



Chartered Institute of Government Finance Audit and Risk Officers
Non Profit Company
(Registration number 1929/001781/08)
Trading as CIGFARO
Annual Financial Statements
for the year ended 31 March 2021

Chartered Institute of Government Finance Audit and Risk Officers Non Profit Company

(Registration number: 1929/001781/08)

Trading as CIGFARO

Annual Financial Statements for the year ended 31 March 2021

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Protect and enhance the status of Government Finance, Audit and Risk Officers
Directors	Du Plessis PJA - President Kumar KA Muller LA Mofokeng LS Masite SJ Reddy MC Khan FB Ranchoddas B Tshilwane MJ Ngcobo EN Dladla NC Marais A Malaza ZP Smith A Mndebele SF
Registered office	28 Fortress Street Rhodesfield Kempton Park 1620
Bankers	ABSA
Auditors	Rakoma and Associates Incorporated Chartered Accountants (SA) Ground Floor , Building B, Monte Circle Office Park 178 Monte Casino Boulevard Fourways 2191
Company registration number	1929/001781/08
Tax reference number	9294007845
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were internally compiled by: Ira Kotze Chief Financial Officer

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Directors' Responsibilities and Approval

The directors are required by 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 the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards for SME's and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the CIGFARO 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 31 March 2022 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

Except for the directors as listed in the directors report, they are Regional Branch Chairpersons that have representation on the Board and assist the Board with achieving the Institutes Missions and Visions.

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.

The annual financial statements set out on page 9-21, which have been prepared on the going concern basis, were approved by the board on 13 September 2021 and were signed on its behalf by:

Signed on behalf of the Board of Directors By:



Du Plessis PJA
President



Marais A
Chairperson: Audit and Risk Committee

Wednesday, 15 September 2021

Chartered Institute of Government Finance Audit and Risk Officers Non Profit Company

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Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Chartered Institute of Government Finance Audit and Risk Officers Non Profit Company and its associates for the year ended 31 March 2021.

1. Incorporation

The CIGFARO was incorporated on 01 August 1929 and obtained its certificate to commence business on the same day.

The company is domiciled in South Africa where it is incorporated as a private company - as an NPC under the Companies Act 71 of 2008. The address of the registered office is set out on page 1.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

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

3. Going concern

The directors believe that CIGFARO has adequate financial resources to continue its operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have taken the necessary steps during the year to satisfy themselves that the company is in a sound financial position and that it has access to sufficient cash resources and borrowing facilities to meet its foreseeable cash requirements. Although the Covid-19 pandemic had a material impact on the Institute's revenue sources, the board implemented sufficient measures to keep the Institute afloat by following Section 189 of the Labour Relations Act.

Internet based solutions were implemented, austerity measures were applied, rationalisation of the staffing structure to streamline the Institute operations and generating rental income from the existing premises have all contributed towards supporting the continuation of the Institute in the current economic climate. 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 CIGFARO.

4. Auditors

At the AGM (Annual General Meeting), the members will be requested to appoint independent external auditor for the 2022 financial year.

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Directors' Report

5. CIGFARO Regional Branch Chairpersons

These Chairpersons have representation on the Board and assist the Board with achieving the Institutes' Mission and Vision.

Chairperson	Region
Mr. Ngcobo, E	Kwa-Zulu Natal
Mr. Ngcelwane, J	Eastern Cape
Mr. Marumo, T	Free State
Me. Sheik, A	Gauteng
Mr. Makhongela, M	Limpopo
Mr. Lengwate, T	Mpumalanga
Mr. Jansen, A	North West
Mr. Wagner, JJ	Northern Cape
Mr. Brown, B	Western Cape

6. Acknowledgements

Thanks and appreciation are extended to all of our Regional Branch Chairpersons (9), staff, suppliers and customers for their continued support of the CIGFARO.

The annual financial statements set out on page 9-21, which have been prepared on the going concern basis, were approved by the board on 09 September 2021, and were signed on its behalf by:

Signed on behalf of the Board of Directors By:



Du Plessis PJA

President

Executive

Wednesday, 15 September 2021

Independent Auditor's Report

To the Members of Chartered Institute of Government Finance Audit and Risk Officers Non Profit Company

Opinion

We have audited the financial statements of Chartered Institute of Government Finance Audit and Risk Officers Non Profit Company (the company) set out on pages 9 to 22, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chartered Institute of Government Finance Audit and Risk Officers Non Profit Company as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

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 financial statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. 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 "Chartered Institute of Government Finance Audit and Risk Officers Non Profit Company financial statements for the year ended 31 March 2021", which includes the Directors' Report as required by the Companies Act 71 of 2008, the Five year Financial Summary and the Detailed Income Statement, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. 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.

