Carrying Value	Cost	Accumulated depreciation	Carrying Value
Computer software	865,444	(616,903)	248,541	865,444	(454,496)	410,948
Total	**865,444**	**(616,903)**	**248,541**	**865,444**	**(454,496)**	**410,948**

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Depreciation	Total
Computer software	410,948	-	(162,407)	248,541
	410,948	-	**(162,407)**	**248,541**

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Depreciation	Total
Computer software	482,583	85,150	(156,785)	410,948
	482,583	**85,150**	**(156,785)**	**410,948**

6. Trade and other receivables

Trade and other receivables comprise:

	2022	2021
Trade receivables	1,289,638	3,387,401
Provision for bad debts	(164,532)	(782,471)
Trade receivables - net	1,125,106	2,604,930
Sundry debtors	1,689	249
Prepaid expenses	173,948	150,353
VAT	850,308	-
Other receivables	82,825	52,221
	2,233,876	2,807,753
Total trade and other receivables	**2,233,876**	**2,807,753**

7. Cash and cash equivalents

7.1 Cash and cash equivalents included in current assets:

	2022	2021
Cash		
Bank balances	22,203,434	21,379,102

7.2 Net cash and cash equivalents

	2022	2021
Current assets	22,203,434	21,379,102

Notes to the Annual Financial Statements

Figures in R	2022	2021

8. Reserves

Nature and purpose of reserves

Reserves	17,500,000	16,500,000

The purpose of the reserves is to ensure the stability of the ongoing operations of the organisation, its projects/ programs, and employment. Reserves are intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses.

During the financial year, the board of directors approved the increase of the contingency reserves by R1 000 000, to ensure the stability of the ongoing operations of the organisation, its projects, programs and employment.

9. Provisions

	Leave pay provision	Bonus provision	Compensation for loss of office	Total
Balance at 1 January 2022	**281,134**	**496,340**	**-**	**777,474**
Increase in existing provisions	-	-	-	-
Movement during the year	-	446,722	-	446,722
Decrease in existing provisions	(75,571)	-	-	(75,571)
Balance at 31 December 2022	**205,563**	**943,062**	**-**	**1,148,625**
Balance at 1 January 2021	**541,897**	**-**	**-**	**541,897**
Movement during the year	-	496,340	-	496,340
Decrease in existing provisions	(260,763)	-	-	(260,763)
Balance at 31 December 2021	**281,134**	**496,340**	**-**	**777,474**

10. Trade and other payables

Trade and other payables comprise:

	2022	2021
Trade payables	129,740	376,230
Income received in advance	1,991,162	1,865,787
Accrued lease payable	494,970	446,596
Debtors with credit balances	219,931	155,568
Bank balance	-	22,564
Accrued expense	-	19,916
VAT	-	(15,376)
Other payables	915,839	2,276,675
Deposits received	7,000	7,000
Payroll liabilities	190,689	172,323
Total trade and other payables	**3,949,331**	**5,327,283**

Notes to the Annual Financial Statements

Figures in R	2022	2021

11. Commitments

11.1 Operating leases - as lesee (expense)

	2022	2021
Not later than one year	1,520,208	1,407,600
Later than one year and not later than five years	3,100,024	4,620,231
	4,620,231	**6,027,831**

Operating lease payments represent rentals payable by IISA for its office premises. Leases are negotiated for an average term of five years and rentals increase by 8% annually. No contingent rent is payable.

11.2 Operating leases - as lessor (income)

	2022	2021
Not later than one year	115,273	26,454

Certain of IISA's office space generates rental income. The average lease agreement term is 5 years with an 5% annual escaltion.

12. Deferred income

Deferred income comprise:

	2022	2021
Insurance skills development fund	122,800	-
Leadership and skills development fund	182,917	209,543
	305,717	**209,543**

Reconciliation of deferred income - 2022	**Opening balance**	**Movement**	**Closing balance**
Insurance skills development fund	-	122,800	122,800
Leadership and skills development fund	209,543	(26,626)	182,917
	209,543	**96,174**	**305,717**

Reconciliation of deferred income - 2021	**Opening balance**	**Movement**	**Closing balance**
Insurance skills development fund	340,988	(340,988)	-
Leadership and skills development fund	209,543	-	209,543
	550,531	**(340,988)**	**209,543**

IISA received funding for skills development from the Industry, which should be utilized in subsidizing registration fees and other expenses for forums and seminars offered to delegates. The other expenses also entail items such as venue hire, travel and accomodation and refreshments.

