Financial Intermediaries Association of Southern Africa (NPC)
(Registration number 1999/002724/08)
Annual Financial Statements
for the year ended 28 February 2023

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General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Member trade association which guard, develop, promote, and represent professional advisory and intermediary businesses in the financial services industry.
Directors	RN King PR Olyott WD Axford BS Taylor T McDonald L Swart B Tladi GB Setzkorn M van der Walt D Pillay G Dell PC Faure Z Anter R Mac Lachlan GL Rheeders CL Whitfield
Business address	Unit 9, Corporate Corner Corner John Vorster and Marco Polo Drives Highveld Centurion 0046
Postal address	Unit 9, Corporate Corner Corner John Vorster and Marco Polo Drives Highveld Centurion 0046
Bankers	First National Bank
Auditors	Mazars Chartered Accountants (SA) Registered Auditor
Company registration number	1999/002724/08
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	These annual financial statements were prepared under the supervision of: PR Smith Chartered Accountant (SA)
Issued	15 November 2023

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the 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 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 of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the 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 29 February 2024 and, in light of this review and the current financial position, they are satisfied that the company has or had 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 financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 7 to 9.

The annual financial statements set out on pages 10 to 36, which have been prepared on the going concern basis including the Directors Report on page 4 to 5, were approved by the board of directors on 15 November 2023 and were signed on their behalf by:

DocuSigned by: Butsi Tladi 77D8D37A9CBE4A0...	DocuSigned by: Ronald King 9F0F17DB1608423...
Director	**Director**

Directors' Report

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 2023.

1. Nature of business

The Financial Intermediaries Association of Southern Africa (NPC) was incorporated in South Africa and the main business of the company is to protect, promote and advance the common interests of professional financial service advisors.

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 and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the 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
RN King	
PR Olyott	
WD Axford	
BS Taylor	
T McDonald	
L Swart	
B Tladi	
P Padayachee-Naidoo	Resigned 13 February 2023
A Swanepoel	Resigned 18 August 2022
GB Setzkorn	
M van der Walt	
D Pillay	
R Geldenhuys	Resigned 25 August 2022
PJ Britz	Resigned 18 August 2022
G Dell	
PC Faure	
N Iozzo	Resigned 23 February 2023
Z Anter	Appointed 03 August 2022
R Mac Lachlan	Appointed 18 August 2022
GL Rheeders	Appointed 12 August 2022
CL Whitfield	Appointed 16 February 2023

Directors' Report

4. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

At 28 February 2023 the company's investment in property, plant and equipment amounted to R4 580 195 (2022: R 5 088 509 ; 2021: R 5 573 216), of which R81 888 (2022: R 280 315 ; 2021: R 1 615 137) was added in the current year through additions.

5. Events after the reporting period

The board of directors approved the proposal to establish a NewCo in order to protect the NPC status of the company, for purposes of receiving funding not received directly from members, and for the furtherance of member interests.

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

6. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business

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.

7. Auditors

Mazars continued in office as auditors for the company for 2023.

8. Other

The Finance, Audit and Risk Committee (FAR) has been established by the Board of Directors in terms of its Rules, to represent the interests of the Board of Directors with regards to oversight of all financial and risk matters concerning the FIA.

The directors are not aware of any new material changes that may adversely impact the company other than for the reference made to the Reportable Irregularity as per Note 21.

Practitioner's Compilation Report

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

We have compiled the annual financial statements of Financial Intermediaries Association of Southern Africa (NPC), as set out on page 10 to 36, based on information you have provided. These annual financial statements comprise the statement of financial position of Financial Intermediaries Association of Southern Africa (NPC) as at 28 February 2023, statement of surplus or deficit and other comprehensive surplus, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual financial statements in accordance with International Financial Reporting Standards. We have complied with relevant ethical requirements, including principles 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, we are not required to verify the accuracy or completeness of the information you provided to us to compile these annual financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these annual financial statements are prepared in accordance with International Financial Reporting Standards.

