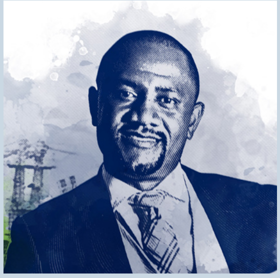
DIFFERENCE MAKERS







ANNUAL FINANCIAL STATEMENTS 2021

NPO Registration number – 020-050



SAICA
DIFFERENCE MAKERS™

CONTENTS

AUDITED FINANCIAL STATEMENTS

Prepared under the supervision of: Obrey Nekhavhambe CA(SA)

Professional designation: Chief Financial Officer

By: Deon Watson AGA(SA)

Professional designation: Financial Manager: Reporting

And: Natasa Zecevic CA(SA), ACMA, CGMA

Professional designation: Financial Manager: Operations

Auditors: Mazars

GENERAL INFORMATION

Country of Incorporation and Domicile	South Africa
Registration Number	NPO 020-050
Nature of Business and Principal Activities	The principal activity of the Group and Institute is to serve the interests of the chartered accountancy profession and society, by upholding professional standards, integrity and the pre-eminence of South African chartered accountants worldwide.
Board	Bekwa, B du Toit, J Forbes, Y (Lead Independent) Lamola, FL Lubbe, I Motholo, V (Chairman) Nomvalo, SF Ramokhele, B Singer, M Stock, P Swanepoel, J Tsvetu, B
Registered Office	17 Fricker Road Illovo Johannesburg South Africa 2196
Postal Address	Private Bag X32 Northlands 2116
Bankers	Nedbank Ltd First National Bank Ltd Standard Bank Ltd
Tax Number	140000111
Level of Assurance	These financial statements have been audited in compliance with the applicable requirements of the Institute's Constitution and the Nonprofit Organisation Act 71 of 1997.
Auditors	Mazars 54 Glenhove Rd Melrose Estate Johannesburg 2196
Institute Secretary	J Snyman
Published Date	29 April 2022

BOARD RESPONSIBILITIES AND APPROVAL

The Board is required to maintain adequate accounting records and is responsible for the content and integrity of the Group and Institute annual financial statements and related financial information included in this report. It is their responsibility to ensure that the Group and Institute annual financial statements satisfy the International Financial Reporting Standards and the Financial Reporting Pronouncement as issued by the Financial Reporting Council with regard to form and content and present fairly the Group and Institute's financial position, financial performance and cash flows at the end of the financial year. The Group and Institute annual financial statements are based upon appropriate accounting policies consistently applied throughout the Group and supported by reasonable and prudent judgements and estimates.

The South African Institute of Chartered Accountants (NPO) is referred to as the Institute and with the entities The Hope Factory NPC (THF), Thuthuka Education Upliftment Fund NPC (TEUF) and SAICA Enterprise Development (Pty) Ltd (SAICA ED) is referred to as the Group.

The Board acknowledges it is ultimately responsible for the system of internal financial control established by the Group and places considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the Board set 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 Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board is of the opinion, based on the information and explanations given by management and the internal auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Group and Institute annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The going concern basis has been adopted in preparing the financial statements. Based on forecasts until 31 December 2024 and available cash resources the Board has no reason to believe that the Group will not be a going concern in the foreseeable future. The consolidated financial statements support the viability of the Group.

The Group and Institute financial statements have been audited by the independent auditing firm Mazars, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the Board and committees of the Board. The Board believes that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 7 to 10.

The Group and Institute annual financial statements set out on pages 6 to 58 have been prepared on the going concern basis, were approved by the board and were signed on 29 April 2022 on their behalf by:

V Motholo
Board Chairman

P Stock
Audit and Risk Committee Chairman

CERTIFICATE BY THE INSTITUTE SECRETARY

I hereby confirm, in my capacity as institute secretary of the South African Institute of Chartered Accountants (NPO) Group, that for the financial year ended 31 December 2021, the companies within the Group have filed all required returns and notices in terms of section 33(1) of the Companies Act 2008, with the Companies and Intellectual Property Commission and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.

