WATER INSTITUTE OF SOUTHERN AFRICA (NON PROFIT COMPANY)

(Registration Number 2000/001140/08)
Annual Financial Statements
for the year ended 31 December 2018

Water Institute of Southern Africa

Audited Financial Statements

in compliance with Companies Act 71 of 2008

Prepared: DNM Consulting (Pty) Ltd

Index

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

General Information

Country of Incorporation and Domicile	South Africa
Nature of Business and Principal Activities	Professional Body
Directors	J Burgess V Naidoo-Pather A Wurster D Taylor N Hanke-Louw G Walters N Eldidy J Vorster N Van Binsbergen L Goldman
Registered Office	1st Floor Building No. 5 Constantia Park 546 16th Road Randjes Park X7, Midrand 1685
Bankers	First National Bank and Rand Merchant Bank
Independent Auditors	Morar Incorporated Eco Fusion 6 Block C, Unit 25 324 Witch-Hazel Avenue Highveld, Centurion 0169
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Compiler	These financials have been compiled by Ms Pamella Marlowe (CA) SA, an independent accounting professional.

morar incorporated
Chartered Accountants (SA)
Registered Auditors
Accounting | Auditing | Tax | Company Secretarial Services
Public Sector Consulting | Forensics | ICT | Training
Risk Management | Internal Audit

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Water Institute of Southern Africa (Non Profit Company)

Unqualified Audit Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Water Institute of Southern Africa (Non Profit Company), WISA as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium- Sized Entities (IFRS for SME's).

We have audited the financial statement of WISA, 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.

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 independent requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with 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 (Part A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provided a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Going Concern

WISA's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate WISA or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of WISA's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not

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Offices In:
Pietermaritzburg
Kimberley
Centurion
Cape Town
East London
Durban
Bloemfontein
Polokwane
Rustenburg
Mbombela
Mahikeng

Directors:
R. Morar CA (SA), CFE
Z. Zikalala CA (SA)
C. Machiri CA (SA)
S. Mahadea CA (SA)
K. Naidoo CA (SA)
V. Samarjith CA (SA)
J. Reddy CA (SA)
N. Cupido CA (SA)
B. Temba CA (SA)
M. Naicker CA (SA)
A. Bikram CA (SA)
S Oosthuizen CA (SA)

identified such a material uncertainty. However, neither management nor the auditor can guarantee WISA's ability to continue as a going concern.

Other Information

The directors are responsible for the other information. The other information comprises the Director's Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 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 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material If, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risk 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 controls.
- 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
- 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 disclosure 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 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.

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Morar Incorporated has been the auditor of Water Institute of Southern Africa (Non Profit Company) for three (3) financial years.

The engagement partner on the audit resulting in this independent auditor's report is Zinhle Zikalala.

Per: Zinhle Zikalala
Director
Morar Incorporated
Chartered Accountants (S.A.)
Registered Auditors

Unit 25, Block C
Eco Fusion 6
324 Witch Hazel Avenue
Highveld
Centurion
0157

30 May 2019

Report of the Compiler

To the Directors of Water Institute of Southern Africa (Non Profit Company)

We have compiled the accompanying annual financial statements of Water Institute of Southern Africa (Non Profit Company) based on information you have provided. These annual financial statements comprise the statement of financial position of Water Institute of Southern Africa (Non Profit Company) as at 31 December 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

DNM Consulting (Pty) Ltd

Per: Pamella Marlowe
Chartered Accountant (SA)

23 May 2019

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Mungai Road
Sunninghill
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Directors' Responsibilities and Approval

The directors are required by the South African Companies Act 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 as to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The annual financial statements support the viability of the company.

The annual financial statements have been audited by the independent auditing firm, Morar Incorporated, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' report is presented on page 3.

The annual financial statements as set out on pages 11 to 24 were approved by the board on 23 May 2019 and were signed on their behalf by:

G Walters

V Naidoo-Pather

Directors' Report

The directors present their report for the year ended 31 December 2018.

1. Review of activities

Main business and operations

The Non Profit Company was incorporated on the 27th of January 2000. The principal activities of the organisation, as a professional body, is to promote the effective and efficient management of water resources and water services globally. There was no major changes herein during the year.

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Review of financial results

The annual financial statements have been prepared in accordance with the 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.

The company is exempt from income tax in terms of section 10(1)d(iv)(bb).

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

3. Going concern

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

The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

4. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

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 company.

