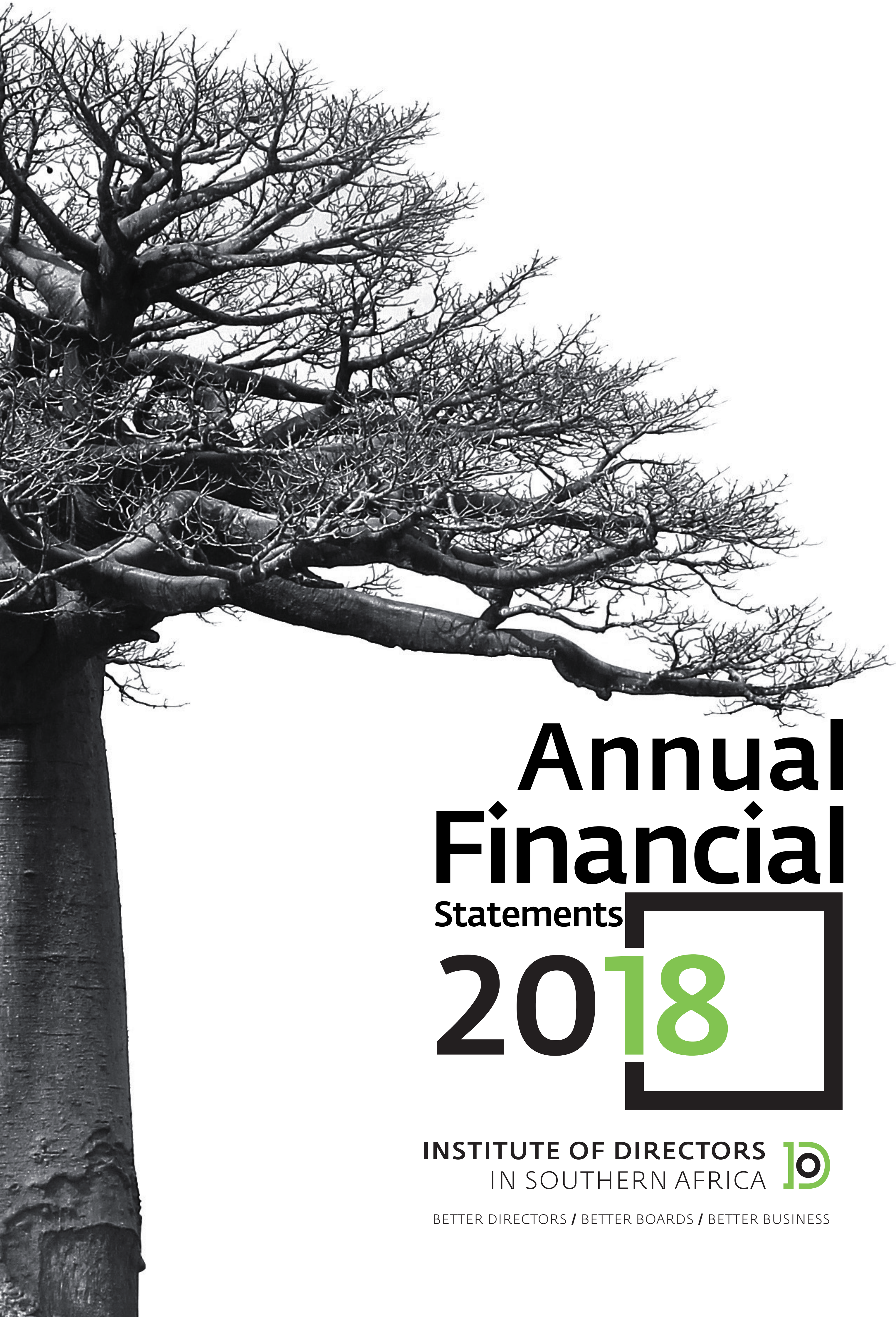

Annual Financial Statements 2018

INSTITUTE OF DIRECTORS
IN SOUTHERN AFRICA

BETTER DIRECTORS / BETTER BOARDS / BETTER BUSINESS

THE INSTITUTE OF DIRECTORS IN SOUTHERN AFRICA NPC
REGISTRATION NUMBER: 1985/002734/08
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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AUDITORS

