FINANCIAL INTERMEDIARIES ASSOCIATION OF SOUTHERN AFRICA (NPC)
(Registration number 1999/002724/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018

These annual financial statements were prepared by:
JJ Eloff (CA (SA))
Mazars Gauteng

Issued 28 June 2018

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Representative organisation of insurance intermediaries
Directors	S van Rhyn Casserly PR Olyott WD Axford HAB van der Linde BS Taylor GA Fraser T McDonald MA Morris HI Schnetler MW Skosana RN King L Swart T Williams AB Swanepoel B Tladi
Business address	Corporate Corner Unit 9 Cnr John Vorster and Marco Polo Drive Highveld Park Ext 12 Centurion 0046
Postal address	PO Box 11901 Centurion 0046
Bankers	First National Bank
Auditors	Mazars Gauteng Registered Auditors
Company registration number	1999/002724/08
Preparer	The annual financial statements were independently compiled by: JJ Eloff (CA (SA)) Mazars Gauteng

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

The following supplementary information does not form part of the annual financial statements and is unaudited:

Directors' Responsibilities and Approval

The directors are required 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 fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the 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 directors have reviewed the company's cash flow forecast for the year to 28 February 2019 and, in light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 6 to 25, which have been prepared on the going concern basis, were approved by the board on 28 June 2018 and were signed on their behalf by:

Director	**Director**

Independent Auditor's Report

To the members of Financial Intermediaries Association of Southern Africa (NPC)

Opinion

We have audited the annual financial statements of Financial Intermediaries Association of Southern Africa (NPC) set out on pages 8 to 25, which comprise the statement of financial position as at 28 February 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Financial Intermediaries Association of Southern Africa (NPC) as at 28 February 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Annual 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), together with the ethical requirements that are relevant to our audit of the financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IRBA Code. 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. Other information does not include the annual financial statements and our auditor's report thereon.

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

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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.

Independent Auditor's Report

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 annual 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 risks of material misstatement of the annual 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 annual 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 annual financial statements, including the disclosures, and whether the annual 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.

Mazars Gauteng
Partner: GJ De Beer
Registered Auditor
28 June 2018
Sandton

The directors have pleasure in submitting their report on the annual financial statements of Financial Intermediaries Association of Southern Africa (NPC) for the year ended 28 February 2018.

1. Nature of business

The main business of the company is to protect, promote and advance the common interests of professional financial service advisers.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Directorate

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

Directors	Changes
S van Rhyn Casserly	
J Ramsunder	Resigned 12 September 2017
GB Setzkorn	Resigned 12 September 2017
BE van Flymen	Resigned 12 September 2017
PR Olyott	
DJ Sargent	Resigned 12 September 2017
WD Axford	
JJ Erwee	Resigned 12 September 2017
LG Came	Resigned 12 September 2017
HAB van der Linde	
BS Taylor	
GA Fraser	
T McDonald	
MA Morris	
HI Schnetler	Appointed 08 June 2017
MW Skosana	Appointed 08 June 2017
RN King	Appointed 08 June 2017
L Swart	Appointed 08 June 2017
T Williams	Appointed 08 June 2017
AB Swanepoel	Appointed 17 August 2017
B Tladi	Appointed 09 November 2017

4. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

5. Property, plant and equipment

At 28 February 2018 the company's investment in property, plant and equipment amounted to R4,934,477 (2017: R 9,088,150), of which R210,732 (2017: R 53,395) was added in the current year through additions.

The company has resolved to sell the Parktown Building situated in Empire Road, Johannesburg within the next financial year. Accordingly this building is disclossed as a non-current asset held for sale in the Statement of Financial Position.

6. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

7. 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 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.

8. Auditors

Mazars Gauteng continued in office as auditors for the company for 2018.

9. Other

The company does not have an Audit Committee. The board has established a Financial Accounting and Risk Committee ("FAR") to assume responsibility to the board on the audit, financial and risk matters.

