The Insurance Institute of South Africa NPC
(Registration number 1993/002172/08)
Trading as IISA
Financial statements
for the year ended 31 December 2018

These financial statements were prepared by:
Justin Kettle CA(SA)
Kettle Advisory Services Inc.
Chartered Accountants (SA)

These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Published 08 July 2019

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 Philip Baloyi Brian Cyril Benfield George Walter Bishop Daryl Neville De Vos Aida Maria Dias 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
Bankers	First National Bank
Auditors	Balushi Incorporated Chartered Accountants (SA) Registered Auditors 1185 Park Street Park Field Court,Building 8 Hatfield 0183
Secretary	Wide Range Consultants Proprietary Limited
Legal advisors	Patelia Attorneys
Company registration number	1993/002172/08
Tax reference number	9294062840
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

General Information

Preparer	The financial statements were independently compiled by: Justin Kettle CA(SA) Kettle Advisory Services Inc. Chartered Accountants (SA)
Published	08 July 2019

The Insurance Institute of South Africa NPC
(Registration number 1993/002172/08)
Trading as IISA
Financial Statements for the year ended 31 December 2018

Contents

Level of assurance

These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Preparer

Kettle Advisory Services Inc.
Chartered Accountants (SA)
Justin Kettle CA(SA)

Published

08 July 2019

Audit, Risk and Governance Committee Report

1. Members of the Audit, Risk and Governance Committee

The members of the audit, Risk and Governance committee are all independent non-executive directors of the IISA and include:

Name	Qualification
A Mhlanga	CA (SA)
T Baloyi	N.Dip (Cost & Man Acc), MBA
Dr G Sandrock	MCom, Doctor of Commerce
W Abraham	CA (SA)

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act 71 of 2008 and Regulation 42 of the Companies Regulation, 2011.

2. Meetings held by the Audit, Risk and Governance Committee

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 2018.

Audit, Risk and Goverance Committee

Attendance Register

Member	15 Mar 2018	18 Jun 2018	18 Sep 2018	20 Nov 2018
A Mhlanga (Chairman)	✓	✓	✓	✓
G Sandrock	✓	X	✓	✓
T Baloyi	✓	✓	✓	✓
W Abraham	✓	X	✓	X

3. Responsibilities of the Audit, Risk and Governance Committee

Below are the key responsibilities of the committee as, detailed explanations of the responsibilities are contained in the approved Audit. Risk and Governance Committee Charter.

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

4. Objectives of the Audit, Risk and Governance Committee

- Oversight over the IISA's governance, internal control and risk management processes;
- Enhances 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;
- 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; and
- Provide the Internal Audit function with the status and level of independence it requires to effectively perform its responsibilities, as the Internal Audit function reports functionally to the audit committee

5. External Auditor

At the Special Annual General Meeting held on 31st of July 2018, Balushi Incorporated were 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 audit, risk and governance 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.

6. Financial Statements

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

7. Accounting Practices and Internal Control

The audit, risk and governance committee was founded during 2018. Key achievements recorded to date were the development of the Enterprise Risk Management policy, the drafting and approval of the Delegation of Authority document, and lastly but not least the improvement of the accounting reporting and governance structures.

8. Internal Assurance & Risk Management

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

9. Annual Financial Statements

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

10. 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 audit committee

AMhlanga

Angela Mhlanga
Chairman Audit, Risk &
Governance Committee

Chief Executive Officer's Report

1. Growth in professional membership

We embarked on various campaigns to attract new members. This has yielded an increase of 16.85% in membership.

2. Learning and development

We hosted various training sessions on topics of interest through our Learning Centre, we also hosted nationwide forums and reached a total of one thousand and sixteen (1616) insurance professionals across the country (947 reached in 2017), resulting in a 70% increase.

3. Annual conference

The annual insurance conference continues to be one of our major revenue streams. In the year 2018, we attracted 1200 delegates from over 20 countries. The theme of the conference was "Exploring new frontiers". We generated R19.2m compared to R18.5 in the previous year with a net income of R4.2m in 2017 and R4.5m in 2018. The conference income is generated from Sponsorship, Registration and Exhibition fees.