BDO South Africa Incorporated
Registered auditors

LEVEL OF ASSURANCE

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

PREPARER

Presheen Roopraj - Manager: Finance and Assurance - IoDSA
Zandi Madikiza CA (SA) - Executive: Finance and Operations - IoDSA

STATEMENT OF RESPONSIBILITY AND APPROVAL

The Board of Directors is responsible for the preparation of the annual financial statements of the Institute of Directors in Southern Africa NPC (IoDSA) and to ensure that proper systems of internal control are employed by or on behalf of the IoDSA. The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities' and in the manner required by the Companies Act of South Africa.

The financial statements have been prepared on the going concern basis, as the directors have no reason to believe that the IoDSA will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The financial statements have been audited by the independent firm, BDO South Africa Incorporated, who were given unrestricted access to all financial records and related data. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. BDO South Africa Incorporated's audit report is presented on pages 4-5.

The Audit and Risk Committee Report is contained on page 7 of the Governance Report.

The annual financial statements set out on pages 3 to 17 were approved by the Board of Directors on 22 May 2019 and are signed on its behalf by:

Prieur Du Plessis	**Louisa Stephens**
Chair of the Board	Chair of the Audit and Risk Committee

THE INSTITUTE OF DIRECTORS IN SOUTHERN AFRICA NPC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2018

The governing body of the Institute of Directors in Southern Africa NPC (IoDSA) is the Board of Directors.

BOARD OF DIRECTORS

NM Bhengu
JH Burke#
S Bray
DP du Plessis (Chair)
Y Friedmann#
S Gounden#
P Kabuya (Nationality – Kenyan)
P Natesan
AR Cherrington (Chief Executive Officer)
PF Radebe&
MO Seedat
L Stephens
NF Msiza*
ZA Jacobs*

** - Appointed on 5th June 2018*
 # - Resigned on 5th June 2018
& - Resigned on 15th January 2019

COMPANY SECRETARY

There is no Company Secretary, a third party is utilised for basic company secretarial filing services.

GENERAL REVIEW

The Institute of Directors in Southern Africa NPC (IoDSA) is a professional body recognised by the South African Qualifications Authority (SAQA) and a non-profit company (NPC) that exists to promote corporate governance, and to maintain and enhance the credibility of directorship as a profession.

FINANCIAL REPORT AND GOING CONCERN

The annual financial statements are the responsibility of the Board of Directors. The financial results of the IoDSA for the year ended 31 December 2018 reveal a profit of R1 589 534 (2017: profit of R 3 614 054). Revenue is R48 903 851 (2017: R46 231 060) before the fair value adjustment of the other financial assets of R602 343 loss (2017: R902 332 gain). Expenses for the year are R48 155 626 (2017: R44 678 091). Total funds and reserves at 31 December 2018 are R20 401 739 (2017: R18 812 205). The directors have no reason to believe that the IoDSA will not be a going concern in the foreseeable future.

SUBSEQUENT EVENTS

No material facts or circumstances have arisen between 31 December 2018 and the date of this report that require disclosure in or adjustment to the annual financial statements.

TAXATION STATUS

The IoDSA is exempt from income tax in terms of section 10(1)(d)(iv)(bb) of the Income Tax Act, Act 58 of 1962, as amended.

BUSINESS ADDRESS:

1st Floor, block B
Grayston Ridge Office Park
144 Katherine Street
Sandown
Sandton
2196

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e-mail: iodsa@iodsa.co.za
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Summit Place
221 Garsfontein Road
Building 5, 2nd Floor
Menlyn, Pretoria, 0081
PO Box 95438
Waterkloof, 0145
South Africa

Independent Auditor's Report

To the Members of The Institute of Directors in Southern Africa NPC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Institute of Directors in Southern Africa NPC set out on pages 6 to 17 which comprise the statement of financial position as at 31 December 2018, and the statement of profit and loss and other comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects the financial position of The Institute of Directors in Southern Africa NPC as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO South Africa Inc

