The Insurance Institute of South Africa NPC

(Registration Number 1993/002172/08)
Annual Financial Statements
for the year ended 31 December 2020

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

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	T P Baloyi T C Mahlangu P G Todd N L Morwe D N De Vos A L Mhlanga A M Dias C N Molepe D H Matthee P Olyott (Appointed 27 July 2020) C Masondo (Appointed 12 November 2020) V Pearson (Resigned 13 November 2020)
Registered Office	Sandton Gate, 3rd floor 27 Minerva Avenue Glenadrienne Sandton 2196
Postal Address	PO Box 413264 Craighal 2024
Bankers	First National Bank
Tax Number	9294062840
Auditors	Nexia SAB & T 119 Witch-Hazel Avenue Highveld Technology Park Centurion
Published	6 April 2021

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Chief Executive Officer's Report

The year 2020 has proved that if we pull together we can do so much more. Following the declaration of the national disaster and the subsequent Lockdown, we had to reposition the strategic direction of the Institute to ensure that we remain relevant and sustainable to our members and the industry at large.

The key focus areas for 2020 were:

- implementation of the revised value proposition;
- improving the service offering;
- increase the membership base;
- elevate prestige in the profession; and
- delivering quality programs that enhance skills development and transformation of the industry.

Key highlights

Despite the challenging times we experienced we managed to achieve the following:

- 7% increase growth in membership base (3155 to 3373);
- 90% retention of our corporate partners;
- Delivered 75 online training sessions and reached over 3000 insurance practitioners;
- Successfully launched an e-Learning platform for ease of accessing CPD accredited training programs, conference videos, etc;
- Successfully delivered an Executive Management Development Programme; and
- Successfully delivered a second cohort of the Insurance Director Programme.

Growth in Membership

The table below indicates the membership movement for the past 4 years.

Member Type	Variance 2016/2017	Variance 2017/2018	Variance 2018/2019	Variance 2019/2020
Student	100%	119%	177%	14%
General	42%	69%	98%	12%
LIISA	15%	15%	16%	6%
AIISA	7%	3%	-3%	-1%
FIISA	7%	4%	10%	-8%
TOTAL	**14%**	**17%**	**29%**	**7%**

Income streams

The reposition of the strategy resulted in our top 5 income streams being: Corporate partners, membership, projects in skills development, learning and development (webinars), and interest from investments.

Income stream		Percentage
1	Corporate partners	25%
2	Membership	24%
3	Income from projects	24%
4	Learning and development	12%
5	Interest from investments	6%

Looking Ahead

Looking ahead into 2021, we are focusing on ensuring that the Institute is sustainable and relevant. This will be done through:
- Retention of Professional members & Corporate Partners;
- Collaborative relationships; and
- Alternative income streams.

COVID-19 has forced us to think innovatively in how we do business and engage with our members and the industry. We will therefore be hosting our premium well sort after insurance conference in August 2021, the conference will be unusual, however there is a need for us ro reconnect as an industry, a community and as a people.

Our aspiration is to capture 3% of insurance professionals to become members by 2025. We invite you to embark on this journey with us as we elevate the relevance of the insurance profession.

TC Mahlangu
Chief Executive Officer
Date: 02/07/2021

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 annual financial statements are prepared in accordance with International Financial Reporting Standards 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 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 annual financial statements set out on pages 14 to 29 which have been prepared on the going concern basis, were approved by the board of directors and were signed on 6 April 2021 on their behalf by:

Approval of Annual Financial Statements

T. P. Baloyi

T P Baloyi
Chairperson of the Board
Date: 02/07/2021

T C Mahlangu
Chief Executive Officer
Date: 02/07/2021

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 2020.

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 71 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. Events after reporting date

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

6. 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

7. Directors

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

Directors	Office	Designation	Changes
T P Baloyi	Chairperson	Non-Executive	Appointed, 28 August 2014
T C Mahlangu	Chief Executive Officer	Executive	Appointed, 01 July 2017
P G Todd		Non-Executive	Appointed, 07 May 2013
N L Morwe		Non-Executive	Appointed, 27 August 2013
D N De Vos		Non-Executive	Appointed, 25 March 2015
A L Mhlanga		Non-Executive	Appointed, 23 November 2016
A M Dias		Non-Executive	Appointed, 23 November 2016
C N Molepe		Non-Executive	Appointed, 10 July 2019
D H Matthee		Non-Executive	Appointed, 30 July 2019
P Olyott		Non-Executive	Appointed, 27 July 2020
C Masondo		Non-Executive	Appointed, 12 November 2020
V Pearson		Non-Executive	Resigned, 13 November 2020

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 2020 financial year.

10. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on Tuesday, 6 April 2021. 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 2020.

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 2020 financial year.

Name of member	31 Mar 2020	10 Jul 2020	22 Jul 2020	13 Oct 2020	30 Nov 2020
A L Mhlanga (Chairperson)	Present	Present	Present	Present	Present
T P Baloyi	Present	Present	Absent*	Resigned	Resigned
P G Todd	Present	Present	Present	Present	Present
D N De Vos	Not appointed	Not appointed	Not appointed	Present	Absent*

* 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:

- 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.

Report of the Audit, Risk, Investments and Governance Committee

Internal audit

The Committee is responsible for ensuring that the IISA's internal audit function is independent and has the necessary resources, standing and authority within the IISA to enable it to discharge its duties. Furthermore, the Committee oversees co-operation between the internal and external auditors, and serves as a link between the board of directors and these functions.

The IISA appointed Futshane Consultants as its internal auditors for the 2020 financial year. The internal auditor's review focused on membership management and risk management, where they shared their observations and recommendations to enhance the internal control environment.

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 27th of July 2020, 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. Accounting Practices and Internal financial controls

The Committee ensures that sound accounting practices and internal financial controls are in place by regularly reviewing and putting in place key policies and procedures. The following new policies were approved during the financial year:

- Anti-Fraud and Corruption Policy;
- Business Continuity Management Policy;
- Procurement Policy; and
- The Information and Communications Technology Policy.

8. 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:

Angela Mhlanga

Angela Mhlanga
Chairperson of the Audit, Risk, Investments and Governance Committee
6 April 2021

Nexia SAB&T
accountants | auditors | consultants

119 Witch-Hazel Avenue
Highveld Technopark
Centurion
P O Box 10512
Centurion
0046
T: +27 (0) 12 682 8800
F: +27 (0) 12 682 8801
www.nexia-sabt.co.za

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 2 to 29, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Insurance Institute of South Africa NPC as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards 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 2020", 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 International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Nexia SAB&T

Nexia SAB&T
A Ramasike
Director
Registered Auditor
02 July 2021

Nexia SAB&T

Statement of Profit and Loss and Other Comprehensive Income

Figures in R	Notes	2020	2019
Revenue	12	15 801 758	27 830 508
Direct Expenses	13	(1 242 645)	(10 681 060)
Gross surplus		**14 559 113**	**17 149 448**
Other operating income	14	359 808	482 633
Other operating expenses	15	(17 189 382)	(18 574 648)
Operating (deficit) / surplus	16	**(2 270 461)**	**(942 567)**
Finance income	17	1 148 464	1 918 583
(Deficit) / surplus for the year		**(1 121 997)**	**976 016**

Statement of Financial Position

Figures in R	Notes	2020	2019
Assets			
Non-current assets			
Property, plant and equipment	4	804 934	430 016
Intangible assets	5	482 583	471 757
		1 287 517	**901 773**
Current assets			
Trade and other receivables	6	3 673 366	5 595 045
Cash and cash equivalents	7	20 460 610	23 220 513
		24 133 976	**28 815 558**
Total assets		**25 421 493**	**29 717 331**
Equity and liabilities			
Equity			
Retained income		4 586 124	5 708 121
Reserves		14 965 246	14 965 246
		19 551 370	**20 673 367**
Liabilities			
Current liabilities			
Provisions	8	541 897	2 667 149
Trade and other payables	9	4 777 695	4 862 178
Deferred income	11	550 531	1 514 637
		5 870 123	**9 043 964**
Total equity and liabilities		**25 421 493**	**29 717 331**

Statement of Cash Flows

Figures in R	Notes	2020	2019
Cash flows from operating activities			
Net cash flows used in operations	22	(3 164 629)	(4 669 946)
Finance income		1 148 464	1 918 583
Total cash movement for the year		**(2 016 165)**	**(2 751 363)**
Cash flows used in investing activities			
Purchase of property, plant and equipment		(594 438)	(345 067)
Purchase of intangible assets		(149 300)	(342 478)
Cash flows used in investing activities		**(743 738)**	**(687 545)**
Net decrease in cash and cash equivalents		**(2 759 903)**	**(3 438 908)**
Cash and cash equivalents at beginning of the year		23 220 513	26 659 421
Cash and cash equivalents at end of the year	7	**20 460 610**	**23 220 513**