4. Launch of the member portal

With the increase in membership applications and the need for improved Continuing Professional Development (CPD) recording and reporting by members and non-members, we implemented an easy to use online membership system. The membership portal was launched an simplified the membership application and it has brought ease in membership and CPD administration.

5. Refreshed website

The website was revamped and relaunched in March 2018. The new website is developed according to RWD (Responsive Web Design), which is an approach of designing websites to allow for an optimal viewing experience, navigation and accessibility on a wide range of devices i.e. mobile, desktop. There has been an increase in new and returning visitors on the website since the launch, which resulted in 45,357 website sessions generated by 26,538 visitors.

6. Looking ahead

In 2019, we will be focusing on ensuring that the Institute is relevant to the industry, elevating the relevance of the insurance profession, increasing the membership base, delivering relevant CPD activities and improve CPD reporting.

TC Mahlangu
Chief Executive Officer

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the IISA 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 International Financial Reporting Standards for Small and Medium- Size Entities. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-Size 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 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 IISA's cash flow forecast for the year to 31 December 2019 and, in light of this review and the current financial position, they are satisfied that the IISA has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the IISA's financial statements. The financial statements have been examined by the IISA's external auditor and their report is presented on pages 11 to 13.

The financial statements set out on pages 14 to 33, which have been prepared on the going concern basis, were approved by the board of directors on 08 July 2019 and were signed on their behalf by:

Approval of financial statements

Thokozile Constance Mahlangu	**Daryl Neville De Vos**
Chief Executive Officer	**Chairman of the Board**

Directors' Report

The directors have pleasure in submitting their report on the financial statements of The Insurance Institute of South Africa NPC for the year ended 31 December 2018.

1. Incorporation

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

2. 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 IISA or not.

3. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities and the requirements of the Companies Act 71 of 2008. 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. 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

5. Directorate

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

Directors	Office	Designation	Changes
Thokozile Constance Mahlangu	Chief Executive Officer	Executive	Appointed Thursday, 28 September 2017
Wayne Alan Abraham		Non-executive	Appointed Tuesday, 15 April 2014
Thembalihle Philip Baloyi		Non-executive	Appointed Thursday, 28 August 2014
Brian Cyril Benfield		Non-executive	Appointed Monday, 01 January 2007
George Walter Bishop		Non-executive	Appointed Monday, 01 January 2007
Daryl Neville De Vos		Non-executive	Appointed Tuesday, 25 March 2015
Aida Maria Dias		Non-executive	Appointed Wednesday, 23 November 2016
Angela Lesiba Mhlanga		Non-executive	Appointed Friday, 23 December 2016
Noololwane Leeu Morwe		Non-executive	Appointed Tuesday, 27 August 2013
Viviene Pearson		Non-executive	Appointed Thursday, 28 September 2017
Gerrit Johann Sandrock		Non-executive	Appointed Saturday, 13 May 1995
Peter Geoffrey Todd		Non-executive	Appointed Tuesday, 07 May 2013
Ye Delphine Maidou		Non-executive	Resigned Thursday, 03 May 2018

6. 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.

7. 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.

8. Going concern

The directors believe that the IISA has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the IISA 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 IISA. 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 IISA.

9. Auditors

Balushi Incorporated was appointed as auditors for the IISA for 2018, with Mr.R.E Hlakudi as the lead engagement partner.

10. Secretary

The IISA secretary is Wide Range Consultants Proprietary Limited.

Directors' Report

11. Date of authorisation for issue of financial statements

The financial statements have been authorised for issue by the directors on Monday, 08 July 2019. No authority was given to anyone to amend the financial statements after the date of issue.

12. Acknowledgements

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

1105 Park Street
Parkfield Court, Unit 8
Hatfield
Pretoria
0083

Tel: 012 362 0370
Cell: 084 519 5740
Email: edward@balushi-accountants.co.za,
Website: www.balushi-accountants.co.za

BALUSHI CHARTERED ACCOUNTANTS INC Registration Number: K2011/113602/21

Independent Auditor's Report

To the members 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 14 to 31, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Insurance Institute of South Africa NPC, 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 , 2008 (Act No.71 of 2008).