Statement of Financial Position as at 28 February 2018

Figures in Rand	Notes	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	3	4,934,477	9,088,150
Current Assets			
Trade and other receivables	4	1,827,484	2,324,782
Cash and cash equivalents	5	8,792,187	8,342,775
		10,619,671	**10,667,557**
Non-current assets held for sale	6	5,144,490	-
Total Assets		**20,698,638**	**19,755,707**
Equity and Liabilities			
Equity			
Reserves		7,914,305	6,684,724
Retained income		12,202,423	11,624,286
		20,116,728	**18,309,010**
Liabilities			
Current Liabilities			
Trade and other payables	8	581,910	1,446,697
Total Equity and Liabilities		**20,698,638**	**19,755,707**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Notes	2018	2017
Revenue	10	14,229,367	13,796,118
Other operating income	11	6,578,971	6,413,061
Other operating gains		1,300	-
Operating expenses		(20,795,000)	(19,535,994)
Operating profit	12	**14,638**	**673,185**
Investment revenue		695,505	605,436
Other non-operating gains (losses)		(270,000)	-
Profit for the year		**440,143**	**1,278,621**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Revaluation of buildings	13	1,367,575	-
Other comprehensive income for the year		**1,367,575**	**-**
Total comprehensive income for the year		**1,807,718**	**1,278,621**

Statement of Changes in Equity

Figures in Rand	Revaluation reserve	Retained income	Total equity
Balance at 01 March 2016	**6,834,648**	**10,195,741**	**17,030,389**
Profit for the year	-	1,278,621	1,278,621
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**1,278,621**	**1,278,621**
Transfer between reserves	(149,924)	149,924	-
Total contributions	**(149,924)**	**149,924**	**-**
Balance at 01 March 2017	**6,684,724**	**11,624,286**	**18,309,010**
Profit for the year	-	440,143	440,143
Other comprehensive income	1,367,575	-	1,367,575
Total comprehensive income for the year	**1,367,575**	**440,143**	**1,807,718**
Transfer between reserves	(137,994)	137,994	-
Total contributions	**(137,994)**	**137,994**	**-**
Balance at 28 February 2018	**7,914,305**	**12,202,423**	**20,116,728**
Note	13		

Statement of Cash Flows

Figures in Rand	Notes	2018	2017
Cash flows from operating activities			
Cash receipts from customers		21,305,636	13,997,229
Cash paid to suppliers and employees		(21,342,297)	(13,568,359)
Cash generated from operations	14	(36,661)	428,870
Interest income		695,505	605,436
Net cash from operating activities		**658,844**	**1,034,306**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(210,732)	(53,395)
Proceeds from disposal of property, plant and equipment	3	1,300	-
Net cash from investing activities		**(209,432)**	**(53,395)**
Total cash movement for the year		**449,412**	**980,911**
Cash at the beginning of the year		8,342,775	7,361,864
Total cash at end of the year	5	**8,792,187**	**8,342,775**

1. Significant accounting policies

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

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance wit the International Financial Reporting Standards. The annual financial statements have been prepared on the historical cost basis, except as indicated below, and incorporate the principal accounting policies as set out below. They are presented in South African Rand.

These accounting policies are consistent with the previous period, except for the new or revised standards as detailed in note 2.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

Key sources of estimation uncertainty

Fair value estimation

The fair value of financial instruments for disclosure purposes is established by using valuation techniques. These include the use of recent market observable data, quoted prices in active markets, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs. The group financial director reviews significant unobservable inputs and valuation adjustments and has the overall responsibility for overseeing all significant fair value measurements.

When measuring the fair value of an asset or liability, the company uses market observable data, as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from price),

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change, which may then impact our estimations and may then require a material adjustment to the carrying value of intangible and tangible assets.

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, indefinite useful life intangible assets are tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates of expected future cash flows are prepared for each group of assets. Expected future cash flows used to determine the value-in-use of intangible and tangible assets are inherently uncertain and could materially change over time.

1.2 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

1.3 Financial instruments

Classification

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

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

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.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

Financial liabilities are derecognised when the obligation in discharged, cancelled or expires.

