



SAIGA

The Southern African Institute
of Government Auditors

Advancing Auditing and Accountability

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THE SOUTHERN AFRICAN INSTITUTE OF GOVERNMENT AUDITORS

ANNUAL FINANCIAL STATEMENTS

for the year ended

31 MARCH 2019

These financial statements were externally prepared by:

JJD Auditors
JJ Drotskie
Chartered Accountant (SA)
Registered Auditor

These financial statements were audited by:

Business Innovations Group Chartered Accountants
P van Zyl
Chartered Accountant (SA)
Registered Auditor

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ANNUAL FINANCIAL STATEMENTS

for the year ended

31 MARCH 2019

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Approval of the annual financial statements

The annual financial statements are signed on behalf of the Institute's Executive Committee:



Mrs MMR Nkau
President

PRETORIA

.....27 June...2019

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PRACTITIONER'S COMPILATION REPORT

on the annual financial statements for the year ended

31 MARCH 2019

To the Executive Committee of the Southern African Institute of Government Auditors

I have compiled the accompanying annual financial statements of the Southern African Institute of Government Auditors based on information you have provided. The financial statements comprise the statement of financial position, statement of financial performance, statement of cashflows, accounting policies and other explanatory notes of the Southern African Institute of Government Auditors as at 31 March 2019.

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

I have applied my expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual financial statements in accordance with the entity specific basis of accounting including modifications for the institute's specific requirements, as per the accounting policy included in these financial statements. I have complied with relevant ethical requirements, including principals of integrity, objectivity, professional competence and due care.

These annual 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, I am not required to verify the accuracy or completeness of the information you provided to us to compile these annual financial statements. Accordingly, I do not express an audit opinion or a review conclusion on these annual financial statements.



JJ DROTSKIE
Chartered Accountant (SA)
Registered Auditor

7 May 2019

THE SOUTHERN AFRICAN INSTITUTE OF GOVERNMENT AUDITORS

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STATEMENT OF FINANCIAL POSITION

as at

31 MARCH 2019

	Notes	2019 R	2018 R
ASSETS :			
NON-CURRENT ASSETS			
		25 101 641	24 292 236
Office furniture and electronic equipment	3	85 954	135 827
Investments at registered financial institutions	4	25 015 687	24 156 409
CURRENT ASSETS			
		5 326 409	5 811 116
Trade and other receivables	5	4 731 038	1 278 085
Cash and cash equivalents	6	462 339	4 488 696
Deposits	7	44 335	44 335
South African Revenue Service	8	88 697	-
TOTAL ASSETS		30 428 050	30 103 352
EQUITY AND LIABILITIES :			
EQUITY			
		29 831 060	29 529 935
Accumulated reserves			
CURRENT LIABILITIES			
		596 990	573 417
Trade and other payables	9	596 990	524 506
South African Revenue Service	8	-	48 911
TOTAL EQUITY AND LIABILITIES		30 428 050	30 103 352

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STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

for the year ended

31 MARCH 2019

	Notes	2019 R	2018 R
INCOME		7 885 910	8 436 006
Annexure A			
EXPENDITURE		(7 163 521)	(6 065 545)
Annexure B			
SURPLUS BEFORE TAXATION		722 389	2 370 461
TAXATION	10	(421 264)	(704 803)
SURPLUS FOR THE YEAR		301 125	1 665 658
OTHER COMPREHENSIVE INCOME		-	-
ACCUMULATED FUNDS : BEGINNING OF YEAR		29 529 935	27 864 277
ACCUMULATED FUNDS : END OF THE YEAR		29 831 060	29 529 935