J Snyman
Board Secretary

29 April 2022

BOARD REPORT

THE BOARD PRESENTS THEIR REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

1. REVIEW OF ACTIVITIES

Main business and operations

The principal activity of the Group is to serve the interests of the chartered accountancy profession and society, by upholding professional standards, integrity and the pre-eminence of South African chartered accountants worldwide.

During the reporting period, although COVID-19 restrictions had been reduced, the impact of the pandemic and resulting restrictions continued to affect the way in which day-to-day operations took place. The Group and Institute continued efforts in ensuring that day-to-day operations occurred smoothly, which included staff working from home, seminars and events being virtual instead of face to face and projects needing to be revisited or delayed to a certain degree as our donors also dealt with the challenges of the new normal.

The operating results and statements of financial position of the Group are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. GOING CONCERN

The Group and Institute financial statements have been prepared on the going concern basis. 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 application of this basis is supported by a detailed budget process which has incorporated the above COVID-19 impacts, and include a certain level of judgements and estimates as well as ongoing compliance with budgeting controls.

Management and the Board are continually assessing and monitoring developments with regard to the COVID-19 pandemic along with the potential long-term effect thereof. The Board is confident that our responses are adequate and the crisis is being continuously monitored to assess its effect on the financial position of the Group and Institute at financial year-end.

3. EVENTS AFTER REPORTING DATE

The recent events involving Russia and Ukraine has had a global impact and although not a direct impact on South Africa, it has had an impact on our economy and is considered to be a non-adjusting event for the 2021 reporting period. The volatility in the foreign currency may impact the foreign creditors in the Group. Foreign currency risk is discussed in detail in note 30.1.1.

The Board is not aware of any other matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Group and Institute.

4. BOARD INTEREST IN CONTRACTS

To our knowledge none of the members of the board had any interest in contracts entered into during the year under review.

5. BOARD

The Board of the Institute during the reporting period and up to the date of this report was constituted as follows:

	Appointment date
Bekwa, B	23 October 2019
du Toit, J	23 October 2019
Forbes, Y (Lead Independent)	23 October 2019
Lamola, FL*	1 March 2014
Lubbe, I	23 October 2019
Motholo, V (Chairman)	27 May 2021
Nomvalo, SF*	1 March 2019
Ramokhele, B	23 October 2019
Singer, M	23 October 2019
Stock, P	23 October 2019
Swanepoel, J	19 November 2019
Tsvetu, B	27 May 2021

* These Board members are employed at the Institute and have standard employment contracts.

6. SECRETARY

The Group's designated secretary is J Snyman.

7. INTEREST IN SUBSIDIARIES

All interests in controlled entities are disclosed in note 7.

8. INDEPENDENT AUDITORS

Mazars were the independent auditors for the reporting period.

INDEPENDENT AUDITOR’S REPORT

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

To the Members of The South African Institute of Chartered Accountants (NPO) Group

OPINION

We have audited the consolidated and separate financial statements of The South African Institute of Chartered Accountants (NPO) Group (“the Group and the Institute”) set out on pages 11 to 58, which comprise the consolidated and separate statements of financial position as at 31 December 2021, and the consolidated and separate statements of surplus or deficit and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of The South African Institute of Chartered Accountants (NPO) Group as at 31 December 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the constitution of the Institute.