PKF Pretoria Incorporated
PR Smith
Director
Chartered Accountant (SA)

Emwil House West
15 Pony Street
Tijger Vallei Office Park
Silverlakes
0081

15 November 2023

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Independent Auditor's Report

To the Members of the Financial Intermediaries Association of Southern Africa NPC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Financial Intermediaries Association of Southern Africa NPC set out on pages 10 to 36, which comprise the statement of financial position as at 28 February 2023, 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 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 Financial Intermediaries Association of Southern Africa NPC as at 28 February 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards 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 corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. 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 information included in the document titled "The Financial Intermediaries Association of Southern Africa NPC Annual Financial Statements for the year ended 28 February 2023", which includes the Directors' Report as required by the Companies Act of South Africa, Directors' Responsibilities and Approval, mazars

Practitioner's Compilation Report and the Detailed Income Statement. 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 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material 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.

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- 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.

Report on Other Legal and Regulatory Requirements

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified a reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors. The matter pertaining to the reportable irregularity has been described in note 21 to the financial statements.

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
Partner: Riana Groenewald
Registered Auditor
15 November 2023
Cape Town

Statement of Financial Position as at 28 February 2023

Figures in Rand	Note(s)	2023	*Restated 2022	*Restated 2021
Assets				
Non-Current Assets				
Property, plant and equipment	3	4 580 195	5 088 509	5 573 216
Right-of-use assets	4	225 132	-	-
		4 805 327	**5 088 509**	**5 573 216**
Current Assets				
Trade and other receivables	5	1 926 764	1 834 029	1 792 865
Cash and cash equivalents	6	18 623 714	18 720 731	16 524 584
		20 550 478	**20 554 760**	**18 317 449**
Total Assets		**25 355 805**	**25 643 269**	**23 890 665**
Equity and Liabilities				
Equity				
Revaluation reserve	7	2 380 259	2 458 320	2 536 382
Accumulated surplus		16 969 518	16 814 356	16 286 770
		19 349 777	**19 272 676**	**18 823 152**
Liabilities				
Non-Current Liabilities				
Lease liabilities	4	135 099	-	-
Deferred tax	8	331 964	361 943	500 227
		467 063	**361 943**	**500 227**
Current Liabilities				
Trade and other payables	9	4 187 869	4 590 552	3 701 797
Lease liabilities	4	115 048	-	-
Deferred income		264 742	491 547	242 870
Current tax payable		971 306	926 551	622 619
		5 538 965	**6 008 650**	**4 567 286**
Total Liabilities		**6 006 028**	**6 370 593**	**5 067 513**
Total Equity and Liabilities		**25 355 805**	**25 643 269**	**23 890 665**

* Please refer to note 21 for the changes affecting specific line items to the annual financial statements for any restatements.

Statement of Surplus or Deficit and Other Comprehensive Income

Figures in Rand	Note(s)	2023	2022
Revenue	10	17 102 482	16 140 048
Other operating income	11	7 452 130	4 475 116
Other operating gains	12	7 075	121 743
Other operating expenses		(25 599 594)	(20 884 723)
Operating deficit	13	**(1 037 907)**	**(147 816)**
Investment income	14	1 153 048	762 988
Finance costs	15	(23 269)	-
Surplus before taxation		**91 872**	**615 172**
Taxation	16	(14 774)	(165 648)
Surplus for the year		**77 098**	**449 524**
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		**77 098**	**449 524**

Financial Intermediaries Association of Southern Africa (NPC)

(Registration number 1999/002724/08)
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Statement of Changes in Equity

Figures in Rand	Revaluation reserve	Accumulated surplus	Total equity
Opening balance as previously reported	2 536 382	17 409 616	19 945 998
Adjustments			
Prior period error	-	(1 122 846)	(1 122 846)
***Restated balance at 01 March 2021**	**2 536 382**	**16 286 770**	**18 823 152**
Surplus for the year	-	449 524	449 524
Other comprehensive income	-	-	-
Total comprehensive surplus for the year	**-**	**449 524**	**449 524**
Transfer between reserves	(78 062)	78 062	-
Total contributions	**(78 062)**	**78 062**	**-**
Opening balance as previously reported	2 458 320	18 102 850	20 561 170
Adjustments			
Prior period error	-	(1 288 491)	(1 288 491)
***Restated balance at 01 March 2022**	**2 458 320**	**16 814 359**	**19 272 679**
Surplus for the year	-	77 098	77 098
Other comprehensive income	-	-	-
Total comprehensive surplus for the year	**-**	**77 098**	**77 098**
Transfer between reserves	(78 061)	78 061	-
Total contributions of the company recognised directly in equity	**(78 061)**	**78 061**	**-**
Balance at 28 February 2023	**2 380 259**	**16 969 518**	**19 349 777**
	7		

Note(s)
* Please refer to note 21 for the changes affecting specific line items to the annual financial statements for any restatements.