BDO South Africa Incorporated
Director: R Singh
Registered Auditor

24 May 2019

THE INSTITUTE OF DIRECTORS IN SOUTHERN AFRICA NPC

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
	Notes	R	R
Revenue	2	48 903 851	46 231 060
Other Income	2	1 443 652	1 158 753
Gross income		**50 347 503**	**47 389 813**
Depreciation	5	(551 285)	(576 978)
Directors' emoluments: Executive directors	3	(3 994 227)	(4 706 358)
Employee salaries and benefits		(13 255 225)	(10 916 383)
Other Operating expenses	4	(30 354 889)	(28 478 372)
Operating profit/(loss) for the year		**2 191 877**	**2 711 722**
Fair value adjustment on Investments		(602 343)	902 332
Total comprehensive income/(loss) for the year		**1 589 534**	**3 614 054**

*The Statement of profit and loss and other comprehensive income for the period ended 31 December 2018 has been prepared in accordance with accounting standards for SMEs.

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018

		2018	2017
	Notes	R	R
Assets			
Non-current assets			
Property Plant and Equipment	5	1 708 921	1 773 836
		1 708 921	**1 773 836**
Current assets			
Inventory	6	19 079	52 851
Trade and other receivables	7	2 191 263	1 637 021
Investments in collective investment schemes	8	19 366 966	23 057 134
Cash and cash equivalents	9C	12 530 831	7 595 900
		34 108 139	**32 342 906**
Total assets		**35 817 060**	**34 116 742**
Funds and liabilities			
Funds and reserves			
Accumulated funds		**20 401 739**	**18 812 205**
Non-current liabilities			
Amounts received in advance	10	1 106 033	1 709 317
Current liabilities			
Trade and other payables	11	4 032 132	4 552 824
Provisions	12	1 758 155	1 333 280
Amounts received in advance	10	8 519 001	7 709 116
		14 309 288	**15 304 537**
Total funds and liabilities		**35 817 060**	**34 116 742**

THE INSTITUTE OF DIRECTORS IN SOUTHERN AFRICA NPC

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Accumulated funds
	R
Balance at 1 January 2017	**15 198 151**
Comprehensive income for the year	3 614 054
Balance at 31 December 2017	**18 812 205**
Comprehensive income for the year	1 589 534
Balance at 31 December 2018	**20 401 739**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
	Notes	R	R
Cash inflow from operating activities			
Cash generated by operations	9A	889 825	1 562 128
Investment Income		519 370	382 530
Net cash inflow from operating activities		**1 409 195**	**1 944 658**
Cash outflow from investing activities			
Acquisition of furniture and equipment		(486 370)	(516 287)
(Payment)/receipt for other financial assets		4 012 106	-
Net cash outflow from investing activities		**3 525 736**	**(516 287)**
Net increase in cash and cash equivalents		**4 934 931**	**1 428 371**
Cash and cash equivalents at the beginning of the year		**7 595 900**	**6 167 529**
Cash and cash equivalents at the end of the year	9C	**12 530 831**	**7 595 900**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities' and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis except for certain financial instruments recognised at fair value as stated below, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

APPLICATION OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS FOR SMALL AND MEDIUM-SIZED ENTITIES

The company's financial statements for the year ended 31 December 2017 were its first annual financial statements prepared under accounting policies that comply with the International Financial Reporting Standards for Small and Medium-sized Entities'. The year ended 31 December 2018 financial statements are the first set with a full comparative period prepared under the referred accounting standards. The Institute of Directors in Southern Africa's transition date is 1 January 2016. The company prepared its opening IFRS for SMEs statement of financial position at that date. In preparing these financial statements in accordance with the IFRS for SMEs, the company has applied all the mandatory exceptions and none of the optional exemptions from full retrospective application of the IFRS for SMEs.

The preparation of financial statements requires management to make certain judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, and associated assumptions, are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The accounting policies set our below have been applied consistently to all periods presented in these financial statements. Where appropriate, balances have been reclassified for better disclosure purposes and do not affect the prior year financial statement materially.