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 Institute 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONTINUED

MATTER	AUDIT RESPONSE
Recognition of revenue and revenue received in advance. Refer to note 17 to the financial statements. As per ISA 240 there is a presumed risk of fraud in revenue recognition. Subscription and professional development fees are material sources of revenue for the Institute. Revenue is invoiced on the Integrated Management Information System (iMIS) system and recognised to the extent that it is probable that the economic benefits will flow to the Institute when there is certainty that the consideration will be received. The Training Contract Management System (TCMS) is the system used for registration and management of training contracts. It is the front-end system for trainees which has its own database, and relevant data is shared and updated on iMIS. Due to the high volume of subscription and professional development fees, a potential risk exists that revenue and revenue received in advance may be recognised in the incorrect financial period. Recognition of revenue and revenue received in advance were considered to be key audit matters due to the significance of the balances, the reliance placed on the iMIS and TCMS systems, the significant volume of subscriptions and professional development fees processed during the year and the extent of audit work required to be performed by the audit team.	We have performed the following audit procedures: • documenting and assessing the design, implementation and operating effectiveness of relevant key controls; • utilising our IT specialists to test the application controls around the completeness of invoicing recorded on the iMIS and TCMS systems; • agreeing a sample of subscriptions and professional development fee invoices to rates approved by the SAICA Group Board to verify that the revenue was recognised at the correct value; • agreeing a sample of the sales invoices recorded as revenue in the financial statements to the supporting invoice and bank statements to verify that the revenue occurred; • performing substantive test of detail in relation to the recognition of revenue, by selecting a sample of subscription and professional development fees and agreeing to the relevant supporting documents to confirm they are correctly classified and recognised as revenue in terms of IFRS 15. • verifying a sample of cash receipts from the bank statement prior to year-end and agreeing this to the iMIS (Subscription fees) and TCMS (Professional Development fees) invoice listings to confirm that only revenue received in advance is correctly calculated and recognised as a liability at year end; and • evaluating that the revenue recognition accounting policy and related disclosures included in the annual financial statements comply with IFRS 15.
Donor funding income and project expenditure recognition. Refer to notes 18 and 21 to the financial statements. Project and Donation income is recognised when there is reasonable assurance that the entity will comply with the conditions per contractual agreements and the income will be received. Project expenditure is recognised subject to the conditions that are attached to the respective donor funding contractual agreements. Due to the conditions attached to donor funding contracts, a risk exists that: • Restrictions on the use of project income are not complied with; • Donor funding income may be recognised prior to all conditions being met; and • Excess funding may not be accounted for correctly in the accounting records. The recognition of donor funding income and the related project expenditure are considered to be key audit matters, due to the extent of audit work required to be performed by the audit team, as well as the risk that the conditions attached to the donor funding agreements are not complied with.	The entity receives project income and donations either directly or through entities deemed to be controlled by it (see note 7). We have applied a substantive approach and performed the following audit procedures: • compared the 2020 and 2021 list of donors and projects. Material variances were investigated, and explanations obtained and referenced where possible to the current year minutes; • agreeing a sample of project expenditures to the source documents to assess whether the supporting documents used as evidence indicates through appropriate description that the expenditure was incurred for the purpose set out in the donor funding agreement; • for the SAICA institute: agreeing a sample of project expenditures to the memorandum of agreements and the project budgets to assess whether the expenditure has been incurred for the purpose set out in the donor funding agreement; • evaluating whether the accounting treatment and disclosures for donor funding income and project expenditure in the financial statements were in accordance with the financial reporting standards; and • evaluating the completeness of deferred income at year end by comparing the total funding income to project expenditure incurred for all projects still in progress at year end.

OTHER INFORMATION

The Board members are responsible for the other information. The other information comprises the information included in the document titled The South African Institute of Chartered Accountants (NPO) Group and Institute Annual Financial Statements for the year ended 31 December 2021, which includes the Board's Report, the Audit Committee's Report, the Certificate by the Institute Secretary, which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, on the other information obtained prior to the date of this auditor's report, 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 BOARD MEMBERS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

In preparing the consolidated and separate financial statements, the board members are responsible for assessing the group's and the Institute'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 board members either intend to liquidate the group and/ or the Institute or to cease operations, or have no realistic alternative but to do so.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 group and institute’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.
- Conclude on the appropriateness of the board members' use of the going concern basis of accounting and based on the audit

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONTINUED

evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group or institute'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 group or institute 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board members 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.