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STATEMENT OF CASHFLOWS

for the year ended

31 MARCH 2019

Notes	2019 R	2018 R
CASH FLOWS FROM OPERATING ACTIVITIES		
	(3 148 178)	4 152 660
Cash receipts from customers	1 722 556	10 157 163
Cash paid to suppliers and employees	(6 151 579)	(6 824 549)
Cash (utilised in) / generated from operating activities	(4 429 023)	3 332 614
Interest received	1 839 717	1 788 999
Taxation paid	(558 872)	(968 953)
CASH FLOWS FROM INVESTMENT ACTIVITIES		
	(878 179)	(661 364)
Movement in investments	(859 278)	(548 371)
Office furniture and electronic equipment acquired	(18 901)	(112 993)
MOVEMENT IN CASH AND CASH EQUIVALENTS		
	(4 026 357)	3 491 296
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4 488 696	997 400
CASH AND CASH EQUIVALENTS AT END OF YEAR	6 462 339	4 488 696
Notes to the statement of cashflows		
<i>Cash (utilised in) / generated from operating activities</i>		
Net surplus before taxation	722 389	2 370 461
Adjustments for:		
- Investment income	(1 839 717)	(1 788 999)
- Depreciation	68 774	52 966
	(1 048 554)	634 428
Movements in working capital:		
- Movement in accounts receivable and deposits	(3 452 952)	3 510 156
- Movement in accounts payable	72 483	(811 970)
- Movement in income received in advance	-	-
	(4 429 023)	3 332 614

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended

31 MARCH 2019

1. Basis of presentation

The annual financial statements have been prepared on the historical cost basis (unless otherwise stated) in accordance with the undermentioned policies applicable to SAIGA and applying principals of generally accepted accounting practice in South Africa. The policies have been applied consistently in all material aspects, except where otherwise indicated. The financial statements are presented in South African Rands.

2. Accounting policies**2.1 Revenue recognition**

Membership fees for the current financial year are recorded as income as payment is received.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

2.2 Fixed assets

The cost of an item of fixed assets is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the entity and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of fixed assets 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 fixed assets, the carrying amount of the replaced part is derecognised.

Fixed assets are carried at cost less accumulated depreciation and any impairment losses.

The depreciation rates as set out in Practice Note 19 of the South African Revenue Service were used for the calculation of depreciation. According to the above mentioned note, equipment with a value of less than R7 000 are expensed in the year of purchase.

Depreciation is provided on all fixed assets other than freehold land, to write down the cost, less residual value, by equal installments over their useful lives as follows:

- | | |
|------------------------|---------|
| - Office furniture | 6 years |
| - Electronic equipment | 3 years |

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS - CONTINUED

for the year ended

31 MARCH 2019

2.3 Impairment of assets

SAIGA assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

2.4 Financial instruments*Initial measurement*

Financial instruments are initially measured at the transaction price (including transaction cost except in the initial measurement of financial assets and liabilities that are measured at fair value through profit and loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest rate method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amount of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately through profit or loss.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS - CONTINUED

for the year ended

31 MARCH 2019**2.5 Operating leases - Lessee**

Operating lease expense is recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

2.6 Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk change in value.

2.7 Tax*Current tax assets and liabilities*

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods, exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to (recover from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits.

Deferred tax assets and liabilities are measured at an amount that includes the effect of the possible outcomes of a review by the tax authorities using tax rates that, on the basis of enacted or substantively enacted tax law at the end of the reporting period, are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax asset balances are reviewed at every reporting date. When necessary, a valuation allowance is recognised against the deferred tax assets so that the net amount equals the highest amount that is more likely than not to be realised on the basis of current or future taxable profit.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS - CONTINUED

for the year ended

31 MARCH 2019

2.8 Income received in advance

Membership fees are payable in advance. Other prepayments are in respect of course fees received in the year under review for courses in the next financial year.

2.9 Value added tax

Value added tax is accounted for on invoice base and the entity is classified as a Category A vendor in terms of the Value Added Tax Act.

2.10 Related party transactions

Full details, including the applicable rates, have been disclosed and approved at annual general meetings and the Institute's Council. These rates are in agreement with the general partner rates agreed between the SAICA and the Auditor-General South Africa and are all at arm's length transactions.

2.11 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.

