The Insurance Institute of South Africa
(Registration number 1993/002172/08)
Annual Financial Statements
for the year ended 31 December 2017

Colin Smith & Company
Chartered Accountants (SA)
Registered Auditor
Issued 29 March 2018

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	Thokozile Constance Mahlangu Wayne Alan Abraham Thembalihle Phillip Baloyi Brian Cyril Benfield George Walter Bishop Daryl Neville De Vos Aida Maria Dias Ye Delphine Maidou Angela Lesiba Mhlanga Noololwane Leeu Morwe Viviene Pearson Gerrit Johann Sandrock Peter Geoffrey 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
Auditors	Colin Smith & Company Chartered Accountants (SA) Registered Auditor Gleneagles Building, Fairway Office Park 52 Grosvenor Road Bryanston 2021 P.O. Box 130674 Bryanston 2021
Secretary	Wide Range Consultants Proprietary Limited
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	29 March 2018

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

Chief Executive Officer's Report

The Insurance Institute of South Africa is a national registered professional body for the promotion and advancement of knowledge and skills, the maintenance of ethical and professional standards and the general development and progress of its members and of persons in the insurance industry.

The purpose of the Insurance Institute of South Africa is to build capacity within the insurance industry through insurance skills development & exposure into insurance as a profession, thereby mitigating skills shortage, improving opportunities for employment & social security thus making a sustainable contribution to the insurance industry and the economy.

Professional membership

The overall professional membership increased by 14% with a notable increase on the level 3 category and the Licentiate as can be noted in the table below. In total there were 251 new members.

Member Type	Total 2016	Variance	Total 2017
Student	8	100%	16
Level 1	22	27%	28
Level 2	43	28%	55
Level 3	163	48%	241
Licentiate	425	15%	487
Associate	768	7%	823
Fellowship	419	7%	449
TOTAL	1848	14%	2099

Insurance study material

Keeping the study material up-to-date and relevant is one of the key focus area of the Insurance Institute of South Africa. In the 2017 financial year, the Insurance Institute of South Africa published updates on 22 book titles which range from Certificate of Proficiency to Associate Level.

Learning center

Nine hundred and forty-seven (947) individuals have attended various courses at the learning center in 2017. This is an indication of a need to grow the learning center in order to reach all areas.

Annual insurance conference

The 2017 annual insurance conference attracted 1400 delegates from 47 countries. The conference theme was 'Disrupt.Debate.Engage'. The presentations addressed topics such as innovation, doing business differently, and the political analysis. The conference contributed to the professional development of our delegates.

Board movements

The changes to the board in 2017 has led to the 38% female board members while male board members reduced to 62%.

Looking ahead

The focus for the next five years is to elevate the insurance profession to be one that is aspired to and to revive the purpose of the Insurance Institute of South Africa. This will be done through elevation of the relevance of studying towards an insurance qualification as well as improving awareness of the professional designations.

Chief Executive Officer's Report

The new strategy will be supported by the following strategic pillars:

- Intelligent Education,
- Influential Reputation,
- Sustainable Membership, and
- Active Networking

In order to implement the strategy, a new vision has been adopted: to provide sustainable skills development platforms within the insurance industry.

The vision will be achieved through the following mission statement:

- The IISA will minimise the shortage of skills within the insurance industry,
- Create tangible impact and transformation for the industry and our country,
- Elevate insurance as a career,
- Obtain international recognition for the professional designation,
- Establish strategic partnerships and collaboration with relevant stakeholders in order to ensure improved insurance skills development in Africa.

In delivering and serving the insurance industry, the Insurance Institute of South Africa will maintain its core values which include Professionalism, Integrity, Teamwork and Innovation. We believe that these values will guide our service offering to the insurance industry and hold us to a quality standard that is acceptable to the industry we serve.

TC Mahlangu
Chief Executive Officer

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 auditors are 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 2018 and, in the light of this review and the current financial position, They are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors 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 auditors and their report is presented on pages 4 & 5.