Financial Intermediaries Association of Southern Africa (NPC)

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Statement of Cash Flows

Figures in Rand	Note(s)	2023	2022
Cash flows from operating activities			
Cash (used in) / generated from operations	17	(1 070 039)	1 416 644
Interest income	14	1 153 048	762 988
Finance costs	15	-	-
Net cash from operating activities		**83 009**	**2 179 632**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(81 888)	(280 315)
Proceeds from sale of property, plant and equipment	3	12 682	296 830
Net cash from investing activities		**(69 206)**	**16 515**
Cash flows from financing activities			
Cash component on lease liability	4	(110 820)	-
Total cash movement for the year		**(97 017)**	**2 196 147**
Cash and cash equivalents at the beginning of the year		18 720 731	16 524 584
Cash and cash equivalents at the end of the year	6	**18 623 714**	**18 720 731**

Accounting Policies

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 with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act 71 of 2008 as amended.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Fair value estimation

Land and buildings are carried at revalued amounts. Valuations are performed every 6 years and in intervening years if the carrying amount of land and buildings differs materially from their fair value.
No valuation was performed in the current financial year.

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.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

1.3 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.

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.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in surplus or deficit in the year in which they are incurred.

Accounting Policies

1.3 Property, plant and equipment (continued)

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, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

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 surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

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. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. 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	5 - 6,67 years
Office equipment	Straight line	6,67 years
IT equipment	Straight line	5 years
Computer software	Straight line	2 years
Building renovations	Straight line	10 years
Solar Panels	Straight line	30 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 surplus or deficit unless it is included in the carrying amount of another asset.

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 surplus or deficit 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, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

Accounting Policies

1.4 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are debt instruments:
- Amortised cost.

Financial liabilities:
- Amortised cost

Note 18 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 5).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 5) and the financial instruments and risk management note (note 18).

Accounting Policies

1.4 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 9), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 18 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, 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 initially and subsequently recorded at fair value.

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.5 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:
- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 13) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Accounting Policies

1.6 Leases (continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 13).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 15).

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:
- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in surplus or deficit if the carrying amount of the right-of-use asset has been reduced to zero.

Accounting Policies

1.6 Leases (continued)

Right-of-use assets

The cost of the right-of-use asset comprise of:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Item	Depreciation method	Average useful life
Buildings	Straight line	3 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. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

1.7 Impairment of 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.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

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 or a cash-generating unit 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 surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Accounting Policies

1.8 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.9 Revenue from contracts with customers

The company recognises revenue from the following major sources:

- Membership fees
- Referral fees

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

Membership fees

The company charges FSPs (Financial Service Providers) membership fees on an annual or monthly basis - depending on the preference of the FSP. The membership fee charged to the FSP is based on the number of key individuals and representatives on the FSCA license. Membership fees are recognised as revenue at the start of each month. Any membership fees received in advance are classified as deferred income. Deferred income is released to revenue on a monthly basis over the membership period.

Referral fees

The company earns referral fees from group member schemes. Referral fees are negotiated with each of these schemes and are recognised in the month in which the referral took place.

1.10 Other operating income

Other operating income consists of all income received that are not directly related to the company's primary operations. Other income is measured at the fair value of the consideration received or receivable, net of trade discounts and value-added tax. Other operating income consists of the following:

Advertisement fees
The company charges fees for the placement of content in the FIA's CPD accredited magazine. Income from advertisements is recognised on the date at which the advertisement takes place.

Functions and events
The company hosts various events throughout the year. The company sells tickets to members which entitles them to attend these events. Income is recognised on the date that the event is held.

Interest received
Interest is recognised in surplus or deficit, using the effective interest method.

Accounting Policies

1.10 Other operating income (continued)

Golf day fees
The company hosts various golf days. The company earns income from entry fees charged to participate in these golf days. Income in respect of golf days is recognised on the date that the golf day is held.

Sponsorship income
The company hosts various events during the year. Participants in the industry are afforded the opportunity to sponsor the event or parts thereof. Formal sponsorships agreements are entered into stipulating the price to be charged as well as the exposure to be provided. Income is recognised on the date that the event is held.

Any amounts received prior to the recognition criteria being met, is classified as deferred income.