13. Revenue

Revenue comprises:

	2022	2021
Sale of goods	679,097	908,067
Rendering of services	22,220,007	16,101,739
Total revenue	**22,899,104**	**17,009,806**

Notes to the Annual Financial Statements

Figures in R	2022	2021

14. Direct expenses

Direct expenses comprise:

Rendering of services	7,815,279	2,584,154

15. Other income

Other income comprises:

Other income	8,252	35,151
Bad debts recovered	129,720	278,791
Rent received	109,784	164,291
Total other income	**247,756**	**478,233**

16. Other expenses

Other expenses comprise:

Advertising	764,565	668,795
Amortisation	162,407	156,785
Auditors remuneration - external and internal audits	132,761	126,770
Bad debts	927,070	1,135,713
Bank charges	47,545	59,573
Computer expenses	839,970	937,450
Consulting and professional fees	238,139	360,755
Depreciation	261,646	269,176
Employee benefit expenses	9,521,198	9,992,118
Entertainment	3,651	882
Expenditure on local institutes	174,856	59,623
Fines and penalties	22,115	68,768
Insurance	139,004	171,478
Lease rentals on operating lease	1,455,974	1,455,974
Motor vehicle expense	9,910	6,728
Municipal charges	434,073	389,606
Postage	59,664	78,675
Printing and stationery	124,298	107,106
Property related expenses	28,288	42,844
Repairs and maintenance	14,614	4,615
Social Investment Expense	73,689	35,009
Telephone and fax	173,333	193,413
Travel - Local	70,445	-
Total other expenses	**15,679,215**	**16,321,856**

Notes to the Annual Financial Statements

Figures in R	2022	2021
17. Operating (deficit)		
Operating surplus/(deficit) for the year is stated after charging (crediting) the following, amongst others:		
Auditors Remuneration - internal and exertnal		
Audit fees	132,761	126,770
Employee Costs		
Salaries, wages, bonuses and other benefits	9,521,198	9,992,118
Leases		
Operating lease rental expense	1,455,974	1,455,974
Depreciation		
Depreciation of property plant and equipment	261,646	269,176
Amortisation		
Amortisation of intangible assets	162,407	156,785
18. Finance income		
Finance income comprises:		
Investment income	1,226,292	865,643
19. Employee costs		
19.1 Employee costs comprise:		
Basic	5,412,613	6,164,768
Bonus	958,542	496,340
SARS payroll expenses	2,174,761	2,465,831
Other payroll benefits	1,050,853	1,125,942
Leave pay provision	(75,571)	(260,763)
Total salaries	**9,521,198**	**9,992,118**

19.2 Directors' remuneration

Executive

2022

	Emoluments	Annual bonus	Total
TC Mahlangu	2,693,508	618,959	3,312,467
	2,693,508	**618,959**	**3,312,467**

2021

	Emoluments	Annual bonus	Total
TC Mahlangu	2,557,327	269,005	2,826,332
	2,557,327	**269,005**	**2,826,332**

Notes to the Annual Financial Statements

Figures in R	2022	2021

20. Related parties

Relationships

Members of key management	T C Mahlangu
Directors	C N Molepe
	P G Todd
	N L Morwe
	D N De Vos
	A L Mhlanga
	A M Dias
	T P Baloyi
	D H Matthee
	P Olyott
	C Masondo
	Z Saungweme
	I Mahlangu
	S H Schoeman
	D Dinnie
	R Naiker

Compensation paid to directors and key management personnel

	2022	2021
Short-term employee benefits	**3,312,467**	**2,826,332**

21. Change in accounting estimates

In applying the accounting policy for property plant and equipment and intangible assets, management has reviewed the useful life of the following category:

Property, plant and equipment

The useful life of motor vehicles was revised from 4 years to 6 years. This revision has had the following effect on the annual financial statements:

	2022	2021
Statement of Comprehensive Income:		
Decrease in Motor Vehicle depreciation	35,861	-
	35,861	**-**
Statement of Financial Position		
Increase in Property, plant and equipment	35,861	-
	35861	-

22. 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.