We also provide the board members with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board members, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars has been the auditor of The South African Institute of Chartered Accountants (NPO) Group as at 31 December 2021 for 4 years.

Mazars

Mazars
Partner: Susan Truter
Registered Auditor
Date: 29 April 2022
Melrose Estate

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		GROUP		INSTITUTE	
	Notes	**2021 R'000**	2020 R'000	**2021 R'000**	2020 R'000
ASSETS					
Non-current assets					
Property and equipment	5	**68 676**	86 448	**67 545**	84 931
Intangible assets	6	**55 594**	49 814	**55 594**	49 814
Total non-current assets		**124 270**	136 262	**123 139**	134 745
Current assets					
Trade and other receivables	9	**68 196**	115 698	**35 317**	46 566
Prepayments		**1 630**	2 190	**1 619**	2 180
Contract fulfilment assets	17.3	**5 192**	10 108	**5 192**	10 108
Cash and cash equivalents	10	**497 964**	365 964	**374 006**	317 214
Total current assets		**572 982**	493 960	**416 134**	376 086
Total assets		**697 252**	630 222	**539 273**	510 813
RESERVES AND LIABILITIES					
Reserves					
Reserves	11	**223 508**	195 122	**216 292**	190 888
Other reserves	11	**164 737**	125 996	**48 100**	44 469
Total reserves		**388 245**	321 118	**264 392**	235 357
Liabilities					
Non-current liabilities					
Lease liability	13	**64 280**	70 710	**63 228**	69 385
Contract liabilities	17.3	**5 836**	5 616	**5 836**	5 616
Total non-current liabilities		**70 116**	76 326	**69 064**	75 001
Current liabilities					
Provisions	12	**21 935**	22 228	**21 935**	22 228
Trade and other payables	14	**96 780**	93 732	**83 965**	81 927
Contract liabilities	17.3	**99 585**	93 600	**99 585**	93 600
Deferred income	16	**20 591**	23 218	**332**	2 700
Total current liabilities		**238 891**	232 778	**205 817**	200 455
Total liabilities		**309 007**	309 104	**274 881**	275 456
Total reserves and liabilities		**697 252**	630 222	**539 273**	510 813

STATEMENTS OF SURPLUS OR DEFICIT

FOR THE YEAR ENDED 31 DECEMBER 2021

		GROUP		INSTITUTE	
	Notes	**2021 R'000**	2020 R'000	**2021 R'000**	2020 R'000
Revenue	17	**443 292**	413 510	**442 943**	413 510
Other income	18	**431 689**	395 799	**58 411**	106 445
Administrative expenses	20	**(34 375)**	(31 845)	**(33 354)**	(30 881)
Other expenses	21	**(786 034)**	(715 830)	**(448 366)**	(460 112)
Expected credit losses	9.3	**2 273**	(13 710)	**1 717**	(12 179)
Other losses	22	**(308)**	(981)	**(308)**	(980)
Surplus from operating activities		**56 537**	46 943	**21 043**	15 803
Finance income	23	**20 624**	24 780	**17 836**	18 802
Finance costs	24	**(10 033)**	(10 302)	**(9 843)**	(10 071)
Surplus for the year		**67 128**	61 421	**29 036**	24 534
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income		**67 128**	61 421	**29 036**	**24 534**