Notes to the Annual Financial Statements

Figures in Rand

2. New Standards and Interpretations

2.1 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 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	amendment is to be determined by the IASB	Unlikely there will be a material impact
• Lease liability in a sale and leaseback	01 January 2024	Unlikely there will be a material impact
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	01 January 2023	Unlikely there will be a material impact
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	01 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
• IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact

Notes to the Annual Financial Statements

3. Property, plant and equipment

	2023			2022		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	360 000	-	360 000	360 000	-	360 000
Building and renovations	4 021 336	(387 279)	3 634 057	4 021 336	(189 912)	3 831 424
Furniture and fixtures	850 568	(547 184)	303 384	850 568	(390 400)	460 168
Motor vehicles	-	-	-	-	-	-
Office equipment	34 457	(30 484)	3 973	34 457	(27 881)	6 576
IT equipment	473 911	(229 733)	244 178	452 873	(194 778)	258 095
Computer software	303 330	(303 330)	-	303 330	(166 884)	136 446
Solar panels	35 900	(1 297)	34 603	35 900	(100)	35 800
Total	**6 079 502**	**(1 499 307)**	**4 580 195**	**6 058 464**	**(969 955)**	**5 088 509**

	2021		
	Cost or revaluation	Accumulated depreciation	Carrying value
Land	360 000	-	360 000
Building and renovations	4 104 488	(164 488)	3 940 000
Furniture and fixtures	849 063	(222 834)	626 229
Motor vehicles	291 110	(202 954)	88 156
Office equipment	34 458	(25 278)	9 180
IT equipment	448 617	(183 327)	265 290
Computer software	303 330	(18 969)	284 361
Solar panels	-	-	-
Total	**6 391 066**	**(817 850)**	**5 573 216**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Land	360 000	-	-	-	360 000
Building and renovations	3 831 424	-	-	(197 367)	3 634 057
Furniture and fixtures	460 168	-	-	(156 784)	303 384
Office equipment	6 576	-	-	(2 603)	3 973
IT equipment	258 095	81 888	(5 607)	(90 198)	244 178
Computer software	136 446	-	-	(136 446)	-
Solar panels	35 800	-	-	(1 197)	34 603
	5 088 509	**81 888**	**(5 607)**	**(584 595)**	**4 580 195**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Land	360 000	-	-	-	360 000
Building and renovations	3 940 000	81 336	-	(189 912)	3 831 424
Furniture and fixtures	626 229	-	(318)	(165 743)	460 168
Motor vehicles	88 156	-	(88 156)	-	-
Office equipment	9 180	-	-	(2 604)	6 576
IT equipment	265 290	163 079	(86 614)	(83 660)	258 095
Computer software	284 361	-	-	(147 915)	136 446
Solar Panels	-	35 900	-	(100)	35 800
	5 573 216	**280 315**	**(175 088)**	**(589 934)**	**5 088 509**

Notes to the Annual Financial Statements

	2023	2022	2021

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	360 000	-	-	-	-	360 000
Buildings and renovations	4 453 951	377 747	-	(727 210)	(164 488)	3 940 000
Furniture and fixtures	52 938	732 186	-	-	(158 895)	626 229
Motor vehicles	99 867	-	-	-	(11 711)	88 156
Office equipment	6 557	5 226	-	-	(2 603)	9 180
IT equipment	164 040	196 648	(21 797)	-	(73 601)	265 290
Computer software	-	303 330	-	-	(18 969)	284 361
	5 137 353	**1 615 137**	**(21 797)**	**(727 210)**	**(430 267)**	**5 573 216**

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 revaluation of the building was performed by using the income capitalisation method and the following assumptions were applied:
Market related rental - R138 per m2
Property expenses as a percentage of income - 25.84%
Vacancy rate - 5%
Capitalisation rate - 9.75%

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

	2023	2022	2021
Land	119 918	119 918	119 918
Buildings	1 541 295	1 541 295	1 541 295
	1 661 213	**1 661 213**	**1 661 213**

Details of properties

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

	2023	2022	2021
- Purchase price: 2000	1 332 418	1 332 418	1 332 418
- Additions since purchase	1 000 259	1 000 259	908 923
- Revaluations	1 661 380	1 858 747	2 048 659
	3 994 057	**4 191 424**	**4 290 000**

4. Right-of-use asset / Leases (company as lessee)

The company leases an office space for the Coastal Region. The average lease term is 3 years.