Chairman of the Board: EM Rakoma CA (SA)

*Registered name : Rakoma and Associates Incorporated

*A complete list of Directors and Partners is available upon request

Head Office - Gauteng: (Primary domicile citandi et executandi)
Monte Circle Office Park,
Ground Floor Building B,
178 Monte Casino Boulevard,
Magaliesburg, Sandton, 2191,
Johannesburg, South Africa

Eastern Cape:
95 Western Avenue,
Vincent,
East London, 5247

P.O. Box 15273,
Beacon Bay,
East London, 5205

Limpopo:
Rhodesdrift Office Park,
Building One,
23 Rhodesdrift Street,
Bendor,
Polokwane,
0699

North West:
29 Von Weilligh Street,
Rustenburg
0300

Northern Cape:
Shop 8,
1-9A Jacobus Smit Street,
Royaltyard Park, Royal Glen,
Kimberley, 8301

P.O. Box 3392,
Diamond Pavilion Mall,
Kimberley, 8305

Company Registration: 2002/024847/

Web: www.rakoma.co.za

www.linkedin.com/company/rakoma-associates-inc

www.facebook.com/RakomaInc

Email (General information):

Tel : +27 (0) 11 463 5781
Fax: +27 (0) 11 463 0186

Tel : +27 (0) 43 721 0863
Fax: +27 (0) 43 721 0843

Tel : +27 (0) 15 296 0122/3
Fax: +27 (0) 15 296 0039

Tel : +27 (0) 14 594 2737
Fax: +27 (0) 86 647 1027

Tel : +27 (0) 53 831 2253
Fax: +27 (0) 86 647 1027



Independent Auditor's Report

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 Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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



Independent Auditor's Report

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.

Rakoma and Associates Inc.

Rakoma and Associates Incorporated
Collins Malunga
Partner
Chartered Accountants (SA)
Registered Auditor

13 September 2021

Fourways
Ground Floor , Building B, Monte Circle Office Park
178 Monte Casino Boulevard
Fourways
2191

Chartered Institute of Government Finance Audit and Risk Officers Non Profit Company

(Registration number: 1929/001781/08)

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Statement of Financial Position as at 31 March 2021

	Notes	2021 R	2020 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	14,551,776	14,974,530
Intangible assets	3	20	20
		14,551,796	14,974,550
Current Assets			
Trade and other receivables	4	79,164	719,261
Prepayments	5	417,493	842,703
Cash and cash equivalents	6	15,025,531	20,691,343
		15,522,188	22,253,307
Total Assets		30,073,984	37,227,857
Equity and Liabilities			
Equity			
Reserves		-	313,381
Retained income		28,995,948	35,057,860
		28,995,948	35,371,241
Liabilities			
Non-Current Liabilities			
Finance lease liabilities	8	-	116,130
Current Liabilities			
Trade and other payables	7	231,107	890,367
Finance lease liabilities	8	39,500	-
Income received in advance	9	807,429	850,119
		1,078,036	1,740,486
Total Liabilities		1,078,036	1,856,616
Total Equity and Liabilities		30,073,984	37,227,857

* See Note

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Statement of Comprehensive Income

	Notes	2021 R	2020 R
Revenue from CPD - Conferences, Seminars, Workshops & Training	10	1,131,310	20,040,899
Cost of CPD - Conferences, Seminars, Workshops & Training	11	(345,616)	(9,813,087)
Gross surplus		785,694	10,227,812
Other income	12	709,454	886,687
Operating expenses		(8,935,017)	(9,978,930)
Operating surplus		(7,439,869)	1,135,569
Investment revenue	15	1,064,576	1,441,207
(Deficit) / Surplus before taxation		(6,375,293)	2,576,776
Taxation	17	-	-
(Deficit) / Surplus for the year		(6,375,293)	2,576,776
Other comprehensive income		-	-
Total comprehensive (deficit) / income for the year		(6,375,293)	2,576,776

* See Note

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Statement of Changes in Equity

	Reserve R	Retained income R	Total equity R
Restated* Balance at 01 April 2019	313,381	32,481,084	32,794,465
Surplus for the year	-	2,576,776	2,576,776
Total comprehensive income for the year	-	2,576,776	2,576,776
Balance at 01 April 2020	313,381	35,057,860	35,371,241
Surplus for the year	-	(6,375,293)	(6,375,293)
Movement of Reserves to Retained income	(313,381)	313,381	-
Total comprehensive deficit for the year	(313,381)	(6,061,912)	(6,375,293)
Balance at 31 March 2021	-	28,995,948	28,995,948