1.3 Financial instruments (continued)

Impairment of financial assets

At each reporting date the company assesses all 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 debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, 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.

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 write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables

Trade and other receivables are classified as loans and receivables. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other payables

Trade payables are classified as financial liabilties at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are classified as loans and receivables.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

1.4 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	50 years
Land		Indefinite
Furniture and fixtures	Straight line	6.67 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6.67 years
IT equipment	Straight line	5 years
Computer software	Straight line	2 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.5 Impairment of non-financial assets

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

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent that it does not exceed the revaluation portion.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.6 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

A non-current asset is not depreciated while it is classified as held for sale.

1.7 Leases

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

Operating leases – lessee

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

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

1.8 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined through surveys of work performed.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and 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 method.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the service is rendered, such as sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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

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

Defined contribution plans

Payments to defined contribution retirment benefit plans are governed by the Pension Fund Act and are charged as an expense as they fall due.

Figures in Rand	2018	2017

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IAS 7: Disclosure initiative	01 January 2017	The impact of the standard is not material.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company’s accounting periods beginning on or after 01 March 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 16 Leases	01 January 2019	Unlikely there will be a material impact
• IFRS 9 Financial Instruments	01 January 2018	Unlikely there will be a material impact
• IFRS 15 Revenue from Contracts with Customers	01 January 2018	Impact is currently being assessed

Figures in Rand	2018	2017

3. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	360,000	-	360,000	933,000	-	933,000
Buildings	4,240,000	-	4,240,000	9,242,405	(1,480,172)	7,762,233
Furniture and fixtures	208,436	(124,319)	84,117	208,399	(151,757)	56,642
Motor vehicles	293,853	(122,439)	171,414	293,853	(63,668)	230,185
Office equipment	23,860	(16,517)	7,343	38,109	(23,919)	14,190
IT equipment	401,683	(330,080)	71,603	368,519	(305,202)	63,317
Computer software	62,363	(62,363)	-	62,363	(33,780)	28,583
Total	**5,590,195**	**(655,718)**	**4,934,477**	**11,146,648**	**(2,058,498)**	**9,088,150**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Classified as assets held for sale	Revaluations	Depreciation	Total
Land	933,000	-	(573,000)	-	-	360,000
Buildings	7,762,233	122,040	(4,827,000)	1,367,575	(184,848)	4,240,000
Furniture and fixtures	56,642	55,527	(11,818)	-	(16,234)	84,117
Motor vehicles	230,185	-	-	-	(58,771)	171,414
Office equipment	14,190	-	(2,672)	-	(4,175)	7,343
IT equipment	63,317	33,165	-	-	(24,879)	71,603
Computer software	28,583	-	-	-	(28,583)	-
	9,088,150	**210,732**	**(5,414,490)**	**1,367,575**	**(317,490)**	**4,934,477**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Impairment reversal	Total
Land	933,000	-	-	-	933,000
Buildings	7,910,931	-	(184,848)	36,150	7,762,233
Furniture and fixtures	76,493	9,499	(18,846)	(10,504)	56,642
Motor vehicles	292,854	-	(58,771)	(3,898)	230,185
Office equipment	6,903	-	(2,256)	9,543	14,190
IT equipment	50,481	43,896	(29,203)	(1,857)	63,317
Computer software	59,971	-	(31,182)	(206)	28,583
	9,330,633	**53,395**	**(325,106)**	**29,228**	**9,088,150**

Figures in Rand	2018	2017

3. Property, plant and equipment (continued)

Revaluations

The company's land and buildings are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed every 6 years and in intervening years if the carrying amount of the land and buildings differs materially from their fair value.

The effective dates of the revaluations was 26 February 2018. Revaluations were performed by an independent valuer, Mr GR Miller (SACPVP) (SAIV) of Messrs Professional Valuation Services. Professional Valuation Services is not connected to the company.

The valuation was performed using the income capitalisation method for the Highveld building and recent offers to purchase for the Parktown building.