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 Insurance Institute of South Africa in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities, and the requirements of the Companies Act, 2008 (Act No.71 of 2008) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing organisation '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 organisation or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the organisation's financial reporting process.

1105 Park Street
Parkfield Court, Unit 8
Hatfield
Pretoria
0083

Tel: 012 362 0370
Cell: 084 519 5740
Emaill: edward@balushi-accountants.co.za,
Website: www.balushi-accountants.co.za

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 misstatements 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, misrepresentation, 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 organisation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 organisation's ability 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.

We also provide the directors with a statement that we have compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be brought to bear on our independence, and where applicable, related safeguards.

MR RAMPHELANE.E.HLAKUDI
B.Compt, B.Compt Hons (CTA), Mcom (UP), MDP BBBEE (UNISA) CA (SA)

DIRECTOR
BALUSHI Inc.
CHARTERED ACCOUNTANTS (SA)
REGISTERED AUDITORS

Balushi inc
CHARTERED ACCOUNTANTS

1105 Park Street
Parkfield Court, Unit 8
Hatfield
Pretoria
0083

Tel: 012 362 0370
Cell: 084 519 5740
Emaill: edward@balushi-accountants.co.za,
Website: www.balushi-accountants.co.za

BALUSHI CHARTERED ACCOUNTANTS INC Registration Number: K2011/113692/21

Other Information

The directors are responsible for the other information. The other information comprises the General Information, the Directors' Responsibilities and Approval, Audit and Risk Committee Report, Chief Executive Officer's Report and the Directors' Report. 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 audit work 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.

Balushi Incorporated

Per R.E Hlakudi

Chartered Accountant (S.A)
Registered Auditor
Pretoria
Pactice Number 903960

12 July 2019

Statement of Financial Position as at 31 December 2018

	Note(s)	2018 R	2017 R
Assets			
Non-Current Assets			
Property, plant and equipment	3	471 248	397 266
Current Assets			
Trade and other receivables	4	60 000	545 524
Cash and cash equivalents	5	26 659 421	24 424 953
		26 719 421	**24 970 477**
Total Assets		**27 190 669**	**25 367 743**
Equity and Liabilities			
Equity			
Reserves		11 094 960	12 065 000
Retained income		8 714 739	5 274 324
		19 809 699	**17 339 324**
Liabilities			
Current Liabilities			
Trade and other payables	7	6 689 323	8 028 419
Skills development fund	6	679 745	-
Bank- Credit card	5	11 902	-
		7 380 970	**8 028 419**
Total Equity and Liabilities		**27 190 669**	**25 367 743**

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2018 R	2017 R
Revenue	8	29 733 899	30 098 929
Cost of sales	9	(15 239 451)	(14 855 856)
Gross surplus		**14 494 448**	**15 243 073**
Other operating income	10	322 645	179 781
Deficit on disposal of asset		(7 069)	-
Other operating expenses		(13 229 562)	(14 475 018)
Operating surplus	11	**1 580 462**	**947 836**
Finance income	14	1 902 336	1 995 651
Finance costs	15	(42 384)	-
Surplus for the year		**3 440 414**	**2 943 487**
Total comprehensive income for the year		**3 440 414**	**2 943 487**

The Insurance Institute of South Africa

(Registration number 1993/002172/08)
Trading as IISA
Annual Financial Statements for the year ended 31 December 2018