1.1 KEY SOURCES OF ESTIMATES OF UNCERTAINTY AND SIGNIFICANT JUDGEMENTS USED BY MANAGEMENT

There are no key sources of estimation uncertainty at the statement of financial position date, that have had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial year. The areas of significant judgement used by management are disclosed below.

PROVISIONS

The provision for bonuses is based on a calculation taking into account the company performance and the employee performance appraisal for the period.

FINANCIAL ASSETS

Management has assessed their financial assets for impairment indicators and consider there to be no impairment required.

1.2 CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

The IoDSA makes certain estimates and assumptions regarding the future. Estimates and significant judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

ESTIMATES AND ASSUMPTIONS

Fair value measurement
A number of assets included in the IoDSA's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the IoDSA's financial assets utilises market observable inputs and data as far as possible.

The IoDSA measures Other Financial Assets at fair value.

1.3 REVENUE: SUBSCRIPTIONS

Subscriptions are accounted for on the accrual basis.

1.4 REVENUE: OTHER SERVICES

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable or received for services provided, net of discounts and value added taxation (VAT) and where there is reasonable expectation that the income will be received and all attaching conditions will be complied with.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue arising from the rendering of services, provided that all of the following criteria are met, should be recognised by reference to the stage of completion of the transaction at the balance sheet date:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits will flow to the seller;
- the stage of completion at the balance sheet date can be measured reliably; and
- the costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

When the above criteria are not met, revenue arising from the rendering of services should be recognised only to the extent of the expenses recognised that are recoverable.

Revenue relating to services is recognised during the period in which the service is performed.

Dividend income is recognised in profit or loss on the date that the IoDSA's right to receive payment is established.

Interest income is recognised using the effective interest method.

1.5 INCOME RECEIVED IN ADVANCE

Income received in advance is recorded as the portion of the contract income received but not yet recognised as revenue.

1.6 FURNITURE AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of furniture and equipment. The estimated useful lives for the current and comparative periods are as follows:

- Furniture, fixtures and fittings - 10 years
- Computer hardware - 4 years
- Cellular phones – 2 years
- Golf Cart - 5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

1.7 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

At the end of each reporting period, the IoDSA reviews indicators of impairment of the carrying amounts of its property, plant and equipment to determine whether any of those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the IoDSA estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

1.9 INVENTORY

Inventories are measured at the lower of cost and net realisable value. Cost is determined on the first-in first-out method and includes expenditure in acquiring the inventories and bringing them to their existing location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

1.10 OPERATING LEASES

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

1.11 FINANCIAL INSTRUMENTS

NON-DERIVATIVE FINANCIAL ASSETS AND FINANCIAL LIABILITIES – RECOGNITION AND DE-RECOGNITION

The IoDSA initially recognises loans and receivables on the date when it originates. All other financial assets and financial liabilities are initially recognised on the trade date. The IoDSA's financial instruments consist mainly of bank balances and cash, short term deposits, trade receivables, investments in money market accounts, investments in collective investment schemes and trade payables.

NON-DERIVATIVE FINANCIAL ASSETS - MEASUREMENT

AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets are designated as at fair value through profit or loss if the IoDSA manages such investments and makes purchase and sale decisions based on their fair value in accordance with the IoDSA's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Fair value adjustments of other financial assets through profit or loss includes all realised and unrealised value changes and foreign exchange differences but excludes interest and dividend income.

OTHER FINANCIAL ASSETS

Other financial assets are initially measured at fair value, net of transaction costs. Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited against the provision for doubtful debts account. Changes in the carrying amount of the provision for bad debts are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

OTHER FINANCIAL LIABILITIES

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

1.12 PROVISIONS

Provisions are recognised when the IoDSA has a present obligation (legal or constructive) as a result of a past event, it is probable that the IoDSA will be required to settle the obligation, and a reliable estimate can be made of the amount of these obligations.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

1.13 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 annual leave and sick leave and bonuses) are recognised in the period in which the service is rendered and are not discounted. The expected cost of bonus payment is recognised as an expense when there is a legal or constructive obligation to make such payments.