Statement of Changes in Equity

Figures in R	Contingency reserve	Retained income	Total Equity
Balance at 1 January 2019	11 094 960	8 602 391	19 697 351
Changes in equity			
Surplus for the year	-	976 016	976 016
Total comprehensive income for the year	-	976 016	976 016
Transfers from retained income	3 870 286	-	3 870 286
Transfers to contingency reserve	-	(3 870 286)	(3 870 286)
Balance at 31 December 2019	**14 965 246**	**5 708 121**	**20 673 367**
Balance at 1 January 2020 as previously reported	14 965 246	5 776 520	20 741 766
Increase (decrease) due to corrections of prior period errors	-	(68 399)	(68 399)
Balance at 1 January 2020 as restated	14 965 246	5 708 121	20 673 367
Changes in equity			
Deficit for the year	-	(1 121 997)	(1 121 997)
Total comprehensive income for the year	-	(1 121 997)	(1 121 997)
Balance at 31 December 2020 as restated	**14 965 246**	**4 586 124**	**19 551 370**

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 6 April 2021. 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	4 years
Fixtures and fittings	6 years
Computer equipment	3 years
Printing equipment	5 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 25 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 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

2.6 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.

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.

Accounting Policies

Critical accounting estimates and judgements continued...

Provisions

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

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.

Key sources of estimation uncertainty

Impairment of property, plant and equipment

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	2020	2019

4. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying Value	Cost	Accumulated depreciation	Carrying Value
Furniture and Fixures	64 506	(14 542)	49 964	310 941	(214 130)	96 811
Motor vehicles	218 706	(106 657)	112 049	218 706	(51 831)	166 875
Computer Equipment	328 454	(213 199)	115 255	256 051	(154 906)	101 145
Printing equipment	625 900	(599 955)	25 945	625 900	(560 715)	65 185
Leasehold improvements	518 777	(17 056)	501 721	-	-	-
Total	**1 756 343**	**(951 409)**	**804 934**	**1 411 598**	**(981 582)**	**430 016**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Furniture and Fixures	96 811	3 258	(50 105)	49 964
Motor vehicles	166 875	-	(54 826)	112 049
Computer Equipment	101 145	72 403	(58 293)	115 255
Printing equipment	65 185	-	(39 240)	25 945
Leasehold improvements	-	518 777	(17 056)	501 721
	430 016	**594 438**	**(219 520)**	**804 934**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
Furniture and Fixures	86 344	55 242	(44 775)	96 811
Motor vehicles	-	218 705	(51 830)	166 875
Computer Equipment	62 713	71 120	(32 688)	101 145
Printing equipment	104 317	-	(39 132)	65 185
	253 374	**345 067**	**(168 425)**	**430 016**

Furniture and fixtures with a total cost of R249 692 and accumulated depreciation of R249 692 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	2020	2019

5. Intangible assets

	2020			2019		
	Cost	Accumulated depreciation	Carrying Value	Cost	Accumulated depreciation	Carrying Value
Computer software	780 293	(297 710)	482 583	630 993	(159 236)	471 757
Total	**782 313**	**(297 710)**	**482 583**	**633 012**	**(159 236)**	**471 757**

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Depreciation	Total
Computer software	471 757	149 300	(138 474)	482 583
	471 757	**149 300**	**(138 474)**	**482 583**

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Depreciation	Total
Computer software	217 874	342 478	(88 595)	471 757
	217 874	**342 478**	**(88 595)**	**471 757**

6. Trade and other receivables

Trade and other receivables comprise:

	2020	2019
Trade receivables	5 669 963	7 551 059
Provision for bad debts	(2 304 887)	(2 039 516)
Trade receivables - net	3 365 076	5 511 543
Prepaid expenses	261 637	83 502
Other receivables	46 653	-
	3 673 366	5 595 045
Total trade and other receivables	**3 673 366**	**5 595 045**

7. Cash and cash equivalents

Cash and cash equivalents included in current assets:

	2020	2019
Cash		
Cash on hand	20 460 610	23 220 513

Notes to the Annual Financial Statements

Figures in R	2020	2019

8. Provisions

	Leave pay provision	Bonus provision	Compensation for loss of office	Total
Balance at 1 January 2020	**390 134**	**813 552**	**1 463 463**	**2 667 149**
Increase in existing provisions	151 763	-	-	151 763
Movement during the year	-	(813 552)	(1 463 463)	(2 277 015)
Balance at 31 December 2020	**541 897**	**-**	**-**	**541 897**
Balance at 1 January 2019	**347 306**	**-**	**-**	**347 306**
Increase in existing provisions	42 828	-	-	42 828
Movement during the year	-	813 552	1 463 463	2 277 015
Balance at 31 December 2019	**390 134**	**813 552**	**1 463 463**	**2 667 149**