The annual financial statements set out on pages 11 to 22, which have been prepared on the going concern basis, were approved by the board on 29 March 2018 and were signed on its behalf by:

Approval of annual financial statements

Director

Ammbanga

Director

COLINSMITH
& CO Registered Auditors

Gleneagles, Fairway Office Park
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Bryanston 2074

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Independent Auditor's Report

To the members 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 11 to 20, which comprise the statement of financial position as at 31 December 2017, 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 2017, 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 annual 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 and Chief Executive Officer's 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.

Colin R. Smith B. Compt. C.A. (S.A.)

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 through the audit committee 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 (SA)
Registered Auditor
Per: Colin Smith
Partner

29 March 2018
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 2017.

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.

The IISA is a national registered professional body for the promotion and advancement of knowledge and skills, the maintenance of ethical and professional standards and the general development and progress of its members and of persons in the insurance industry.

The purpose of the IISA is to build capacity within the insurance industry through insurance skills development & exposure into insurance as a profession, thereby mitigating skills shortage, improving opportunities for employment & social security thus making a sustainable contribution to the insurance industry and the economy.

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' Report

Directors		Changes
Thokozile Constance Mahlangu	Chief Executive Officer	Appointed Thursday, 28 September 2017
Wayne Alan Abraham		Appointed Tuesday, 15 April 2014
Thembalihle Phillip Baloyi		Appointed Thursday, 28 August 2014
Brian Cyril Benfield		Appointed Monday, 01 January 2007
George Walter Bishop		Appointed Monday, 01 January 2007
Daryl Neville De Vos		Appointed Wednesday, 25 March 2015
Aida Maria Dias		Appointed Wednesday, 23 November 2016
Ye Delphine Maidou		Appointed Wednesday, 24 June 2015
Angela Lesiba Mhlanga		Appointed Friday, 23 December 2016
Noololwane Leeu Morwe		Appointed Tuesday, 27 August 2013
Viviene Pearson		Appointed Thursday, 28 September 2017
Gerrit Johann Sandrock		Appointed Saturday, 13 May 1995
Peter Geoffrey Todd		Appointed Tuesday, 07 May 2013
David James Harpur		Resigned Thursday, 28 September 2017
Barry Scott		Resigned Thursday, 28 September 2017
Leila Moonda		Resigned Wednesday, 31 May 2017

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.

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 2017, since being appointed 2007.

9. Secretary

The company secretary is Wide Range Consultants Proprietary Limited.

10. Date of authorisation for issue of annual financial statements

The annual financial statements have been authorised for issue by the directors on Thursday, 29 March 2018. No authority was given to anyone to amend the financial statements after the date of issue.

Directors' Report

11. Outlook

The focus for the next five years is to elevate the insurance profession to be one that is aspired to. This will be done through elevation of the relevance of studying towards an insurance qualification as well as improving awareness of the professional designations.

Statement of Financial Position as at 31 December 2017

	Notes	2017 R	2016 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	397,266	520,011
Current Assets			
Trade and other receivables	3	545,524	210,000
Cash and cash equivalents	4	24,424,953	25,510,417
		24,970,477	**25,720,417**
Total Assets		**25,367,743**	**26,240,428**
Equity and Liabilities			
Equity			
Reserves		12,065,000	11,272,597
Retained income		7,994,683	7,959,054
		20,059,683	**19,231,651**
Liabilities			
Current Liabilities			
Trade and other payables	5	5,308,060	7,008,777
Total Equity and Liabilities		**25,367,743**	**26,240,428**

Statement of Comprehensive Income

	Notes	2017 R	2016 R
Revenue	6	29,580,447	28,119,798
Cost of sales		(336,023)	(605,167)
Gross surplus		**29,244,424**	**27,514,631**
Other income	7	179,781	176,462
Operating expenses		(28,734,227)	(26,467,533)
Operating surplus	8	**689,978**	**1,223,560**
Investment revenue	9	1,995,651	1,837,349
Surplus for the year		**2,685,629**	**3,060,909**
Other comprehensive income		-	-
Total comprehensive income for the year		**2,685,629**	**3,060,909**

The accounting policies on pages 15 to 17 and the notes on pages 18 to 20 form an integral part of the annual financial statements.