Details pertaining to leasing arrangements, where the company is the lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

	2023	2022	2021
Office space	225 132	-	-

Notes to the Annual Financial Statements

4. Right-of-use asset / Leases (company as lessee) (continued)

Additions to right-of-use assets

	2023	2022	2021
Office space	337 698	-	-

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in surplust or deficit (note 13).

	2023	2022	2021
Office space	112 566	-	-

Lease liabilities

The maturity analysis of lease liabilities is as follows:

	2023	2022	2021
Within one year	135 435	-	-
Two to five years	135 960	-	-
	271 395	-	-
Less finance charges component	(21 248)	-	-
	250 147	**-**	**-**
Non-current liabilities	135 099	-	-
Current liabilities	115 048	-	-
	250 147	**-**	**-**

5. Trade and other receivables

	2023	2022	2021
Financial instruments:			
Trade receivables	1 797 292	1 754 148	1 712 984
Deposits	22 504	17 334	17 334
Non-financial instruments:			
VAT	43 558	-	-
Prepayments	63 410	62 547	62 547
Total trade and other receivables	**1 926 764**	**1 834 029**	**1 792 865**

Split between non-current and current portions

	2023	2022	2021
Current assets	1 926 764	1 834 029	1 792 865

Financial instrument and non-financial instrument components of trade and other receivables

	2023	2022	2021
At amortised cost	1 819 796	1 771 482	1 730 318
Non-financial instruments	106 968	62 547	62 547
	1 926 764	**1 834 029**	**1 792 865**

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

Notes to the Annual Financial Statements

5. Trade and other receivables (continued)

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company applies financial vetting processes prior to allowing memberships to FSP's. The company has only written off R26,527 as bad debts over the past 5 years. Accordingly no provision for expected credit losses were recognised. There is no forward looking information available that indicates that this will change going forward.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

	2023	2022	2021
Cash on hand	349	-	1 293
Bank balances	18 623 365	18 720 731	16 523 291
	18 623 714	**18 720 731**	**16 524 584**

7. Revaluation reserve

	2023	2022	2021
Opening balance	2 458 320	2 536 382	3 366 374
Realisation of revaluation reserve	(78 061)	(78 062)	(102 782)
Revaluation of building	-	-	(727 210)
	2 380 259	**2 458 320**	**2 536 382**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022	2021

8. Deferred tax

Deferred tax liability

Property plant and equipment	(859 126)	(970 567)	(1 063 063)
Right-of-use asset	(60 786)	-	-
Total deferred tax liability	**(919 912)**	**(970 567)**	**(1 063 063)**

Deferred tax asset

Deferred income	71 480	137 633	68 004
Lease liability	67 540	-	-
Deferred tax balance from temporary differences other than unused tax losses	139 020	137 633	68 004
Total deferred tax asset	**139 020**	**137 633**	**68 004**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(919 912)	(970 567)	(1 063 063)
Deferred tax asset	139 020	137 633	68 004
Total net deferred tax liability	**(780 892)**	**(832 934)**	**(995 059)**

Reconciliation of deferred tax asset / (liability)

At beginning of year	(361 943)	(500 227)	-
Reduction due to rate change	12 926	-	-
Increases / (decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	-	-	(39 233)
Taxable / (deductible) temporary difference on property, plant and equipment	76 777	92 496	141 266
Taxable / (deductible) temporary difference on right-of-use aseet	(60 786)	-	-
Taxable / (deductible) temporary difference on deferred income	(61 237)	69 629	55 845
Taxable / (deductible) temporary difference on lease liability	67 540	-	-
Previouse years unrecognised deferred tax	-	-	(1 152 937)
Taxable / (deductible) temporary difference on accruals	(5 008)	(23 841)	512 345
Taxable / (deductible) temporary difference on prepayments	(233)	-	(17 513)
	(331 964)	**(361 943)**	**(500 227)**

Change in tax rate

The corporate tax rate was changed from 28% to 27% and considered substantively enacted on 23 February 2021. The new rate is effective for tax years ending 31 March 2023. The deferred tax balance has been calculated by applying the new rate, taking the expected timing of reversal of deferred tax components into consideration.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022	2021

9. Trade and other payables

Financial instruments:			
Trade payables	1 902 280	1 584 434	700 609
Project payables	559 482	1 162 423	939 702
Non-financial instruments:			
Accrued leave pay	215 057	204 655	233 203
Accrued bonus	1 511 050	1 540 000	1 596 602
VAT	-	99 040	231 681
	4 187 869	**4 590 552**	**3 701 797**