Capitalisation rate - Highveld - 9.50%

The carrying value of the revalued asset under the cost model would have been:

	2018	2017
Land	119,918	224,898
Buildings	1,212,500	2,157,321
	1,332,418	**2,382,219**

Details of properties

Unit 9, Stand 2298, Highveld Ext 12, Reg Div JR, Gauteng

	2018	2017
- Purchase price: 2000	1,326,453	1,326,453
- Additions at cost: 2001	5,965	5,965
- Revaluations	3,267,582	2,367,582
	4,600,000	**3,700,000**

Erf 755, Parktown, Extension 51, Empire Road, Johannesburg

	2018	2017
- Purchase price: 1 December 2009	1,049,801	1,049,801
- Revaluations	4,350,199	4,950,199
Transferred to non-current assets held for sale	(5,400,000)	-
	-	**6,000,000**

4. Trade and other receivables

	2018	2017
Trade receivables	1,380,899	1,457,104
Prepayments	372,117	819,048
Deposits	74,468	48,630
	1,827,484	**2,324,782**

Figures in Rand	2018	2017

4. Trade and other receivables (continued)

Credit quality of trade and other receivables

Trade and other receivables that are neither past due nor impaired are considered to be of good quality and no significant default in payment is expected. This assessment is based on the fact that the vast majority of these debtors have been customers for a long period of time and there is no pattern of default.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 28 February 2018, R 63,424 (2017: R 21,170) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2018	2017
1 month past due	1,605	-
2 months past due	61,819	21,375
3 months past due	-	335

5. Cash and cash equivalents

Cash and cash equivalents consist of:

	2018	2017
Cash on hand	1,532	4,957
Bank balances	8,790,655	8,337,818
	8,792,187	**8,342,775**

6. Non-current assets held for sale

The decision was made by the board to sell Erf 755 Parktown Extension 51, Empire Road, Johannesburg.

The property is currently in the market and availabe for sale in its present condition and will be sold as soon as a reasonable offer to purchase has been received. This is expected to occur within the next 12 months.

Assets and liabilities

	2018	2017
Non-current assets held for sale		
Property, plant and equipment	5,144,490	-

Figures in Rand	2018	2017

7. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2018

	Loans and receivables	Total
Trade and other receivables	1,380,899	1,380,899
Cash and cash equivalents	8,792,187	8,792,187
	10,173,086	**10,173,086**

2017

	Loans and receivables	Total
Trade and other receivables	1,457,104	1,457,104
Cash and cash equivalents	8,342,775	8,342,775
	9,799,879	**9,799,879**

8. Trade and other payables

Trade payables	235,856	43,121
Amounts received in advance	21,179	1,003,096
Value Added Tax	150,500	226,501
Accrued leave pay	124,375	173,979
Accrued bonus	50,000	-
	581,910	**1,446,697**

9. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2018

	Financial liabilities at amortised cost	Total
Trade and other payables	235,856	235,856

2017

	Financial liabilities at amortised cost	Total
Trade and other payables	43,121	43,121

Figures in Rand	2018	2017

10. Revenue

Membership fees	13,489,963	13,066,402
Administration fees	739,404	729,716
	14,229,367	**13,796,118**

11. Other operating income

Advertisement fee	839,542	988,522
Awards survey income	248,769	75,000
Functions and events	535,581	1,038,616
Golf day fees	459,297	552,761
Recoveries	32,478	67,422
Rental income	41,040	41,919
Sponsorship income	4,387,231	3,592,100
Sundry income	35,033	56,721
	6,578,971	**6,413,061**

12. Operating profit

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

Expenses by nature

Employee costs	10,653,091	10,021,499
Operating lease charges	278,205	230,533
Depreciation	317,490	325,106
Advertising	494,246	77,430
Functions and events	2,912,846	3,362,634
Audit fees	165,500	130,000
Computer expenses	461,937	395,837
Consulting and professional fees	1,001,846	1,045,609
Meeting expenses	388,378	455,614
Municipal expenses	291,566	322,319
Office expenses	177,906	172,608
Roadshows	846,660	355,907
Subscriptions	531,835	484,074
Travel - local	1,028,645	900,792
Travel - overseas	142,536	75,387
Other expenses	1,102,313	1,180,645
	20,795,000	**19,535,994**