Statement of Changes in Equity as at 31 December 2017

Figures in Rand	Long term contract benefit reserve	Staff reserve	CPD Development reserve	Conference reserve	Restructuring reserve	Material updates reserve	Printer replacement reserve	Contingency reserve	Total reserves	Retained income	Total equity
Balance as at 01 January 2016	**1,000,000**	**250,000**	**250,000**	**1,300,000**	**-**	**700,000**	**542,500**	**-**	**4,042,500**	**12,598,145**	**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 01 January 2017	**500,000**	**250,000**	**250,000**	**2,000,000**	**2,000,000**	**700,000**	**572,597**	**5,000,000**	**11,272,597**	**7,959,054**	**19,231,651**
Surplus for the year	-								-	2,685,629	2,685,629
Movement for the year	(500,000)	2,650,000	-	-	(1,501,000)	-	143,403	-	792,403	(2,650,000)	(1,857,597)
Total comprehensive income for the year	(500,000)	2,650,000	-	-	(1,501,000)	-	143,403	-	792,403	35,629	828,032
Balance as at 31 December 2017	**-**	**2,900,000**	**250,000**	**2,000,000**	**499,000**	**700,000**	**716,000**	**5,000,000**	**12,065,000**	**7,994,683**	**20,059,683**
Notes		1.1	1.2		1.3	1.4	1.5	1.6			

1.1 Reserve for staff costs
1.2 Reserve for CPD system development
1.3 To cater for costs relating to the restructure within the institute
1.4 Reserved for overhaul of the study material
1.5 Reserved for replacement of the study material printer
1.6 Reserved for business continuity should an unforeseen eventuality occur

Statement of Cash Flows

	Notes	2017 R	2016 R
Cash flows from operating activities			
Cash (used in) generated from operations	11	(3,044,265)	3,432,970
Interest income		1,995,651	1,837,349
Net cash from operating activities		**(1,048,614)**	**5,270,319**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(36,850)	(42,500)
Sale of property, plant and equipment	2	-	19,723
Net cash from investing activities		**(36,850)**	**(22,777)**
Total cash movement for the year		**(1,085,464)**	**5,247,542**
Cash at the beginning of the year		25,510,417	20,262,875
Total cash at end of the year	4	**24,424,953**	**25,510,417**

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis 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 are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes 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.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed 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

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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

Accounting Policies

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 without undue cost or effort are measured at cost less impairment.

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, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

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.

Accounting Policies

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 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.6 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.

1.7 Borrowing costs

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

	2017 R	2016 R

2. Property, plant and equipment

	2017			2016		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	249,692	(127,035)	122,657	212,842	(94,803)	118,039
Motor vehicles	52,551	(36,786)	15,765	52,551	(36,786)	15,765
IT equipment	117,385	(88,039)	29,346	117,385	(85,856)	31,529
Computer software	25,000	(24,999)	1	25,000	(24,999)	1
Printing equipment	625,900	(396,403)	229,497	625,900	(271,223)	354,677
Total	**1,070,528**	**(673,262)**	**397,266**	**1,033,678**	**(513,667)**	**520,011**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	118,039	36,850	(32,232)	122,657
Motor vehicles	15,765	-	-	15,765
IT equipment	31,529	-	(2,183)	29,346
Computer software	1	-	-	1
Printing equipment	354,677	-	(125,180)	229,497
	520,011	**36,850**	**(159,595)**	**397,266**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Closing balance
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**

3. Trade and other receivables

	2017	2016
Prepayments	275,660	-
Other receivable	269,864	210,000
	545,524	**210,000**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2017	2016
Cash on hand	1,662	2,705
Bank balances	24,423,291	25,507,712
	24,424,953	**25,510,417**

Notes to the Annual Financial Statements

	2017 R	2016 R

5. Trade and other payables

	2017 R	2016 R
Amounts received in advance	3,277,587	3,757,110
VAT	290,675	509,229
Payroll liabilities	1,001,327	958,025
Leave pay accrual	426,027	585,200
Other accrued expenses	214,005	1,190,599
Deposits received	9,135	8,614
Other payables	89,304	-
	5,308,060	**7,008,777**