Statement of Changes in Equity as at 31 December 2018

Figures in Rand	Notes	Long Term Contract Benefit Reserve	Staff Reserve	CPD Development Reserve	Conference Reserve	Restructuring Reserve	Material Update Reserve	Printer Replacement Reserve	Contingency Reserve	Total Reserves	Retained Income	Total Equity
Balance as at 1 January 2016		1,000,000.00	250,000.00	250,000.00	1,300,000.00		700,000.00	542,500.00		4,042,500.00	12,598,145.00	16,640,645.00
Prior Period Error	22										(1,456,659.04)	(1,456,659.04)
Balance as at 1 January 2016- Restated		1,000,000.00	250,000.00	250,000.00	1,300,000.00	-	700,000.00	542,500.00	-	4,042,500.00	11,141,485.96	15,183,985.96
Surplus for the year											3,060,909.00	3,060,909.00
Movement for the year		(500,000.00)			700,000.00	2,000,000.00		30,097.00	5,000,000.00	7,230,097.00	(7,700,000.00)	(469,903.00)
Total Comprehensive Income for the Year		(500,000.00)	-	-	700,000.00	2,000,000.00	-	30,097.00	5,000,000.00	7,230,097.00	6,502,394.96	2,591,006.00
Balance as at 1 January 2017-Restated		500,000.00	250,000.00	250,000.00	2,000,000.00	2,000,000.00	700,000.00	572,597.00	5,000,000.00	11,272,597.00	6,502,394.96	19,231,651.00
Prior Period Error	22										(1,521,559.96)	(1,521,559.96)
Balance as at 1 January 2017- Restated		500,000.00	250,000.00	250,000.00	2,000,000.00	2,000,000.00	700,000.00	572,597.00	5,000,000.00	11,272,597.00	4,980,835.00	16,253,432.00
Surplus for the year											2,943,489.00	2,943,489.00
Movement for the year		(500,000.00)	2,650,000.00			(1,501,000.00)		143,403.00		792,403.00	(2,650,000.00)	(1,857,597.00)
Total Comprehensive Income for the Year		(500,000.00)	2,650,000.00	-	-	(1,501,000.00)	-	143,403.00	-	792,403.00	293,489.00	1,085,892.00
Balance as at 1 January 2018		-	2,900,000.00	250,000.00	2,000,000.00	499,000.00	700,000.00	716,000.00	5,000,000.00	12,065,000.00	5,274,324.00	20,317,543.00
Surplus for the year											3,440,415.00	3,440,415.00
Reclassification adjustments			(2,900,000.00)	(250,000.00)	(2,000,000.00)	(499,000.00)	(700,000.00)	(716,000.00)	6,094,960.00	(970,040.00)		(970,040.00)
Total Comprehensive Income for the Year		-	(2,900,000.00)	(250,000.00)	(2,000,000.00)	(499,000.00)	(700,000.00)	(716,000.00)	6,094,960.00	(970,040.00)	3,440,415.00	2,470,375.00
Balance as at 31 December 2018		-	-	-	-	-	-	-	11,094,960.00	11,094,960.00	8,714,739.00	22,787,918.00

Statement of Cash Flows

	Note(s)	2018 R	2017 R
Cash flows from operating activities			
Cash generated from/(used in) operations	17	690 987	(3 044 264)
Finance income		1 902 336	1 995 651
Finance costs		(42 384)	-
Net cash from operating activities		**2 550 939**	**(1 048 613)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(337 069)	(36 850)
Proceeds from disposal of assets	3	8 696	-
Net cash from investing activities		**(328 373)**	**(36 850)**
Total cash movement for the year		**2 222 566**	**(1 085 463)**
Cash at the beginning of the year		24 424 953	25 510 416
Total cash at end of the year	5	**26 647 519**	**24 424 953**

Accounting Policies

1. Significant accounting policies

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

1.1 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 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 11 July 2019.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of 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 financial assets

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.

Provisions

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

Accounting Policies

1.3 Property, plant and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that 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

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. Leased assets under financial lease are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

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

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.
The depreciation charge for each period is recognised in surplus or deficit, unless it is included in the carrying amount of another asset.

A register containing the information registered by the Companies Act No. 71 of 2008 is available for inspection at the registered office of the IISA.

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year.

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

Accounting Policies

1.4 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.

At initial recognition, IISA measures a financial asset or financial liabilty at its fair value plus or minus, the case of an financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquistion or issue of the financial asset or financial liability.

For financial instruments which are not at fair value through profit or loss, transaction costs are included are included in the initial measurement of the instruments

Trade and other receivables

Recognition and measurement

Trade and other receivables are recognised when the IISA becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other payables

Recognition and measurement

They are recognised when the IISA becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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 (note 15).