* See Note

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Statement of Cash Flows

	Notes	2021 R	2020 R
Cash flows from operating activities			
Cash receipts from customers		2,980,162	22,450,495
Cash paid to suppliers and employees		(9,395,401)	(20,060,641)
Cash (used in) generated from operations	19	(6,415,239)	2,389,854
Interest income		1,064,576	1,441,207
Net cash from/(used in) operating activities		(5,350,663)	3,831,061
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(281,113)	-
Net cash from/(used in) investing activities		(281,113)	-
Cash flows from financing activities			
Finance lease payments		(34,036)	(47,399)
Net cash from financing activities		(34,036)	(47,399)
Total cash movement for the year		(5,665,812)	3,783,662
Cash at the beginning of the year		20,691,343	16,907,681
Total cash at end of the year	6	15,025,531	20,691,343

* See Note

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Accounting Policies

General information

Chartered Institute of Government Finance Audit and Risk Officers Non Profit Company is a company incorporated and domiciled in South Africa as an NPO.

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South Africa Rand.

These accounting policies are consistent with the previous period..

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management are required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual financial statements, are outlined as follows:

Lease classification

The company is party to leasing arrangements. The treatment of leasing transactions in the annual financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

The company reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date. During the current year, management determined that there are no changes to the estimates for the property, plant and equipment.

1.2 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 period.

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

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 profit or loss in the period in which they are incurred.

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

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Accounting Policies

1.2 Property, plant and equipment (continued)

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.

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

Item	Depreciation method	Average useful life
Buildings	Straight line	2.5% (40 years)
Furniture and fixtures	Straight line	20% (5 years)
Office equipment	Straight line	20% (5 years)
IT equipment	Straight line	33.3% (3 years)

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

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, 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.

1.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.

Research and development costs are recognised as an expense in the period incurred.

Amortisation is provided to write down the intangible assets, on a straight-line basis, as follows:

Item	Depreciation method	
Computer software, internally generated	Straight line	33.3% (3 years)

In cases where management is unable to make a reliable estimate of the useful life of an intangible asset, its best estimate is applied, limited to 10 years.

The residual value, amortisation period and amortisation method for intangible assets are reassessed when there is an indication that there is a change from the previous estimate.

1.4 Financial instruments

Initial measurement

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Accounting Policies

1.4 Financial instruments (continued)

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

Financial instruments at amortised cost

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

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

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Finance leases – lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method.

1.6 Impairment of assets

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

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

1.7 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 leave pay and sick leave, bonuses, are recognised in the period in which the service is rendered and are not discounted. Staff receive no non-monetary benefits such as Medical Care or Pension Fund benefits.

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Accounting Policies

1.8 Provisions and contingencies

Provisions are recognised when the Institute has an obligation at the reporting date as a result of a past event; it is probable that the Institute will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are recognised.

1.9 Revenue

Revenue is recognised to the extent that the Institute has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the Institute. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts. Interest is recognised, in profit or loss, using the effective interest rate method.

Membership fees are recognised on cash basis, and all other revenue on accrual basis, based on: 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.

1.10 Debt Impairment

The calculation in respect of the impairment of trade receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments.

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Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021	2020
	R	R

2. Property, plant and equipment

	2021		2020	
	Cost	Accumulated depreciation	Cost	Accumulated depreciation
Land	120,000	-	120,000	-
Buildings	15,824,037	(1,778,447)	14,045,590	(1,382,846)
Furniture and fixtures	762,450	(681,033)	81,417	(544,655)
Office equipment	524,829	(223,617)	301,212	(334,485)
IT equipment	391,560	(388,003)	3,557	(416,860)
Total	17,622,876	(3,071,100)	14,551,776	(2,678,846)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals and Impaired	Depreciation	Closing balance
Land	120,000	-	-	-	120,000
Buildings	14,441,191	-	-	(395,601)	14,045,590
Furniture and fixtures	221,748	-	(22)	(140,308)	81,418
Office equipment	145,453	281,113	(34,380)	(90,975)	301,211
IT equipment	46,138	-	(118)	(42,463)	3,557
Total	14,974,530	281,113	(34,520)	(669,347)	14,551,776

* See Note

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Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
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2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Disposals and Impaired	Depreciation	Closing balance
Land	120,000	-	-	120,000
Buildings	14,836,792	-	(395,601)	14,441,191
Furniture and fixtures	363,772	(1,688)	(140,336)	221,748
Office equipment	189,890	-	(44,437)	145,453
IT equipment	113,707	(2,520)	(65,049)	46,138
	15,624,161	(4,208)	(645,423)	14,974,530