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	2 461 762	2 746 857	1 640 311
Non-financial instruments	1 726 107	1 843 695	2 061 486
	4 187 869	**4 590 552**	**3 701 797**

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

10. Revenue

	2023	2022
Revenue from contracts with customers		
Membership fees	16 573 590	15 596 794
Referral fees	528 892	543 254
	17 102 482	**16 140 048**

Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Rendering of services		
Membership fees	16 573 590	15 596 794
Other revenue		
Referral fees	528 892	543 254
Total revenue from contracts with customers	**17 102 482**	**16 140 048**

Timing of revenue recognition

At a point in time		
Referral fees	528 892	543 254
Over time		
Membership fees	16 573 590	15 596 794
Total revenue from contracts with customers	**17 102 482**	**16 140 048**

Notes to the Annual Financial Statements

Figures in Rand		2023	2022

11. Other operating income

Advertisement fee		2 795 182	2 960 024
Functions and events		751 034	452 801
Recoveries		5 422	17 101
Sponsorship income		3 699 449	1 010 475
Sundry income		201 043	34 715
		7 452 130	**4 475 116**

12. Other operating gains

Gains on disposals, scrappings and settlements			
Property, plant and equipment	3	7 075	121 743

13. Operating surplus

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

Auditor's remuneration - external		
Audit fees	199 246	208 610

Remuneration, other than to employees		
Consulting and professional services	2 406 475	1 590 766

Employee costs

As at Tuesday, 28 February 2023 the company had 19 permanent employees (2022: 19 ; 2021: 21). The total cost of employment of all employees, including executive directors, was as follows:

Salaries, wages, bonuses and other benefits	13 910 671	14 073 357

Leases

Leases of low value assets	67 079	199 390
Total lease expenses	**67 079**	**199 390**

Depreciation and amortisation		
Depreciation of property, plant and equipment	584 595	589 934
Depreciation of right-of-use assets	112 566	-
Total depreciation and amortisation	**697 161**	**589 934**

Expenses by nature

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

Employee costs	13 910 671	14 073 357
Lease expenses	67 079	199 390
Depreciation, amortisation and impairment	697 161	589 934
Other expenses	10 924 683	6 022 042
	25 599 594	**20 884 723**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

14. Investment income

Interest income		
Investments in financial assets:		
Bank and other cash	1 153 048	762 988

15. Finance costs

Lease liabilities	23 269	-

16. Taxation

Major components of the tax expense

Current		
Local income tax - current period	44 754	303 932
Deferred		
Originating and reversing temporary differences	(17 053)	(138 284)
Changes in tax rates	(12 927)	-
	(29 980)	**(138 284)**
	14 774	**165 648**

Reconciliation of the tax expense

Accounting surplus	91 872	615 172
Tax at the applicable tax rate of 28% (2022: 28%)	25 724	172 248
Tax effect of adjustments on taxable income		
Accounting profit on sale of PPE	(1 981)	(34 088)
Non-deductable donations	8 674	-
Deductable donations	(3 780)	-
Deferred tax movement	(13 863)	27 488
	14 774	**165 648**

Please refer to note 21 for the changes affecting specific line items to the annual financial statements for any restatements.

17. Cash (used in) / generated from operations

Surplus before taxation	91 872	615 172
Adjustments for non-cash items:		
Depreciation	697 161	589 934
Gains on sale of property, plant and equipment	(7 075)	(121 743)
Adjust for items which are presented separately:		
Interest income	(1 153 048)	(762 988)
Finance costs	23 269	-
Changes in working capital:		
(Increase) / decrease in trade and other receivables	(92 735)	(41 164)
Increase / (decrease) in trade and other payables	(402 678)	888 756
Increase / (decrease) in deferred income	(226 805)	248 677
	(1 070 039)	**1 416 644**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

18. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2023

	Note(s)	Amortised cost	Total
Trade and other receivables	5	1 819 796	1 819 796
Cash and cash equivalents	6	18 623 714	18 623 714
		20 443 510	**20 443 510**

2022

	Note(s)	Amortised cost	Total
Trade and other receivables	5	1 771 482	1 771 482
Cash and cash equivalents	6	18 720 731	18 720 731
		20 492 213	**20 492 213**

2021

	Note(s)	Amortised cost	Total
Trade and other receivables	5	1 730 318	1 730 318
Cash and cash equivalents	6	16 524 584	16 524 584
		18 254 902	**18 254 902**

Categories of financial liabilities

2023

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	9	2 461 760	-	2 461 760
Lease obligations	4	-	250 147	250 147
		2 461 760	**250 147**	**2 711 907**

2022

	Note(s)	Amortised cost	Total
Trade and other payables	9	2 746 857	2 746 857

2021

	Note(s)	Amortised cost	Total
Trade and other payables	9	1 640 311	1 640 311

18. Financial instruments and risk management (continued)

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company is exposed to credit risk on trade and other receivables, cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed through implementation of a financial vetting process which is followed before membership is offered.