2. REVENUE

	*2018	*2017
	R	R
Bad debts recovered	-	25 840
Board appraisal and advisory services	6 306 926	5 479 801
Conferences and functions	688 433	453 285
Director certification	1 158 726	704 559
Director development programmes	20 557 647	20 296 118
Forums	284 091	365 773
King IV Income	653 588	657 825
Marketing and advertising	71 471	47 642
Membership subscriptions	18 232 094	16 778 438
Research	303 041	367 593
Royalties	501 942	955 578
Sundry revenue	145 892	98 608
	48 903 851	**46 231 060**

*Investment income has been separated from revenue figure, and correctly restated as other income at R1 443 652 (2017: R1 158 753).

	2018	2017
	R	R
Dividend income	89 748	47 924
Interest received	1 353 904	1 110 829
	1 443 652	1 158 753

3. DIRECTORS' EMOLUMENTS

	Basic salary	Pension	Bonuses **	Total remuneration
	R	R	R	R
2018				
Executive directors				
P Natesan	1 307 736	80 491	205 263	1 593 490
AR Cherrington	1 710 937	105 308	*584 492	2 400 737
	3 018 673	**185 799**	**789 755**	**3 994 227**

*AR Cherrington bonus is made up of a R259 492 performance bonus and an end of service bonus of R325 000.

	Basic salary	Pension	Bonuses **	Total remuneration
	R	R	R	R
2017				
Executive directors				
MJ Henning*	1 196 238	69 078	-	1 265 316
P Natesan	1 194 280	75 204	197 803	1 467 287
AR Cherrington	1 606 514	101 162	266 079	1 973 755
	3 488 916	**245 444**	**463 882**	**4 706 358**

*MJ Henning resigned on 16 October 2017.
**The directors' bonuses disclosed are the actual figures approved and paid in the subsequent financial years.

REMUNERATION POLICY

The company's remuneration policy is recommended by the Remuneration Committee and approved in accordance with the delegation of authority. The policy is aligned with the guidelines of the King IV Report on Corporate Governance for South Africa 2016. Non-executive directors do not receive remuneration from the IoDSA.

4. OTHER OPERATING EXPENSES

	2018	2017
	R	R
Accounting fees	11 345	9 220
Audit fees	228 000	227 520
Bad debts	116 044	133 048
Bank charges	260 811	191 947
Directors' certification	332 321	217 021
Computer and database development	1 211 353	1 040 388
Conferences and functions	2 185 880	1 748 254
Director development programmes	2 118 930	2 336 456
Facilitator fees	10 967 929	9 319 387
Forums	223 531	213 876
International conventions and conferences	243 447	100 698
Insurance and licences	228 078	199 347
Impairment and loss on disposal of assets	-	6 400
Investment charges	122 633	93 008
King IV expenses	144 373	115 639
Legal, consulting and trademarks	961 852	881 738
Mailing and postage	326 189	320 693
Marketing and public relations	2 381 350	2 126 431
Member benefits	1 906 080	2 049 935
Membership cards and certificates	119 223	182 838
Operating lease charges – office equipment	640 823	657 984
Printing and stationery	361 240	498 629
Rent and services	3 345 443	3 329 271
Research	257 805	448 168
Subscriptions and publications	100 505	93 661
Sundry expenses	971 206	1 262 973
Telephone and fax	297 212	323 215
Travelling and entertainment	291 286	350 627
	30 354 889	**28 478 372**

5. RECONCILIATION OF FURNITURE AND EQUIPMENT

	2018	2017
	R	R
Cost	5 470 148	4 983 778
Accumulated depreciation	(3 761 227)	(3 209 942)
	1 708 921	**1 773 836**
Furniture, fixtures and fittings	1 101 686	1 275 751
Computer hardware	518 465	493 261
Cellular phones	-	4 824
Golf Cart	88 770	-
Carrying amount	**1 708 921**	**1 773 836**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and fittings	Computer hardware	Cellular phones	Golf Cart	Total
	R	R	R		R
Cost					
Balance at 1 January 2018	3 041 718	1 931 535	10 525	-	4 983 778
Additions	99 397	296 698	-	90 275	486 370
Disposals of assets	-	-	-		-
Balance at 31 December 2018	**3 141 115**	**2 228 233**	**10 525**	**90 275**	**5 470 148**