6. Revenue

	2017 R	2016 R
Botswana exam papers and certificates	291,807	732,816
CPD Development	336,923	304,412
Conference revenue	18,548,608	17,895,088
FAIS	439	219
Learner management	4,303	3,692
Membership subscriptions received	6,434,976	5,796,580
Qualification analysis	12,200	11,803
Royalties	1,461,505	35,306
Sale of text books	1,771,929	2,432,420
Seminar income	253,640	495,671
Training room income	458,117	411,791
Uganda exam papers	6,000	-
	29,580,447	**28,119,798**

7. Other income

	2017 R	2016 R
Rental income	179,781	157,781
Recoveries	-	18,681
	179,781	**176,462**

8. Operating surplus

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

	2017 R	2016 R
Operating lease charges		
Premises		
• Contractual amounts	1,099,697	1,007,412
Depreciation on property, plant and equipment	159,595	164,424
Employee costs	11,091,703	10,044,101
Research and development costs	93,679	205,125

9. Investment revenue

	2017 R	2016 R
Interest revenue		
Bank	1,995,651	1,837,349

Notes to the Annual Financial Statements

	2017 R	2016 R

10. Conference surplus / (deficit)

	2017 R	2016 R
Conference income	16,441,415	15,772,717
Conference sponsorships	2,054,561	2,122,371
Direct conference costs	(14,274,514)	(13,304,069)
	4,221,462	**4,591,019**

11. Cash (used in) generated from operations

	2017 R	2016 R
Profit before taxation	2,685,629	3,060,909
Adjustments for:		
Depreciation and amortisation	159,595	164,424
Interest received	(1,995,651)	(1,837,349)
Movement in reserves	(1,857,597)	(469,903)
Changes in working capital:		
Trade and other receivables	(335,524)	(87,902)
Trade and other payables	(1,700,717)	2,602,791
	(3,044,265)	**3,432,970**

12. Directors' remuneration

Executive

2017

	Emoluments	Contract termination	Total
Directors	1,427,823	792,935	2,220,758

2016

	Emoluments	Pension paid or receivable	Total
Directors	2,473,360	500,000	2,973,360

Detailed Income Statement

	2017 R	2016 R
Revenue		
Botswana exam papers and certificates	291,807	732,816
CPD Development	336,923	304,412
Conference revenue	18,548,608	17,895,088
FAIS	439	219
Learner management	4,303	3,692
Membership subscriptions received	6,434,976	5,796,580
Qualification analysis	12,200	11,803
Royalties	1,461,505	35,306
Sale of text books	1,771,929	2,432,420
Seminar income	253,640	495,671
Training room income	458,117	411,791
Uganda exam papers	6,000	-
	29,580,447	**28,119,798**
Cost of sales	**(336,023)**	**(605,167)**
Gross surplus	**29,244,424**	**27,514,631**
Other income		
Interest received	1,995,651	1,837,349
Rental income	179,781	157,781
Skills development recoveries	-	18,681
	2,175,432	**2,013,811**
Expenses (Refer to page 22)	**(28,734,227)**	**(26,467,533)**
Surplus for the year	**2,685,629**	**3,060,909**

Detailed Income Statement

	2017 R	2016 R
Operating expenses		
Advertising and marketing	8,200	12,411
Auditors remuneration	87,213	79,000
Bank charges	118,015	84,437
Computer expenses	315,972	332,787
Conference costs	14,274,514	13,304,069
Corporate governance	-	8,000
Depreciation and amortisation	159,595	164,424
Educational development	93,679	205,125
Employee costs	11,091,703	10,044,101
Entertainment	11,736	9,264
Expenditure on local institutes	-	4,515
Insurance	90,335	85,336
Labour charges	35,800	-
Learner management systems	185,459	114,095
Lease rentals on operating lease	1,099,697	1,007,412
Machine rental	143,403	49,820
Motor vehicle expenses	16,313	20,733
Office expenses	54,682	66,114
Office relocation	-	93,298
Other expenses	8,566	9,379
Printing and stationery	205,857	290,072
Repairs and maintenance	5,183	27,761
Security	6,046	6,481
Sponsors	24,000	17,386
Staff training	54,083	7,487
Staff welfare	17,869	13,428
Subscriptions	24,807	37,086
Telephone and fax	297,383	195,253
Training room expenses	90,069	107,259
Travel - local	79,210	71,000
Travel - overseas	134,838	-
	28,734,227	**26,467,533**