Directors' Report

5. Directors' interest in contracts

To our knowledge none of the directors had any interest in contracts entered into during the year under review.

6. Borrowing limitations

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

7. Directors

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

Name	Appointed
J Burgess	23 June 2009
V Naidoo-Pather	15 August 2012
A Wurster	18 June 2014
D Taylor	16 August 2014
N Hanke- Louw	16 May 2016
G Walters	24 November 2016
N Eldidy	04 December 2017
J Vorster	03 July 2017
N Van Binsbergen	31 May 2017
L Goldman	25 June 2018

8. Secretary

The company had no secretary during the year under review.

9. Independent Auditors

Morar Incorporated were the independent auditors for the year under review.

10. Accounting policies

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities issued by the International Accounting Standards Board.

Directors' Report

11. Corporate governance

The board of directors are committed to the business integrity, ethics, anti-corruption, transparency and professionalism in all its activities. As part of this commitment, the board supports the highest standards of corporate governance and the development of best practice.

The Chairperson is a non-executive and independent director. The roles of the Chairperson and Chief Executive Officer are separate, with responsibilities divided between them, so that no individual has unfettered power of decision making.

WATER INSTITUTE OF SOUTHERN AFRICA (NON PROFIT COMPANY)

(Registration Number 2000/001140/08)

Financial Statements for the year ended 31 December 2018

Statement of Financial Position

Figures in R	Notes	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	3	3,343,325	1,510,459
Intangible assets	4	79,515	114,291
Long term listed investments	5	5,195,569	5,498,149
		8,618,409	**7,122,899**
Current Assets			
Inventories	6	920	944
Prepayments	7	318,993	676,346
Trade and other receivables	8	1,076,881	1,702,686
Cash and cash equivalents	9	4,267,138	4,348,050
		5,663,932	**6,728,026**
Total Assets		**14,282,341**	**13,850,925**
Equity and Liabilities			
Equity			
Reserves for the branches and divisions		4,308,656	4,530,163
Accumulated surplus		7,342,793	5,522,658
		11,651,449	**10,052,821**
Non-Current Liabilities			
Finance lease liabilities	10	8,125	7,840
Current Liabilities			
Trade and other payables	11	2,622,768	3,760,790
Finance lease liabilities	10	-	28,737
DWA-MWQ		-	738
		2,622,768	**3,790,265**
Total Equity and Liabilities		**14,282,341**	**13,850,925**

Statement of Comprehensive Income

Figures in R	Notes	2018	2017
Revenue	12	5,565,352	9,738,154
Cost of sales	13	(1,475,752)	(6,155,857)
Gross surplus		4,089,600	3,582,297
Other income	14	18,393,901	245,369
Operating expenses		(21,069,170)	(7,283,540)
Operating surplus/(loss)	15	**1,414,331**	**(3,455,874)**
Finance income	16	390,905	307,967
Finance costs	17	(7,162)	(4,790)
Fair value adjustment		(199,455)	754,244
Surplus/(loss) for the year		**1,598,619**	**(2,398,453)**

WATER INSTITUTE OF SOUTHERN AFRICA (NON PROFIT COMPANY)
(Registration Number 2000/001140/08)
Financial Statements for the year ended 31 December 2018

Statement of Changes in Equity

Figures in R	Reserves for branches and divisions	Accumulated surplus	Total
Balance at 1 January 2017	4,005,915	8,467,965	12,473,880
Deficit for the year		(2,398,453)	(2,398,453)
Transfer to branches and divisions	524,248	(524,248)	-
Retained income - Adjustment during year		(22,606)	(22,606)
Balance at 31 December 2017	**4,530,163**	**5,522,658**	**10,052,821**
Balance at 1 January 2018	4,530,163	5,522,658	10,052,821
Surplus for the year		1,598,619	1,598,619
Transfer to branches and divisions	(221,507)	221,507	-
Retained income - Adjustment during year		9	9
Balance at 31 December 2018	**4,308,656**	**7,342,793**	**11,651,449**

WATER INSTITUTE OF SOUTHERN AFRICA (NON PROFIT COMPANY)

(Registration Number 2000/001140/08)