	Furniture, fixtures and fittings	Computer hardware	Cellular phones	Golf Cart	Total
	R	R	R		R
Accumulated depreciation					
Balance at 1 January 2018	1 765 967	1 438 274	5 701	-	3 209 942
Depreciation	273 462	271 494	4 824	1 505	551 285
Disposals of assets	-	-	-	-	-
Balance at 31 December 2018	**2 039 429**	**1 709 768**	**10 525**	**1 505**	**3 761 227**
Carrying amount	**1 101 686**	**518 465**	**-**	**88 770**	**1 708 921**

6. INVENTORY

	2018	2017
	R	R
King reports and related publications	19 079	52 851
	19 079	**52 851**

7. TRADE AND OTHER RECEIVABLES

	2018	2017
	R	R
Trade receivables	1 933 603	1 527 088
Provision for doubtful debts	(162 579)	(133 048)
	1 771 024	**1 394 040**
Prepayments	420 239	242 981
	2 191 263	**1 637 021**

Trade receivable are generally collected within 30 days which represents normal terms.

8. INVESTMENTS IN COLLECTIVE INVESTMENT SCHEMES

8.1. CATEGORIES OF COLLECTIVE INVESTMENT SCHEMES

	2018	2017
	R	R
Designated at fair value through profit or loss	19 366 968	23 057 134
	19 366 968	**23 057 134**

8.2. CLASSES AND FAIR VALUE OF FINANCIAL INSTRUMENTS

All investments in collective investment schemes are measured at fair value.

	2018	2017
	R	R
Other current assets at fair value through profit or loss		
Balance at the beginning of the year	23 057 134	21 378 579
(Withdrawals)/deposits	(4 012 106)	-
Interest income	834 535	728 299
Dividend income	89 748	47 924
Fair value adjustment	(602 343)	902 332
Balance at the end of the year	**19 366 968**	**23 057 134**

The fair values of the investments in collective investment schemes are determined based on the latest unit price available at 31 December 2018.

The withdrawal of R 4 012 106 was a fund transferral approved by the Investment Committee. Due to timing, the transfer to the approved investment fund had not yet taken place at year end.

9. NOTES TO THE STATEMENT OF CASH FLOWS

A. RECONCILIATION OF NET SURPLUS FOR THE YEAR TO CASH GENERATED FROM OPERATIONS

	2018	2017
	R	R
Total comprehensive income/(loss) for the year	**1 589 534**	**3 614 054**
Adjustments for:		
Depreciation of fixed assets	551 285	576 978
Fair value adjustments	602 343	(902 332)
Investment income	(1 443 652)	(1 158 753)
Loss on disposal of assets	-	6 400
Operating profit before working capital changes	**1 299 510**	**2 136 347**
(Increase)/Decrease in inventory	33 771	121 494
(Increase)/Decrease in trade and other receivables	(554 242)	1 151 915
Increase/(Decrease) in trade and other payables	(520 690)	(1 319 453)
Increase/(Decrease) in provisions	424 875	44 237
Increase/(Decrease) in amounts received in advance	206 601	(572 412)
Working capital changes	**(409 685)**	**(574 219)**
Cash generated from operations	**889 825**	**1 562 128**

B. LOSS ON DISPOSAL OF FURNITURE AND EQUIPMENT

	2018	2017
	R	R
Net book value of assets disposed	-	6 400
Loss on disposal of assets	-	6 400
	-	**-**

C. CASH AND CASH EQUIVALENTS

	2018	2017
	R	R
Restricted cash: Guarantee on deposit of lease	567 235	567 235
Restricted cash: Committee for Responsible Investments in SA	126 177	126 177
Restricted cash: Public Sector Audit Committee Forum	-	136 322
Restricted cash: African Governance Showcase Competition	581 448	200 008
Bank deposits and cash	11 255 971	6 566 158
	12 530 831	**7 595 900**