Trade and other payables expose the IISA to liquidity risk and possibly to interest rate risk. Refer to note 22 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Accounting Policies

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases 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 – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

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

1.6 Impairment of assets

IISA assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If such indication exists, IISA estimates the recoverable amount of the asset.

1.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Accounting Policies

1.9 Provisions and contingencies

Provisions are recognised when:

- the IISA has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

Notes to the Financial Statements

	2018	2017
	R	R

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The IISA has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the IISA's accounting periods beginning on or after 01 January 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected Impact:
• IFRS 16 Leases	01 January 2019	Unlikely there will be a material impact

IFRS 16 specifies how an IFRS reporter will recognise, measure,present and disclose leases.The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance with IFRS16's approach to lessor accounting is substantially unchanged from it's predecessor, IAS1.

3. Property, plant and equipment

	2018			2017		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	255 699	(169 355)	86 344	249 692	(127 035)	122 657
Motor vehicles	52 551	(52 551)	-	52 551	(36 786)	15 765
IT equipment	180 682	(122 219)	58 463	117 385	(88 039)	29 346
Computer software	292 765	(70 641)	222 124	25 000	(24 999)	1
Printing equipment	625 900	(521 583)	104 317	625 900	(396 403)	229 497
Total	**1 407 597**	**(936 349)**	**471 248**	**1 070 528**	**(673 262)**	**397 266**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	122 657	6 007	-	(42 320)	86 344
Motor vehicles	15 765	-	(15 765)	-	-
IT equipment	29 346	63 297	-	(34 180)	58 463
Computer software	1	267 765	-	(45 642)	222 124
Printing equipment	229 497	-	-	(125 180)	104 317
	397 266	**337 069**	**(15 765)**	**(247 322)**	**471 248**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Total
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**

Notes to the Financial Statements

	2018 R	2017 R

3. Property, plant and equipment (continued)

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

4. Trade and other receivables

	2018 R	2017 R
Financial instruments:		
Membership fees receivables	621 278	257 857
Provision for bad debts	(621 278)	(257 857)
Other receivable	-	269 864
Prepayments	60 000	275 660
Total trade and other receivables	**60 000**	**545 524**

Split between non-current and current portions

	2018 R	2017 R
Current assets	60 000	545 524

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

	2018 R	2017 R
At amortised cost	60 000	545 524

Aging of trade and other receivables	120 Days	90 Days	60 Days	30 Days	Total
	621 278	-	-	-	621 278

No trade and other receivables were pledged as security.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

	2018 R	2017 R
Cash on hand	304	1 662
Bank balances	26 659 117	24 423 291
	26 659 421	**24 424 953**
Current assets	26 659 421	24 424 953
Current liabilities	(11 902)	-
	26 647 519	**24 424 953**

Notes to the Financial Statements

	2018 R	2017 R

6. Skills development sponsorship

Reconciliation of skills development sponsorship - 2018

	Opening balance	Additions	Total
Skill development sponsorship	-	679 745	679 745

The 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 accommodation and refreshments.

7. Trade and other payables

	2018 R	2017 R
Financial instruments:		
Trade payables	185 264	-
Deposits received	16 659	9 135
Leave pay accrual	347 306	426 027
Other accrued expenses	-	214 005
Other payables	137 070	89 304
Payroll liabilities	767 872	1 001 325
Non-financial instruments:		
Amounts received in advance	2 047 698	3 277 587
VAT	3 187 454	3 011 036
	6 689 323	**8 028 419**

8. Revenue

	2018 R	2017 R
Revenue from contracts with customers		
BAC services	843 877	300 305
Book sales	1 492 853	1 748 737
CPD development	486 545	336 923
Conference revenue	19 240 626	18 800 735
Corporate partners	3 577 554	3 739 744
Royalty income (once off royalty received)	-	1 461 505
Learning and development	880 829	711 757
Membership	3 147 232	2 953 089
	29 669 516	**30 052 795**
Revenue other than from contracts with customers		
Foreign income	47 306	29 192
FAIS	-	439
Training services	17 077	16 503
	64 383	**46 134**
	29 733 899	**30 098 929**