Credit risk exposure arising on cash and cash equivalents is managed by the company through dealing with well-established financial institutions with high credit ratings.

Refer to note 5 for details on how the company manages credit risk on trade and other receivables.

The maximum exposure to credit risk is presented in the table below:

		2023			2022		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	5	1 819 796	-	1 819 796	1 771 482	-	1 771 482
Cash and cash equivalents	6	18 623 714	-	18 623 714	18 720 731	-	18 720 731
		20 443 510	**-**	**20 443 510**	**20 492 213**	**-**	**20 492 213**

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through cash generated from operations.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

18. Financial instruments and risk management (continued)

2023

		Less than 1 year	1 to 2 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities	4	-	135 099	135 099	135 099
Current liabilities					
Trade and other payables	9	2 461 760	-	2 461 760	2 461 760
Lease liabilities	4	115 048	-	115 048	115 048
		2 576 808	**135 099**	**2 711 907**	**2 711 907**

2022

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	9	2 746 857	2 746 857	2 746 857

2021

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	9	1 640 311	1 640 311	1 640 311

19. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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 are satisfied that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company other than for the reference made to the Reportable Irregularity as per Note 21.

20. Events after the reporting period

The board of directors approved the proposal to establish a NewCo in order to protect the NPC status of the company, for purposes of receiving funding not received directly from members, and for the furtherance of member interests.

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

Notes to the Annual Financial Statements

Figures in Rand

21. Prior period error

The financial statements for the year ended 28 February 2022 have been restated to correct a prior period error. The error was identified during the current reporting period and relates to the treatment of taxation, deferred tax liability, and retained earnings, as further explained below:

Nature of Prior Period Error:
The company did not comply with all the tax exemption criteria as prescribed by the South African Revenue Service (SARS) under section 10(1)(d)(iii), which among other things, requires the following:
a. Substantially the whole of its funds will be used for the sole or principal objective for which it has been established; (compliant).
b. Substantially the whole of its activities will be directed to the furtherance of its sole or principal objective and not for the specific benefit of an individual member or minority group; and (compliant).
c. Substantially the whole (at least 85%) of its funding will be derived from its annual or other long-term members or from an appropriation by the Government of the Republic in the national, provincial, or local sphere (non-compliant).

Consequently, the company omitted to recognise taxation, deferred tax liability and current tax liability in its prior financial statements. The impact of this error was an understatement of the tax liability and deferred tax liability, as well as an incorrect presentation of retained earnings in the statement of financial position.

Although provisional calculations regarding the 85% threshold indicate that this requirement has potentially not been met since 2009, management have obtained an external legal opinion which recommends that provision is made for a period of 3 years as there was no fraud or misappropriation of funds. Management acknowledges that SARS may impose interest and penalties post their assessment.

The impact of the prior period error on the restated financial statements is as follows:

The error resulted in an overstatement of retained earnings by R1 288 494. The corrected opening retained earnings balance as of 1 March 2021 is restated to reflect the accurate amount of retained earnings.

The prior period error led to the omission of deferred tax liabilities amounting to Rnil. As a result, the restated statement of financial position includes the correct recognition of deferred tax liabilities.

The error resulted in the understatement of the taxation payable in the prior periods by R926 551. The corrected taxation payable is recognised in the restated surplus or deficit and restated statement of financial position for the year ended 28 February 2022.

The correction of the prior period error has been made retrospectively in accordance with the requirements of International Accounting Standard 8, "Accounting Policies, Changes in Accounting Estimates, and Errors." The restatement of the comparative information for the prior period has been done to reflect the correction of the error.

The prior period error has been disclosed in the financial statements as required by International Accounting Standard 8. The corrected amounts for retained earnings, deferred tax liabilities, and taxation expense are presented in the relevant financial statement sections. A reconciliation of the restated amounts to the previously reported amounts is provided below.