9. Trade and other payables

Trade and other payables comprise:

	2020	2019
Trade payables	680 588	430 307
Income received in advance	82 566	675 306
Accrued lease payable	198 945	119 011
Debtors with credit balances	136 628	-
Bank balance	21 619	18 659
VAT	283 470	3 220 131
Other payables	3 138 460	186 326
Deposits received	17 567	17 218
Payroll liabilities	217 852	195 220
Total trade and other payables	**4 777 695**	**4 862 178**

10. Commitments

10.1 Operating leases - as lesee (expense)

	2020	2019
Not later than one year	1 214 781	865 064
Later than one year and not later than five years	6 027 831	-
	7 242 612	**865 064**

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.

10.2 Operating leases - as lessor (income)

	2020	2019
Not later than one year	183 931	277 800
Later than one year and not later than five years	26 454	130 310
	210 385	**408 110**

Certain of IISA's office space generates rental income. The average lease agreement term is 5 years with an 8% annual escaltion.

Notes to the Annual Financial Statements

Figures in R	2020	2019

11. Deferred income

Deferred income comprise:

	2020	2019
Insurance skills development fund	340 988	1 140 094
Leadership and skills development fund	209 543	374 543
	550 531	**1 514 637**

Reconciliation of deferred income - 2020	**Opening balance**	**Movement**	**Closing balance**
Insurance skills development fund	1 140 094	(799 106)	340 988
Leadership and skills development fund	374 543	(165 000)	209 543
	1 514 637	**(964 106)**	**550 531**

Reconciliation of deferred income - 2019	**Opening balance**	**Movement**	**Closing balance**
Insurance skills development fund	679 745	460 349	1 140 094
Leadership and skills development fund	-	374 543	374 543
	679 745	**834 892**	**1 514 637**

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.

12. Revenue

Revenue comprises:

	2020	2019
Sale of goods	568 968	783 879
Rendering of services	15 232 790	27 046 629
Total revenue	**15 801 758**	**27 830 508**

13. Direct expenses

Direct expenses comprise:

	2020	2019
Rendering of services	1 242 645	10 681 060

14. Other income

Other income comprises:

	2020	2019
Other income	44 919	-
Bad debts recovered	15 154	180 369
Rent received	299 735	302 264
Total other income	**359 808**	**482 633**

Notes to the Annual Financial Statements

Figures in R	2020	2019

15. Other expenses

Other expenses comprise:

Advertising	634 729	769 586
Amortisation	138 474	88 595
Auditors remuneration - external and internal audits	273 628	175 751
Bad debts	862 837	2 039 516
Bank charges	62 706	79 794
Compensation for loss of office	158 507	1 463 463
Computer expenses	663 707	784 337
Consulting and professional fees	558 240	830 154
Depreciation	219 519	168 425
Employee benefit expenses	10 680 768	9 707 369
Entertainment	6 060	23 298
Expenditure on local institutes	13 997	89 913
Fines and penalties	482 261	-
Insurance	192 440	188 598
Lease rentals on operating lease	986 987	895 263
Motor vehicle expense	1 148	6 539
Municipal charges	336 433	350 977
Other expenses	355 429	-
Postage	40 467	64 148
Printing and stationery	122 159	198 533
Property related expenses	23 558	66 962
Repairs and maintenance	55 548	58 114
Telephone and fax	223 707	182 188
Transport	86 014	-
Travel - Local	10 059	343 125
Total other expenses	**17 189 382**	**18 574 648**

16. Operating (deficit) / surplus

Operating surplus/(deficit) for the year is stated after charging (crediting) the following, amongst others:

Auditors Remuneration - internal and exertnal		
Audit fees	273 628	175 751
Employee Costs		
Salaries, wages, bonuses and other benefits	10 700 730	9 707 369
Leases		
Operating lease rental expense	986 987	895 263
Depreciation		
Depreciation of property plant and equipment	219 519	168 425
Amortisation		
Amortisation of intangible assets	138 474	88 595

Figures in R	2020	2019

17. Finance income

Finance income comprises:

	2020	2019
Investment income	1 148 464	1 918 583

18. Employee costs

Employee costs comprise:	2020	2019
Basic	6 750 367	5 834 486
Bonus*	248 041	813 552
SARS payroll expenses	2 571 236	2 106 496
Other payroll benefits	959 361	910 007
Leave pay provision	151 763	42 828
Total salaries	**10 680 768**	**9 707 369**

*It should be noted that in the 2020 financial year no bonuses were declared. The amount of R248 041 represents an under provision made in relation to the 2019 bonus.