Notes to the Annual Financial Statements

	2018 R	2017 R
9. Cost of sales		
Rendering services		
Services rendered		
BAC services	12,564	25,580
Conference expenses	14,858,052	14,526,641
Examinations	158,988	62,055
Learning and development	209,847	238,237
Membership expenses	-	3,343
	15,239,451	**14,855,856**
10. Other operating income		
Rental income	258,281	179,781
Other income	64,364	-
	322,645	**179,781**

11. Operating surplus (deficit)

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

	2018 R	2017 R
Auditor's remuneration - external		
Audit fees	119,478	87,213
Remuneration, other than to employees		
Consulting and professional services	81,143	-
Employee costs		
Salaries, wages, bonuses and other benefits	8,535,358	11,091,703
Leases		
Operating lease charges		
Premises	1,293,405	1,099,697
Depreciation and amortisation		
Depreciation of property, plant and equipment	247,322	159,595

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

	2018 R	2017 R
Depreciation, amortisation and impairment	247,322	159,595
Employee costs	8,535,358	11,091,703
Operating lease charges	1,293,405	1,099,697
Other expenses	3,153,477	2,124,023
Services rendered	15,239,451	14,855,856
	28,469,013	**29,330,874**

Notes to the Financial Statements

	2018 R	2017 R

11. Operating surplus (deficit) (continued)

Depreciation, amortisation and impairment	247 322	159 595
Employee costs	8 535 358	11 091 703
Operating lease charges	1 293 405	1 099 697
Other expenses	3 153 477	2 124 023
Services rendered	15 239 451	14 855 856
	28 469 013	**29 330 874**

12. Employee costs

Employee costs		
Basic	5 901 073	7 251 554
Leave pay provision	71 687	-
Other payroll levies	261 958	-
UIF	2 300 640	3 840 149
	8 535 358	**11 091 703**

13. Depreciation, amortisation and impairment losses

Depreciation		
Property, plant and equipment	247 322	159 595

14. Investment income

Interest income		
Investments in financial assets:		
Bank and other cash	1 902 336	1 995 651

15. Finance costs

Interest on outstanding VAT	42 384	-
Total finance costs	**42 384**	**-**

16. 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.

Notes to the Annual Financial Statements

	2018 R	2017 R
17. Cash generated from/(used in) operations		
Surplus before taxation	3,440,414	2,943,487
Adjustments for:		
Depreciation and amortisation	247,322	159,595
Deficit on disposal of PPE	7,069	-
Finance income	(1,902,336)	(1,995,651)
Finance costs	42,384	-
Movements in skill development sponsorship	679,745	-
Movement in reserves	(970,039)	(1,857,597)
Changes in working capital:		
Trade and other receivables	485,524	(593,381)
Trade and other payables	(1,339,096)	(1,700,717)
	690,987	**(3,044,264)**

Notes to the Financial Statements

	2018 R	2017 R

18. Commitments

Operating leases – as lessee (expense)

	2018 R	2017 R
Minimum lease payments due		
- within one year	826 691	901 850
- in second to fifth year inclusive	4 030 310	2 025 915
	4 857 001	**2 927 765**

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

Operating leases – as lessor (income)

	2018 R	2017 R
Minimum lease payments due		
- within one year	290 215	186 273
- in second to fifth year inclusive	408 111	407 533
	698 326	**593 806**

Certain of the IISA's excess office space generates rental income. The average lease agreement term is 5 years with a 8% annual escalation. There are no contingent rents receivable.