Financial Statements for the year ended 31 December 2018

Statement of Cash Flows

Figures in R	Note(s)	2018	2017
Cash flows from operating activities			
Surplus/ (deficit) for the year		1,598,619	(2,398,453)
Adjustments for:			
Finance costs		7,162	4,790
Amortisation of Intangible assets		80,395	80,558
Depreciation of Property, plant and equipment		66,663	62,226
Investment income		(390,905)	(307,967)
Operating cash flow before working capital changes		1,361,934	(2,558,846)
Working capital changes			
Decrease/(increase) in financial assets		302,580	(871,644)
Decrease in inventories		24	593
Decrease/(increase) in trade and other receivables		625,805	(559,516)
(Decrease)/increase in trade and other payables		(1,138,760)	1,866,825
Cash generated by/(utilised in) operating activities		1,151,583	(2,122,588)
Investment income		390,905	307,967
Finance costs		(7,162)	(4,790)
Net cash from operating activities		**1,535,326**	**(1,819,411)**
Cash flows from investing activities			
Property, plant and equipment acquired	3	(1,899,529)	(39,821)
Intangible assets acquired	4	(45,619)	(73,939)
Net cash utilised in investing activities		**(1,945,148)**	**(113,760)**
Cash flows from financing activities			
Movement in DWA-MWQ Conference		(738)	(71,564)
Prior period adjustments			15,868
Current year adjustments to accumulated surplus		358,100	17,221
Finance lease payments		(28,452)	(26,771)
Net cash generated by/(utilised in) financing activities		**328,910**	**(65,246)**
Decrease in cash and cash equivalents		(80,912)	(1,998,420)
Cash and cash equivalents at beginning of the year		4,348,050	6,346,470
Cash and cash equivalents at end of the year	9	**4,267,138**	**4,348,050**

Accounting Policies

1. General information

Water Institute of Southern Africa (Non Profit Company) is a non-profit organisation with the registration 014/821 NPO. It is recognized as a professional body by the South African Qualifications Authoroties.

2. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

The Statement of Cash Flow was prepared based on the indirect method.

2.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and/or services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, and discounts.

The organisation recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities, as described below:

2.1.1 Services revenue

The service rendered is recognised as revenue by reference to the stage of completion of the transaction at the reporting date.

2.1.2 Interest income

Interest income is recognised using the effective interest rate method.

2.2 Investment

Investment is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently. After initial recognition, investment shall be measured at fair value at each reporting period with changes in fair value recognised in profit or loss.

2.3 Property, plant and equipment

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

Accounting Policies

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

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

Leased equipment	20.00%
Furniture and fittings	20.00%
Office equipment	20.00%
IT equipment	33.33%

Buildings are not depreciated. Management obtains regular valuations of the buildings which indicate that the buildings appreciate in value. Land and buildings were acquired on the 30th of July 2008 and on the 14th of December 2018. Had a depreciation charge been affected, 9.5 years of depreciation would have been realised to date. The residual values on land and buildings will be reviewed at each financial year.

2.4 Intangible assets

2.4.1 Trademarks, licences and customer related intangible asset

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks, licences and customer related intangible assets over their estimated useful lives, as follows:

Website development	33.33%

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to five years.

2.5 Financial Instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Held to maturity investment
- Loans and receivables
- Available for sale financial assets

Classification depends on the purpose for which the financial instruments were obtained/ incurred and takes place at initial recognition.

Accounting Policies

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments. Financial instruments are measured initially at fair value, except for equity investments for which fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

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

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held to maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairement losses.

Available for sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair values are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available for sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Fair value determination

The fair values of quoted investments are based on current bid prices.

Impairment of financial assets

At each reporting date the company assesses all the financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment if any such evidence exists for available for sale financial assests, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Accounting Policies

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset recoverable amount can be related objectively to an event occuring after the impairment was recognised. This is subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available for sale. Impairement losses are also not subsequently reversed for available for sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the assets write off is made against the relevant allowance account. Subsequent recoveries of accounts previously written off are credited against operating expenses.

2.6 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the company. All other leases are classified as operating leases.

2.6.1 Finance leases as lessee

Assets held under finance leases are recognised in the statement of financial position at amounts equal to the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liabilities, net of finance charges, on the finance leases are recorded as obligations under finance leases.

All assets held under finance leases are classified as fixed assets, except for those properties held to earn rental income which are classified as investment property. Depreciation and impairment loss are calculated and recognised in the same manner as the depreciation and impairment loss on fixed assets as set out in note 3.5, except for the estimated useful lives cannot exceed the relevant lease terms, if shorter. Minimum lease payments are apportioned between finance charges and the reduction of the outstanding liabilities.