Net carrying amounts of leased assets

Office equipment	61,467	-
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3. Intangible assets

	2021			2020		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	35,390	(35,370)	20	35,390	(35,370)	20

Reconciliation of intangible assets - 2021

	Opening balance	Total
Computer software	20	20

Reconciliation of intangible assets - 2020

	Opening balance	Total
Computer software	20	20

4. Trade and other receivables

Trade receivables - Debtors from Workshop attendees & Sponsors	-	629,900
Prepayments - Other	-	5,000
Deposits	28,038	28,038
VAT - SARS	16,662	265,154
Interest on Cash and cash equivalents receivables	28,941	59,906
Receivables from Virtual sessions	5,523	-
Provision for bad debt	-	(268,737)
	79,164	719,261

* See Note

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Notes to the Annual Financial Statements

	2021 R	2020 R
5. Prepayments		
Deposit Annual Conference Venue CTICC - Oct 2021/2022	118,741	151,888
Deposit - Handbook project	57,500	-
Deposit PS Accounting Seminar Venue	-	111,175
Deposit on Conference system for Webinar's	-	203,383
Deposits for PS Audit Indabas - April 2020 (now postponed till April 2021)	241,252	376,257
	417,493	842,703
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	-	1,724
Bank balances	214,063	272,092
Short-term deposits	14,811,468	20,318,181
Credit cards	-	99,346
	15,025,531	20,691,343
7. Trade and other payables		
Trade payables	198,578	253,463
SARS VAT - Accrual - provision	32,529	51,033
Leave provision	-	585,871
	231,107	890,367
8. Finance lease liabilities		
Minimum lease payments which fall due		
- within one year	39,500	47,400
- in second to fifth year inclusive	-	68,730
Present value of minimum lease payments	39,500	116,130
Non-current liabilities	-	116,130
Current liabilities	39,500	-
	39,500	116,130

It is CIGFARO's policy to lease Photocopiers under finance leases.

The average lease term is 3 years. Interest rates are fixed on 0% on the contract.

The company's obligations under finance leases are secured by the leased assets.

* See Note

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Notes to the Annual Financial Statements

	2021 R	2020 R
9. Income Received In Advance		
Income Received in advance from Sponsors for workshops and conferences that might be presented during the 2020 / 2021 Financial year.		
Income received in advance	807,424	850,119
10. Revenue - (Revenue from CPD - Conferences, Seminars, Workshops & Training)		
Annual Conference	733,446	12,233,268
Public Sector Audit Risk Indaba	-	2,266,837
Public Sector Accounting Seminar	121,388	1,150,295
CPD - training	50,742	420,898
mSCOA Project (NT)	225,734	746,245
Regional workshops	-	3,223,356
	1,131,310	20,040,899
11. Cost of sales - (Cost of CPD - Conferences, Seminars, Workshops & Training)		
Cost of Rendering of services		
Annual Conference	282,103	4,465,693
Public Sector Audit Risk Indaba	-	961,482
Public Sector Accounting Seminar	2,826	388,307
CPD - training	-	256,834
mSCOA Project (NT)	60,687	458,288
Regional workshops	-	3,282,483
	345,616	9,813,087
12. Other income		
Insurance claim refund of assets (Net)	8,076	-
Membership - Fees earned	670,878	831,786
Sundry income	6,811	31,252
CIGFARO Publication & related income	23,689	23,649
	709,454	886,687
13. Employee cost		
Employee costs		
Basic	4,632,888	6,031,185
Bonus (2020: performance / 2021: Long service)	25,000	240,441
UIF	20,726	27,256
SDL	33,022	61,718
Leave pay & 13th cheque - provision changes	(119,078)	211,451
Cell phone allowance	45,243	60,324
Other short term costs - Training & Bursaries	82,539	111,851
Termination benefits	1,744,554	-
	6,464,894	6,744,226