The effect of the prior period error on the financial statements is considered material to the users of the financial statements. However, it does not impact on the entity's ability to continue as a going concern, and it does not affect the overall financial position of the company.

Management's Responsibility:
Management has an obligation to acknowledge, identify and correct the prior period error, as well as to ensure the appropriate presentation and disclosure of the restated financial statements. Management have implemented measures to ensure that errors of this nature are avoided in the future. These include the following:

- Although all revenue of the NPC is utilized towards enhancing the value provided to members, the board approved the proposal to establish a NewCo, for purposes of receiving funding not received directly from members, and for the furtherance of member interests in order to protect the NPC status of the FIA. A copy of the FIA board resolution approving the proposal has been provided to Mazars.

21. Prior period error (continued)

- A board sub-committee has been appointed to provide guidance and oversight on the NewCo structure and terms of reference.

- NewCo will be established before the end of February 2024 to ensure full adherence to the provisions of section 10 (1) (d) (iii).

These actions were articulated to Mazars in response to their first letter to the Independent Regulatory Board for Auditors (IRBA) to advise of a potential reportable irregularity (RI).

The audit engagement partner has subsequently confirmed that they have submitted their second response to IRBA, indicating that the RI is no longer continuing as appropriate remedial action has been taken to remedy the non-compliance.

Independent Auditor's Opinion:
The independent auditor has audited the restated financial statements and has issued an opinion on the correction of the prior period error. The auditor's report is included in the annual financial statements.

Conclusion:
The restated financial statements present a true and fair reflection of the company’s financial position as at 1 March 2022 and its financial performance for the year ended 28 February 2023.

The correction of the error(s) results in adjustments as follows:

2022 **Statement of Financial Position**	**As previously reported**	**IAS 8 disclosure (adjustments)**	**Restated February 2022**
Accumulated surplus	18 102 850	(1 288 494)	16 814 356
Deferred tax liability	-	361 943	361 943
Current tax payable	-	926 551	926 551

2021 **Statement of Financial Position**	**As previously reported**	**IAS 8 disclosure (adjustments)**	**Restated February 2021**
Accumulated surplus	17 409 616	(1 122 846)	16 286 770
Deferred tax liability	-	500 227	500 227
Current tax payable	-	622 619	622 619

Detailed Income Statement

Figures in Rand	Note(s)	2023	2022
Revenue			
Membership fees		16 573 590	15 596 794
Referral fees		528 892	543 254
	10	**17 102 482**	**16 140 048**
Other operating surplus			
Advertisement fee		2 795 182	2 960 024
Functions and events		751 034	452 801
Recoveries		5 422	17 101
Sponsorship income		3 699 449	1 010 475
Sundry income		201 043	34 715
	11	**7 452 130**	**4 475 116**
Other operating gains			
Gains on disposal of assets		7 075	121 743
Other operating expenses			
Advertising		(27 667)	(59 834)
Auditor's remuneration - external audit	13	(199 246)	(208 610)
Bad debts		(207)	(26 320)
Bank charges		(43 465)	(42 643)
Computer expenses		(1 225 238)	(987 288)
Consulting and professional fees		(2 213 890)	(1 573 041)
Depreciation		(697 161)	(589 934)
Donations		(30 980)	-
Employee costs		(13 910 671)	(14 073 357)
Entertainment		(3 351 919)	(1 090 609)
Insurance		(137 575)	(118 534)
Leases of low value assets		(67 079)	(199 390)
Legal fees		(192 585)	(17 725)
Meeting expenses		(767 683)	(284 354)
Municipal expenses		(136 517)	(129 506)
Office expenses		(899 195)	(250 363)
Promotional expenses		(9 240)	(6 413)
Repairs and maintenance		(25 267)	(51 394)
Subscriptions		(874 066)	(835 598)
Telephone and fax		(26 550)	(77 129)
Training		(193 832)	(69 956)
Travel - local		(406 225)	(192 725)
Travel - overseas		(163 336)	-
		(25 599 594)	**(20 884 723)**
Operating deficit	13	**(1 037 907)**	**(147 816)**
Investment income	14	1 153 048	762 988
Finance costs	15	(23 269)	-
Surplus before taxation		**91 872**	**615 172**
Taxation	16	(14 774)	(165 648)
Surplus for the year		**77 098**	**449 524**

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