STATEMENTS OF CHANGES IN EQUITY – GROUP

FOR THE YEAR ENDED 31 DECEMBER 2021

	South African Journal of Accounting Research (SAJAR) R'000	SAICA Education Fund (SEFCO) R'000	Thuthuka Education Upliftment Fund (TEUF) R'000	The Hope Factory (THF) R'000	Tax Practitioners Levy R'000	Reserves R'000	Total R'000
Balance at 1 January 2020	603	14 681	47 720	(2 970)	14 444	185 673	260 151
Changes in equity							
Surplus for the year	–	–	–	–	–	61 421	61 421
Total comprehensive income	–	–	–	–	–	61 421	61 421
Allocation of SAICA Education Fund	–	6 378	–	–	–	(6 730)	–
Allocation of SAJAR	(126)	–	–	–	–	126	–
Allocation of Thuthuka Education Upliftment Fund	–	–	38 458	–	–	(38 561)	–
Allocation of The Hope Factory	–	–	–	(1 682)	–	1 682	–
Allocation of Tax Practitioners Levy	–	–	–	–	8 489	(8 489)	–
Balance at 31 December 2020	477	21 059	86 178	(4 652)	22 933	195 122	321 118
Balance at 1 January 2021	**477**	**21 059**	**86 178**	**(4 652)**	**22 933**	**195 122**	**321 118**
Changes in equity							
Surplus for the year	–	–	–	–	–	**67 128**	**67 128**
Total comprehensive income	–	–	–	–	–	**67 128**	**67 128**
Allocation of SAICA Education Fund	–	**2 985**	–	–	–	**(2 985)**	–
Allocation of SAJAR	**6**	–	–	–	–	**(6)**	–
Allocation of Thuthuka Education Upliftment Fund	–	–	**34 439**	–	–	**(34 439)**	–
Allocation of The Hope Factory	–	–	–	**671**	–	**(671)**	–
Allocation of Tax Practitioners Levy	–	–	–	–	**641**	**(641)**	–
Balance at 31 December 2021	**483**	**24 044**	**120 617**	**(3 981)**	**23 574**	**223 508**	**388 245**
Note	11	11	11	11	11		

STATEMENTS OF CHANGES IN EQUITY – INSTITUTE

FOR THE YEAR ENDED 31 DECEMBER 2021

	South African Journal of Accounting Research (SAJAR) R'000	SAICA Education Fund (SEFCO) R'000	Tax Practitioners Levy R'000	Reserves R'000	Total R'000
Balance at 1 January 2020	603	14 681	14 444	181 447	211 175
Changes in equity					
Surplus for the year	–	–	–	24 534	24 534
Total comprehensive income	–	–	–	24 534	24 534
Allocation of the SAICA Education Fund	–	6 378	–	(6 730)	
Allocation of the SAJAR	(126)	–	–	126	
Allocation of the Tax Practitioners Levy	–	–	8 489	(8 489)	
Balance at 31 December 2020	477	21 059	22 933	190 888	235 357
Balance at 1 January 2021	**477**	**21 059**	**22 933**	**190 888**	**235 357**
Changes in equity					
Surplus for the year	**–**	**–**	**–**	**29 036**	**29 036**
Total comprehensive income	**–**	**–**	**–**	**29 036**	**29 036**
Allocation of the SAICA Education Fund	**–**	**2 985**	**–**	**(2 985)**	**–**
Allocation of the SAJAR	**6**	**–**	**–**	**(6)**	**–**
Allocation of the Tax Practitioners Levy	**–**	**–**	**641**	**(641)**	**–**
Balance at 31 December 2021	**483**	**24 044**	**23 574**	**216 292**	**264 392**
Notes	11	11	11		