10. AMOUNTS RECEIVED IN ADVANCE

	2018	2017
	R	R
King IV sponsorships amounts received in advance	1 709 313	2 312 593
Other amounts received in advance	7 915 721	7 105 840
	9 625 034	9 418 433
Non-current liabilities	**1 106 033**	**1 709 317**
Current Liabilities	**8 519 001**	**7 709 116**

Included in the 2018 balance is R1 709 313 that relates to the sponsorships received for the King IV Report. The sponsorships are being released to income over a 5 year period.

11. TRADE AND OTHER PAYABLES

	2018	2017
	R	R
Accumulated lease payments	-	1 300 039
Trade payables and accruals	835 366	675 000
Committee for Responsible Investments in South Africa	126 177	126 177
African Governance Showcase Competition	581 448	200 008
Leave pay accrual	163 889	261 426
Public Sector Audit Committee Forum payables	-	136 322
Unallocated deposits	1 115 046	1 080 975
Value Added Tax	1 210 206	772 877
	4 032 132	**4 552 824**

12. PROVISIONS

	2018	2017
	R	R
Opening balance 1 January	1 333 280	1 289 043
Provisions raised	1 763 519	1 333 280
Utilised during the year	(1 338 644)	(1 289 043)
Balance at 31 December	**1 758 155**	**1 333 280**
Current liabilities	**1 758 155**	**1 333 280**

The provision includes an incentive bonus based on the company's performance. The bonus is provided for all employees who qualify in respect of the expected cash payment and will be realised in March 2019.

13. OPERATING LEASE COMMITMENTS

	2018	2017
	R	R
Future operating lease commitments with respect to land and buildings:		
Within 1 year	2 061 812	3 915 116
Within 2 to 5 years	10 034 015	-
	12 095 827	**3 915 116**
Future operating lease commitments with respect to equipment:		
Within 1 year	344 832	394 166
Within 2 to 5 years	737 409	189 586
	1 082 241	**583 752**

The IoDSA leases the business premises under operating leases. The IoDSA entered into a new lease agreement with Redefine Properties in 2019. The lease runs for a period of 5 years, from 1 January 2019 to 31 December 2023, with an option to renew the lease after that date. Lease payments increase as per the escalation clause of 8% per annum.

A new lease agreement for equipment was signed with Konika Minolta in August 2018. Equipment is leased under operating leases for a period of 5 years at an escalation of 0% per annum.

14. FINANCIAL INSTRUMENTS

Financial instruments have been categorised as follows:

	2018	2017
	R	R
Financial Assets - Loans and receivables		
Cash and cash equivalents	12 530 831	7 595 900
Trade and other receivables (excluding prepayments)	1 724 449	1 394 039
Financial Assets – Fair value through profit or loss		
Other financial assets	19 366 968	23 057 134
Financial Liabilities - Amortised cost		
Trade and other payables (excluding VAT)	2 821 928	3 779 947

15. SUBSEQUENT EVENTS

No material facts or circumstances have arisen between 31 December 2018 and the date of this report that require disclosure in or adjustment to the annual financial statements.

16. TAXATION

The IoDSA is exempt from income tax in terms of section 10(1)(d)(iv)(bb) of the Income Tax Act, Act 58 of 1962, as amended.

17. RELATED PARTIES

There were no related parties except for key management. Executive directors are members of key management. Refer to note 3.

18. FINANCIAL GUARANTEE

As indicated in the notes to the statement of cash flows, the lease agreement for the office premise Grayston Ridge Office Park, Block B, required a financial guarantee security of R567 235 (2017: R567 235) for the due compliance with the terms and conditions by the lessee regarding the lease, and or any renewal of the lease. This amount has been deposited with FNB Limited to meet the lease guarantee.

19. GOING CONCERN

The directors have no reason to believe that the IoDSA will not be a going concern in the foreseeable future.

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