Directors' remuneration

Executive

2020

	Emoluments	Annual bonus	Total
TC Mahlangu	2 544 082	241 287	2 785 369
	2 544 082	**241 287**	**2 785 369**

2019

TC Mahlangu	2 398 728	601 690	3 000 418
	2 398 728	**601 690**	**3 000 418**

19. Related parties

Relationships

Members of key management	T C Mahlangu
Directors	T P Baloyi P G Todd N L Morwe D N De Vos A L Mhlanga A M Dias C N Molepe D H Matthee P Olyott C Masondo V Pearson

Notes to the Annual Financial Statements

Figures in R	2020	2019
Related parties continued...		
Compensation paid to directors and key management personnel		
Short-term employee benefits	**2 785 369**	**3 000 418**

20. Events after the reporting date

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

21. 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.

22. Cash (used in)/ generated from operations

	2020	2019
Deficit / (surplus) for the year	**(1 121 997)**	**976 016**
Adjustments for:		
Finance income	(1 148 464)	(1 918 583)
Depreciation and amortisation expense	357 993	257 020
Bad debts	862 837	-
Movement in reserves	-	85 397
Other adjustments	-	68 398
Change in operating assets and liabilities:		
Adjustments for decrease / (increase) in trade accounts receivable	1 283 630	(5 535 044)
Adjustment for decrease in receivables	(224 788)	-
Adjustments for increase in trade accounts payable	250 282	-
Adjustments for decrease in other operating payables	(334 764)	(1 757 885)
Adjustments for (decrease) / increase in deferred income	(964 106)	834 892
Adjustments for provisions	(2 125 252)	2 319 843
Net cash flows from operations	**(3 164 629)**	**(4 669 946)**

23. 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)(cN) of the Income Tax Act No. 58 of 1962.

24. 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 400 000. 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 2020.

25. 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 & 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 & 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 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 Statement of Profit or Loss and Other Comprehensive Income

Figures in R	Notes	2020	2019
Revenue	12		
Africa strategy		-	286 200
BAC services		1 069 963	1 373 476
Book sales		569 187	778 512
Conference revenue		(427 152)	11 720 634
Corporate partners		4 557 742	3 181 052
CPD Development		389 926	547 358
Foreign income		9 392	54 447
Leadership and skills development		3 064 811	5 078 227
Learning and development		2 273 623	992 090
Membership		4 294 485	3 813 145
Training services		(219)	5 367
		15 801 758	**27 830 508**
Direct Expenses	13		
Rendering of services		(1 242 645)	(10 681 060)
Gross surplus		**14 559 113**	**17 149 448**
Other income	14		
Bad debts recovered		15 154	180 369
Other income		44 919	-
Rent received		299 735	302 264
		359 808	**482 633**

Detailed Statement of Profit or Loss and Other Comprehensive Income

Figures in R	Notes	2020	2019
Other expenses	15		
Advertising		(634 729)	(769 586)
Amortisation		(138 474)	(88 595)
Auditors remuneration - external and internal audits		(273 628)	(175 751)
Bad debts		(862 837)	(2 039 516)
Bank charges		(62 706)	(79 794)
Compensation for loss of office		(158 507)	(1 463 463)
Computer expenses		(663 707)	(784 337)
Consulting and professional fees		(558 240)	(830 154)
Depreciation		(219 519)	(168 425)
Employee costs		(10 680 768)	(9 707 369)
Entertainment		(6 060)	(23 298)
Expenditure on local institutes		(13 997)	(89 913)
Fines and penalties		(482 261)	-
Insurance		(192 440)	(188 598)
Lease rentals on operating lease		(986 987)	(895 263)
Motor vehicle expense		(1 148)	(6 539)
Municipal expenses		(336 433)	(350 977)
Office expenses		(23 558)	(66 962)
Other expenses		(355 429)	-
Postage		(40 467)	(64 148)
Printing and stationery		(122 159)	(198 533)
Repairs and maintenance		(55 548)	(58 114)
Telephone and fax		(223 707)	(182 188)
Transport		(86 014)	-
Travel - Local		(10 059)	(343 125)
		(17 189 382)	**(18 574 648)**
Deficit from operating activities	16	**(2 270 461)**	**(942 567)**
Finance income	17		
Investment income		1 148 464	1 918 583
(Deficit) / surplus for the year		**(1 121 997)**	**976 016**