13. Revaluation reserve

Opening balance	6,684,724	6,834,648
Realisation of revaluation reserve	(137,994)	(149,924)
Revaluation of land and buildings	1,367,575	-
	7,914,305	**6,684,724**

Figures in Rand	2018	2017

14. Cash (used in)/generated from operations

Profit before taxation	440,143	1,278,621
Adjustments for:		
Depreciation and amortisation	317,490	325,106
Gains on disposals, scrappings and settlements of assets and liabilities	(1,300)	-
Interest income	(695,505)	(605,436)
Fair value adjustment	270,000	-
Impairment reversal on property, plant and equipment	-	(29,226)
Changes in working capital:		
Trade and other receivables	497,298	201,111
Trade and other payables	(864,787)	(741,306)
	(36,661)	**428,870**

15. Directors' emoluments

No emoluments were paid to the directors or any individuals holding a prescribed office during the year (2017: Rnil).

16. Employee costs

Employee costs		
Basic	9,288,951	8,472,159
Commissions	28,013	598,086
Bonus	780,028	449,579
UIF	70,882	74,276
SDL	94,016	85,696
Benefits	391,201	341,703
	10,653,091	**10,021,499**

17. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of equity as disclosed in the Statement of Financial Position.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The company’s activities expose it to a variety of financial risks: credit risk and liquidity risk.

There have been no changes to the company's overall risks or financial risk management objectives, policies and processes from the previous period.

Figures in Rand	2018	2017

17. Risk management (continued)

Liquidity risk

The company's risk to liquidity is a result of the obligations associated with financial liabilities and funds available to cover those obligations. The company manages liquidity risk through an ongoing review of future commitments.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 28 February 2018	Less than 1 year
Trade and other payables	410,231

At 28 February 2017	Less than 1 year
Trade and other payables	217,100

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial instrument	2018	2017
Trade and other receivables	1,380,899	1,457,104
Cash and cash equivalents	8,792,187	8,342,775

Detailed Income Statement

Figures in Rand	Notes	2018	2017
Revenue			
Membership fees		13,489,963	13,066,402
Administration fees		739,404	729,716
	10	**14,229,367**	**13,796,118**
Other operating income			
Advertisement fee		839,542	988,522
Awards survey income		248,769	75,000
Functions and events		535,581	1,038,616
Golf day fees		459,297	552,761
Recoveries		32,478	67,422
Rental income		41,040	41,919
Sponsorship income		4,387,231	3,592,100
Sundry income		35,033	56,721
	11	**6,578,971**	**6,413,061**
Other operating gains			
Gains on disposal of assets		1,300	-
Expenses (Refer to page 27)		**(20,795,000)**	**(19,535,994)**
Operating profit	12	**14,638**	**673,185**
Interest received - Investment		695,505	605,436
Other non-operating gains (losses)			
Fair value loss		(270,000)	-
Profit for the year		**440,143**	**1,278,621**

The supplementary information presented does not form part of the annual financial statements and is unaudited

Detailed Income Statement

Figures in Rand	Notes	2018	2017
Other operating expenses			
Advertising		494,246	77,430
Audit fees		165,500	130,000
Bank charges		43,837	43,960
Computer expenses		461,937	395,837
Consulting and professional fees		1,001,846	1,045,609
Depreciation		317,490	325,106
Donations		43,031	121,500
Employee costs		10,653,091	10,021,499
Functions and events		2,912,846	3,362,634
Insurance		89,095	89,779
Lease rentals on operating lease		278,205	230,533
Legal fees		64,020	62,602
Meeting expenses		388,378	455,614
Municipal expenses		291,566	322,319
Office expenses		773,231	736,645
Repairs and maintenance		69,256	23,224
Roadshows		846,660	355,907
Subscriptions		531,835	484,074
Telephone and fax		129,267	183,597
Training		68,482	91,946
Travel - local		1,028,645	900,792
Travel - overseas		142,536	75,387
		20,795,000	**19,535,994**

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