The finance charge is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Accounting Policies

2.7 Trade and other receivables

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

2.8 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 under current liabilities on the statement of financial position.

2.9 Trade payables

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

2.10 Provisions

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

2.11 Borrowing costs

Borrowing costs are recognised on the basis of the effective interest rate method and is included in finance costs.

Notes to the Annual Financial Statements

Figures in R	2018	2017

3. Property, plant and equipment

	Cost	Accumulated depreciation	2018 Carrying value	Cost	Accumulated depreciation	2017 Carrying value
Owned assets						
Buildings	3,114,968	-	3,114,968	1,350,673	-	1,350,673
Furniture and fittings	123,343	(109,196)	14,147	123,343	(102,912)	20,431
Land	157,268	-	157,268	67,268	-	67,268
Office equipment	86,375	(78,449)	7,926	85,246	(72,594)	12,652
IT equipment	228,049	(185,417)	42,632	183,944	(156,465)	27,479
	3,710,003	(373,062)	3,336,941	1,810,474	(331,971)	1,478,503

	Cost	Accumulated depreciation	2018 Carrying value	Cost	Accumulated depreciation	2017 Carrying value
Capitalised leased assets						
Plant and equipment	127,840	(121,456)	6,384	127,840	(95,884)	31,956

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2018 Carrying value at end of year
Owned assets					
Buildings	1,350,673	1,764,295	-	-	3,114,968
Furniture and fittings	20,431	-	-	(6,284)	14,147
Land	67,268	90,000	-	-	157,268
Office equipment	12,652	1,129	-	(5,855)	7,926
IT equipment	27,479	44,105	-	(28,952)	42,632
	1,478,503	1,899,529	-	(41,091)	3,336,941

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2017 Carrying value at end of year
Owned assets					
Buildings	1,349,382	1,291	-	-	1,350,673
Furniture and fittings	23,295	3,206	-	(6,070)	20,431
Land	67,268	-	-	-	67,268
Office equipment	13,607	3,595	-	(4,550)	12,652
IT equipment	21,784	31,729	-	(26,034)	27,479
	1,475,336	39,821	-	(36,654)	1,478,503

Notes to the Annual Financial Statements

Figures in R	2018	2017

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2018 Carrying value at end of year
Capitalised leased assets					
Plant and equipment	31,956	-	-	(25,572)	6,384

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2017 Carrying value at end of year
Capitalised leased assets					
Plant and equipment	57,528	-	-	(25,572)	31,956

4. Intangible assets

	Cost	Accumulated amortisation	2018 Carrying value	Cost	Accumulated amortisation	2017 Carrying value
Website and CRM development	675,574	(596,059)	79,515	629,954	(515,663)	114,291

The carrying amounts of intangible assets can be reconciled as follows:

	Carrying value at beginning of year	Fair value gains / Additions	Amortisation	Reclassified held for sale / Disposals	2018 Carrying value at end of year
Website and CRM development	114,291	45,619	(80,395)	-	79,515

	Carrying value at beginning of year	Fair value gains / Additions	Amortisation	Reclassified held for sale / Disposals	2017 Carrying value at end of year
Website and CRM development	120,910	73,939	(80,558)	-	114,291

5. Long term listed investments

	2018	2017
Rand Merchant Bank Investment	5,195,569	5,498,149

Investment in Rand Merchant Bank is held at fair value.

Notes to the Annual Financial Statements

Figures in R	2018	2017

6. Inventories

Inventories comprise:		
Books and CDs	920	944

7. Prepayments

Conferences	318,993	676,346

8. Trade and other receivables

Trade debtors	1,852,071	2,245,551
Value Added Tax	-	26,012
Provision for bad debts	(775,190)	(568,877)
	1,076,881	1,702,686

The carrying value of accounts receivable approximates fair value as the provision for bad debt takes into account long outstanding amounts owed for whom the recoverability is unlikely. In determining the recoverability of debtors, the Institute considers the ageing of the receivable, the debtors status and payment history.