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for the year ended

31 MARCH 2019

	2019 R	2018 R
3. <u>Office furniture and electronic equipment</u>		
Carrying value beginning of the year	135 827	75 800
- Cost	515 966	402 973
- Accumulated depreciation	(380 139)	(327 173)
Movements during the year	(49 873)	60 027
- Additions	18 901	112 993
- Depreciation	(68 774)	(52 966)
Carrying value end of the year	85 954	135 827
- Cost	534 867	515 966
- Accumulated depreciation	(448 913)	(380 139)
	=====	=====
4. <u>Investments at registered financial institutions</u>		
<i>Carrying values at the end of the year</i>		
Standard Bank Money Market Fund - Stanlib	14 420 378	13 415 242
Nedbank Moneytrader	10 595 309	10 741 167
	25 015 687	24 156 409
	=====	=====
5. <u>Trade and other receivables</u>		
Membership fees receivable	5 707 203	1 278 085
Provision for bad debts	(976 165)	-
	4 731 038	1 278 085
	=====	=====
6. <u>Cash and cash equivalents</u>		
Bank balance	460 661	4 487 018
Petty cash	1 678	1 678
	462 339	4 488 696
	=====	=====

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS - CONTINUED

for the year ended

31 MARCH 2019

	2019 R	2018 R
7. <u>Deposits</u>		
Lease deposit	44 335	44 335
	<u>44 335</u>	<u>44 335</u>
8. <u>South African Revenue Service</u>		
Overpayment / (Underpayment) of income tax	88 697	(48 911)
	<u>88 697</u>	<u>(48 911)</u>
9. <u>Trade and other payables</u>		
Accounts payable	10 525	23 951
Income received in advance	105 481	-
Unknown deposits	119 207	119 207
Value added tax payable	361 777	381 348
	<u>596 990</u>	<u>524 506</u>
10. <u>Taxation</u>		
<i>South African normal income tax</i>		
- Current year	428 647	725 572
- Prior year overprovision	-	(20 769)
	<u>428 647</u>	<u>704 803</u>
<i>Reconciliation of rate of taxation</i>		
Surplus before taxation	722 389	2 370 461
Add back: Non deductible expenses	782 124	220 866
	<u>1 504 513</u>	<u>2 591 327</u>
Taxation at 28%	421 264	725 572
Prior year overprovision	-	(20 769)
	<u>421 264</u>	<u>704 803</u>

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DETAIL STATEMENT OF INCOME

as at

31 MARCH 2019

Notes	2019 R	2018 R
INCOME		
Educational endeavours & activities	1 205 747	1 221 524
Examination fees	183 857	1 046 389
Interest received	1 839 717	1 788 999
Member's contributions	4 272 143	3 390 904
Registration fees - once off	383 163	988 190
Sundry income	1 283	-
	7 885 910	8 436 006

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DETAIL EXPENDITURE

as at

31 MARCH 2019

	2019 R	2018 R
EXPENDITURE		
Accounting fees	273 400	210 050
Advertising and marketing	69 367	32 244
Audit fees	51 866	55 000
Bank charges	1 888	2 206
Committee expenses	711 002	525 410
Computer expenses	272 192	156 955
Depreciation	68 774	52 966
Discount received	-	26
Educational endeavours & activities direct costs	1 047 536	1 638 352
Employee costs	2 115 738	1 878 259
General expenses	10 870	26 619
Insurance	11 754	11 324
Leasing charges	42 170	44 976
Legal fees	34 783	10 000
Office rent	813 909	711 613
Office supplies	-	11 589
Penalties and interest paid	-	178 846
Postage, packaging and courier	22 416	23 113
Printing, stationery and publications	164 492	113 672
Prize money paid	50 000	42 020
Professional fees	22 500	10 944
Provision for bad debts - movement	976 165	-
Refreshments and entertainment	82 830	83 522
Repairs and maintenance	1 795	39 922
Security	4 003	12 075
Subscriptions	62 437	-
Telephone	56 483	64 320
Training	-	17 368
Travel	195 151	112 154
	7 163 521	6 065 545