Notes to the Annual Financial Statements

Figures in R	2022	2021

23. Cash (used in)/ generated from operations

Surplus / (deficit) for the year	**878,658**	**(552,328)**
Adjustments for:		
Finance income	(1,226,292)	(865,643)
Depreciation and amortisation expense	424,053	425,961
Bad debts	927,070	1,135,713
Change in operating assets and liabilities:		
Adjustments for decrease / (increase) in trade accounts receivable	552,754	(375,569)
Adjustment for decrease/ (increase) in receivables	(905,947)	105,467
Adjustments for decrease in trade accounts payable	(246,490)	(304,356)
Adjustments for (decrease) / increase in other operating payables	(1,131,462)	853,946
Adjustments for increase / (decrease) in deferred income	96,174	(340,988)
Adjustments for provisions	371,150	235,577
Net cash flows from operations	**(260,332)**	**317,780**

24. Taxation

No provision for income tax has been made in the annual financial statements because IISA is exempt from income tax in terms of section 10(1)(d)(iii) of the Income Tax Act No. 58 of 1962.

25. Contingent liability

During the previous reporting period, it was noted that there may be a third party who could initiate a claim against the IISA based on unfounded allegations of liability relating to the organisation of an event. No provision has been made in the financial statements as management consider the outflow of economic benefits to be less likely than not. The financial implications are estimated to be R2 800 000. To the best of management's knowledge and belief, there are no other contingent liabilities which may materially affect the financial position of IISA as at 31 December 2022.

Notes to the Annual Financial Statements

Figures in R	2022	2021

26. Financial instruments and risk management

Financial risk management

Overview

IISA is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The board of directors has overall responsibility for the establishment and oversight of the IISA's risk management framework. The board has established the audit, risk, investments & governance committee, which is responsible for developing and monitoring the IISA's risk management policies. The committee reports quarterly to the board of directors on its activities.

The IISA's risk management policies are established to identify and analyse the risks faced, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the IISA's activities

The IISA audit, risk, investments & governance committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the IISA. The audit, risk, investments & governance committee is assisted in its oversight role by internal audit as and when scheduled. Internal audit would also undertake ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit, risk, investments & governance committee.

The liquidity risk is that the IISA will not be able to meet it's financial obligations as they fall due. The IISA manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are available. Credit risk consists mainly of cash deposits, cash equivalents and trade receivables.

Detailed Income Statement

Figures in R	Notes	2022	2021
Revenue	13		
BAC services		2,123,922	1,300,547
Book sales		679,097	908,067
Conference revenue		9,552,927	2,666,250
Corporate partners		4,935,441	4,384,410
CPD Accreditation		401,209	529,179
Foreign income		35,772	20,225
Leadership and skills development		1,141,609	1,593,539
Learning and development		395,706	1,682,029
Membership		3,633,421	3,925,560
		22,899,104	**17,009,806**
Direct Expenses	14		
Rendering of services		(7,815,279)	(2,584,154)
Gross surplus		**15,083,825**	**14,425,652**
Other income	15		
Bad debts recovered		129,720	278,791
Other income		8,252	35,151
Rent received		109,784	164,291
		247,756	**478,233**

Detailed Income Statement

Figures in R	Notes	2022	2021
Other expenses	16		
Advertising		(764,565)	(668,795)
Amortisation		(162,407)	(156,785)
Auditors remuneration - external and internal audits		(132,761)	(126,770)
Bad debts		(927,070)	(1,135,713)
Bank charges		(47,545)	(59,573)
Computer expenses		(839,970)	(937,450)
Consulting and professional fees		(238,139)	(360,755)
Depreciation		(261,646)	(269,176)
Employee costs		(9,521,198)	(9,992,118)
Entertainment		(3,651)	(882)
Expenditure on local institutes		(174,856)	(59,623)
Fines and penalties		(22,115)	(68,768)
Insurance		(139,004)	(171,478)
Lease rentals on operating lease		(1,455,974)	(1,455,974)
Motor vehicle expense		(9,910)	(6,728)
Municipal expenses		(434,073)	(389,606)
Office expenses		(28,288)	(42,844)
Postage		(59,664)	(78,675)
Printing and stationery		(124,298)	(107,106)
Repairs and maintenance		(14,614)	(4,615)
Social Investment Expense		(73,689)	(35,009)
Telephone and fax		(173,333)	(193,413)
Travel - Local		(70,445)	-
		(15,679,215)	**(16,321,856)**
Deficit from operating activities	17	**(347,634)**	**(1,417,971)**
Finance income	18		
Investment income		1,226,292	865,643
Surplus / (deficit) for the year		**878,658**	**(552,328)**