9. Cash and cash equivalents

Favourable cash balances		
Cash on hand	3,379	363
Bank balances	4,263,759	4,347,687
	4,267,138	4,348,050

10. Finance lease liabilities

Finance lease liabilities consist of the following balances		
Capitalised finance lease	8,125	36,577
	8,125	36,577
Non-current liabilities (Year 1 to Year 5)	8,125	7,840
Current liabilities (Repayable within one year)	-	28,737
	8,125	36,577

Notes to the Annual Financial Statements

Figures in R	2018	2017

11. Trade and other payables

Trade creditors	24,054	20,328
Accrued liabilities	149,584	1,127,377
Value Added Tax	321,382	-
Amounts received in advance	1,949,934	2,447,327
Accrued leave pay	177,814	165,758
	2,622,768	3,760,790

12. Revenue

An analysis of revenue is as follows:

Publications	71	3,312
Branches and divisions - conference income	756,924	5,794,048
CPD Training and training projects	645,569	-
Directory sales	434,103	423,486
Membership fees	3,728,610	3,517,308
Sundry income	75	-
	5,565,352	9,738,154

13. Cost of Sales

Branches and divisions - conference expenses	1,038,750	5,898,591
CPD Training and training projects' expenses	157,966	-
Directory expenses	279,036	255,200
Publication expenses	-	2,066
	1,475,752	6,155,857

14. Other Income

Sundry income	195,838	238,088
WISA 2018 Conference	18,198,063	7,281
	18,393,901	245,369

Notes to the Annual Financial Statements

Figures in R	2018	2017

15. Operating surplus

Operating surplus is arrived at after taking into account the following items:

Depreciation		
Owned assets		
Furniture and fittings	6,284	6,070
Office equipment	5,855	4,550
IT equipment	28,952	26,034
	41,091	36,654
Capitalised leased assets		
Equipment	25,572	25,572
Amortisation - Intangible assets	80,395	80,558
Auditors' remuneration	91,113	74,225
Bad debts written off	-	-
(Decrease)/ increase in bad debt provision	(129,256)	399,104
Employee costs	5,599,125	5,161,955

16. Finance income

Interest income		
Interest received	390,905	307,967

17. Finance costs

Finance leases	7,162	4,790
	7,162	4,790

18. Key staff Emoluments

Key Staff- Short Term Benefits	2,812,866	2,399,511

Detailed Statement of Comprehensive Income

Figures in R	2018	2017
Gross Revenue		
Publications	71	3,312
Branches and divisions - conference income	756,924	5,794,048
CPD Training and training projects	645,569	-
Directory sales	434,103	423,486
Membership fees	3,728,610	3,517,308
Sundry income	75	-
	5,565,352	9,738,154
Cost of Sales		
Branches and divisions - conference expenses	1,038,750	5,898,591
CPD Training and training projects' expenses	157,966	-
Directory expenses	279,036	255,200
Publications expenses	-	2,066
	1,475,752	6,155,857
Gross Profit	**4,089,600**	**3,582,297**
Other Income		
Fair value adjustment	-	754,244
Investment income	390,905	307,967
Sundry income	195,838	238,088
WISA 2018 Conference	18,198,063	7,281
	18,784,806	1,307,580
Total income excluding operating expenditure	**22,874,406**	**4,889,877**

Detailed Statement of Comprehensive Income

Figures in R	2018	2017
Expenditure		
Advertising	45,684	58,250
Affiliations and subscriptions	24,410	6,013
Amortisation - Intangible assets	80,395	80,558
Auditors' remuneration	91,113	74,225
Bad debts provisions	280,269	381,183
Bank charges	30,073	38,739
Board briefing sessions	24,686	-
Computer expenses	67,312	65,620
Consulting fees	37,349	12,385
Consulting fees - growth management consulting	8,932	51,600
Consulting fees - ICAS	15,924	15,260
Consulting fees - Incresco	14,902	14,941
Consulting fees - strategic intervention	451,765	93,423
Depreciation - Tangible assets	66,663	62,226
Donations	2,511	4,500
Employee costs	5,795,197	5,124,524
Events held for patrons	73,981	86,354
Exhibitions and conferences	186,229	117,063
Fair value adjustment	199,455	-
Finance costs	7,162	4,790
Insurance	38,927	34,801
Interest paid- SARS	-	16,087
Municipal expenses	110,755	156,710
Printing and stationery	65,961	40,677
Social media marketing	28,318	28,500
Staff welfare	76,862	46,495
Subscriptions	69,130	84,936
Sundry expenses	116,492	111,116
Telephone and fax	112,167	153,573
Training	23,613	27,752
Travel - local	118,841	119,165
Venue & catering	16,806	10,948
Website development and maintenance	40,210	-
WISA 2018 Conference	12,953,693	165,916
	21,275,787	7,288,330
Surplus/ (deficit) for the year	**1,598,619**	**(2,398,453)**