* See Note

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Trading as CIGFARO

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
14. Depreciation, amortisation and impairments		
The following items are included within depreciation, amortisation and impairments:		
Depreciation		
Property, plant and equipment	669,347	645,423
15. Investment revenue		
Interest revenue		
Bank - Interest on Money Market & Cash reserves	1,064,576	1,441,207
16. Finance costs		
17. Taxation		
No Provision for taxation has been made as the Institute is exempt from Tax in terms of the section 10(1)(d)(iv)(bb) of the Income Tax Act, 1962.		
18. Auditor's remuneration		
Fees	226,400	252,797
19. Cash (used in) generated from operations		
Surplus before taxation	(6,375,293)	2,576,773
Adjustments for:		
Depreciation and amortisation	669,347	645,423
Loss on write off and impairment of assets	(8,076)	13,945
Interest received	(1,064,576)	(1,441,207)
Changes in working capital:		
Trade and other receivables	640,098	(545,072)
Prepayments	425,210	2,048,429
Trade and other payables	(659,260)	(195,613)
Income received in advance	(42,689)	(712,824)
	(6,415,239)	2,389,854
20. Contingencies		
The Institute is recently involved in of legal proceeding regarding the retrenchment of employees. At this stage it is not probable that the case will be successful. The estimated liability is R 955 240.		

* See Note

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Trading as CIGFARO

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
21. Related party transactions		
Related party balances and transactions with entities with control, joint control or significant influence over the company		
Related party transactions		
Remuneration of Key Management		
Chief Executive Officer - Abram Olehile Marumo Tlaletsi (retrenched 31/12/2020)		
Basic Salary	895,190	1,244,373
Leave and Severance	301,152	-
Cell phone & Travel re-imbursement	9,900	20,097
	<u>1,206,242</u>	<u>1,264,470</u>
Chief Finance Officer / Principal - Ira Kotze		
Basic Salary	516,466	587,215
Performance Bonus / Long Service	10,000	30,105
Leave and Severance	331,242	-
Cell phone & Travel re-imbursement	5,940	7,920
	<u>863,648</u>	<u>625,240</u>
	<u>2,069,890</u>	<u>1,889,710</u>

22. Directors' remuneration

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

23. SUBSEQUENT EVENTS

The outbreak of COVID 19 has had (and continues to have) a severe impact on the operations of CIGFARO.

In order to curb this impact, a decision was made to retrench most of the staff members (employee cost constitutes 72% of operating expenditure) .

Other austerity measures include the renting out of the CIGFARO building and restructuring the way in which the Institute operates.

The results of these measures was a reduction in expenditure and increase in revenue, as can be seen from the second quarter financial results of the 2021/2022 financial year.

* See Note

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Trading as CIGFARO

Annual Financial Statements for the year ended 31 March 2021

Detailed Income Statement

	Notes	2021 R	2020 R
Revenue from CPD - Conferences, Seminars, Workshops, Training			
Rendering of CPD services		1,131,310	20,040,899
Cost of CPD Services			
Cost of CPD - Conferences, Seminars, Workshops, Training		(345,616)	(9,813,087)
Gross surplus		785,694	10,227,812
Other income			
Membership fees		670,878	831,786
CIGFARO Publication & related income		23,689	23,649
Sundry income		6,811	31,252
Gains on disposal of assets		8,076	-
		709,454	886,687
Operating Expenses		(8,935,017)	(9,978,930)
Operating surplus		(7,439,869)	1,135,569
Investment income	15	1,064,576	1,441,207
Surplus for the year		(6,375,293)	2,576,776

* See Note

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Trading as CIGFARO

Annual Financial Statements for the year ended 31 March 2021

Detailed Income Statement

	Notes	2021 R	2020 R
Operating expenses			
AGM - Annual General Meeting - Report		(15,000)	(26,139)
Auditors remuneration	18	(226,400)	(252,797)
Bad debts provision adjustment		268,737	(13,946)
Bank charges		(22,344)	(26,423)
Cleaning - Contracted services since 2019		(74,669)	(97,652)
SAQA registration & membership CPD expenditure		(330,940)	(69,379)
Consulting and professional fees		(6,337)	(61,502)
Depreciation, amortisation and impairments		(669,347)	(645,423)
Employee costs		(6,464,894)	(6,744,226)
Workmans Compensation Fund		(15,757)	(14,971)
IT expenses		(58,605)	(82,544)
Insurance		(153,143)	(149,196)
Legal expenses		(52,900)	-
CIGFARO Publication & related expenditure		(115,941)	(238,915)
Marketing & Promotions		(43,478)	(129,553)
Municipal expenses		(295,925)	(282,711)
Sundry expenses		(14,673)	(17,417)
Printing and stationery		(10,156)	(94,485)
Profit and loss on W/off & impairment of assets and liabilities		-	(13,945)
Repairs and maintenance		(91,076)	(88,482)
Security		(332,843)	(316,560)
Telephone and fax		(202,822)	(268,500)
Meeting & Travel of Staff & Board members		(6,504)	(344,164)
		(8,935,017)	(9,978,930)