19. Related parties

Relationships	
Members of key management	Thokozile Constance Mahlangu
Directors (Non-executive directors)	Wayne Alan Abraham Thembalihle Philip Baloyi Brian Cyril Benfield George Walter Bishop Daryl Neville De Vos Aida Maria Dias Angela Lesiba Mhlanga Noololwane Leeu Morwe Viviene Pearson Gerrit Johann Sandrock Peter Geoffrey Todd

	2018 R	2017 R
Compensation to directors and other key management		
Short-term employee benefits	2 653 152	2 220 758

Notes to the Financial Statements

	2018 R	2017 R

20. Directors' remuneration

Executive

2018

	Emoluments	Annual bonus	Total
Thokozile Constance Mahlangu	2 120 000	533 152	2 653 152

2017

	Emoluments	Contract termination	Total
Thokozile Constance Mahlangu	1 427 823	792 935	2 220 758

21. Prior period errors

The IISA did not correctly account for VAT on membership fees, textbook sales, administration fees for services provided to foreign educational institutions and for local royalties received. This was mainly a result of not changing the accounting for the VAT to align with the organizational change when the IISA changed from being registered as an educational to a non-educational institution, post 2006.

The correction of the error(s) had the following impact:

	2018	2017
Statement of Financial Position		
Increase in VAT liability	461 856	2 720 361
Decrease in opening retained earnings	-	(712 792)
Profit or Loss		
Increase in interest expense (interest on outstanding VAT)	42 834	-

The IISA had been recognizing revenue on a cash basis and not on an accrual basis and as a result no debtor balances were recorded, consequently not providing for bad debts. This has been corrected retrospectively.
The corection of the error(s) had the following impact:

	2018	2017
Statement of Financial Position		
Decrease in Trade and Other Receivables	(621 278)	(257 857)

Notes to the Financial Statements

	2018	2017
	R	R

22. Financial instruments and risk management

Financial risk management

Overview

The 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 & governance committee.

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

Detailed Income Statement

	Note(s)	2018 R	2017 R
Revenue			
BAC services		843 877	300 305
Book sales		1 492 853	1 748 737
CPD development		486 545	336 923
Conference revenue		19 240 626	18 800 735
Corporate partners		3 577 554	3 739 744
FAIS		-	439
Learning and development		880 829	711 757
Membership		3 147 232	2 953 089
Foreign income		47 306	29 192
Training services		17 077	16 503
Royalty income		-	1 461 505
	8	**29 733 899**	**30 098 929**
Cost of sales			
Rendering of services	9	(15 239 451)	(14 855 856)
Gross surplus		**14 494 448**	**15 243 073**
Other operating income			
Rental income		258 281	179 781
Other income		64 364	-
	10	**322 645**	**179 781**
Other operating surplus (deficit)			
Deficit on disposal of property,plant and equipment		(7 069)	-
Expenses (Refer to page 33)		**(13 229 562)**	**(14 475 018)**
Operating surplus	11	**1 580 462**	**947 836**
Investment income	14	1 902 336	1 995 651
Finance costs	15	(42 384)	-
Surplus for the year		**3 440 414**	**2 943 487**

Detailed Income Statement

	Note(s)	2018 R	2017 R
Other operating expenses			
Advertising		(644 180)	(9 958)
Auditors remuneration - external auditors	11	(119 478)	(87 213)
Bad debts		(363 421)	-
Bank charges		(89 244)	(118 015)
Computer expenses		(468 253)	(498 668)
Consulting and professional fees - accounting		(81 143)	-
Contractors		-	(28 000)
Depreciation		(247 322)	(159 595)
Donations		(1 000)	-
Employee costs		(8 535 358)	(11 091 703)
Entertainment		(441)	(11 736)
Expenditure on local institutes		(23 487)	(30 030)
IT expenses		-	(2 763)
Insurance		(55 060)	(90 335)
Lease rentals on operating lease		(1 293 405)	(1 099 697)
Motor vehicle expenses		(19 451)	(16 313)
Office expenses		(56 125)	(72 551)
Other expenses		(419 472)	-
Postage		(89 696)	(105 547)
Printing and stationery		(169 712)	(453 909)
Repairs and maintenance		(28 946)	(11 229)
Sponsors		-	(24 000)
Staff welfare		-	(52 325)
Telephone and fax		(277 363)	(297 383)
Travel - local		(247 005)	(214 048)
		(13 229 562)	**(14 475 018)**