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		GROUP		INSTITUTE	
	Notes	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Net cash flows from operations	32	**144 808**	98 322	**71 908**	68 773
Interest received	23	**20 624**	24 780	**17 836**	18 802
Net cash flows from operating activities		**165 432**	123 102	**89 744**	87 575
Cash flows used in investing activities					
Cash flows from transfer of ISFAP	7.1	**–**	(114 394)	**–**	–
Proceeds from disposal of property and equipment	5 & 22	**147**	243	**148**	243
Acquisition of property and equipment	5	**(1 445)**	(3 980)	**(1 445)**	(3 980)
Acquisition of intangible assets	6	**(15 123)**	(14 097)	**(15 123)**	(14 097)
Cash flows used in investing activities		**(16 421)**	(132 228)	**(16 420)**	(17 834)
Cash flows used in financing activities					
Lease payments	15	**(8 843)**	(8 915)	**(8 554)**	(8 702)
Interest paid on lease liabilities	15	**(10 033)**	(10 302)	**(9 843)**	(10 071)
Cash flows used in financing activities		**(18 876)**	(19 217)	**(18 397)**	(18 773)
Net increase/(decrease) in cash and cash equivalents before effect of exchange rate changes		**130 135**	(28 343)	**54 927**	50 968
Effect of exchange rate changes on cash and cash equivalents		**1 865**	37	**1 865**	37
Net increase/(decrease) in cash and cash equivalents		**132 000**	(28 306)	**56 792**	51 005
Cash and cash equivalents at beginning of the year		**365 964**	394 270	**317 214**	266 209
Cash and cash equivalents at end of the year	10	**497 964**	365 964	**374 006**	317 214

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

The South African Institute of Chartered Accountants (NPO) (SAICA or the Institute) is a voluntary association not for gain and is registered in terms of the Non-Profit Organisations Act 72 of 1997. The principal activity of the Group is to serve the interests of the chartered accountancy profession and society, by upholding professional standards, integrity and the pre-eminence of South African chartered accountants worldwide.

The South African Institute of Chartered Accountants (NPO) Group consists of SAICA, The Hope Factory NPC (THF), SAICA Enterprise Development (Pty) Ltd (SAICA ED) and the Thuthuka Education Upliftment Fund NPC (TEUF), having its principal place of business at 17 Fricker Road, Illovo, Johannesburg, South Africa.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Group and Institute financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Group and Institute annual financial statements have been prepared in accordance with International Financial Reporting Standards, the Financial Reporting Pronouncements as issued by the Financial Reporting Council and the Companies Act No 71 of 2008. The Group and Institute financial statements have been prepared under the historical cost basis unless otherwise stated. The functional and presentation currency for each of the entities in the Group is South African Rands (ZAR). All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The Institute's financial statements are prepared separately in order to provide useful information to all interested stakeholders.

The annual financial statements have been approved by the Board on 29 April 2022.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its Group and Institute financial statements, the Group has made significant judgements, estimates and assumptions that impact on the carrying amount of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group periodically monitors such estimates and assumptions and incorporates all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures from differing from estimates. The judgements made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed in the relevant accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

3.1 Critical judgements in applying the entity's accounting policies

3.1.1 Consolidation and control over subsidiaries (or 'Controlled entities')

The Group has applied judgements in relation to whether the Group controls the entities. These judgements have been stipulated in detail in note 7.

3.1.2 Significant influence over associates

The Group has applied judgements in relation to whether the Group has significant control over ISFAP Foundation (ISFAP). It was identified that there is one out of 10 Board members on the ISFAP Board that is a representative of the Group; however, this constitutes less than 20% of the voting power of ISFAP. The Group also does not have participation in policy-making processes nor the interchange of management personnel. It has therefore been concluded that the Group does not have significant influence over ISFAP. We have, however, disclosed ISFAP as a related party. For further details please refer to notes 7 and 27.

3.1.3 Revenue from contracts with customers

Determining performance obligations over a period of time

The Group has concluded that subscriptions, professional development – prequalification (training contracts), tax practitioner fees and SAICA Education Fund levies are to be recognised over time as the members and trainees simultaneously receive and consume the benefits that the Group provides. The fact that another institute would not need to re-perform these services to date demonstrates this.

Determining performance obligations at a point in time

The Group has concluded that disciplinary levy, member entrance fees, *Accountancy SA* magazine, product sales, professional development – prequalification (examinations), seminars and events and sponsorships are to be recognised at a point in time as the member, student, individual and sponsor are able to direct the use of and obtain all of the benefits of the product or service at one particular point in time.

3.1.4 Leases

Non-cancellable lease term

In determining the non-cancellable lease term, management considered all facts and circumstances (such as accessibility of premises to members, venue space requirements, etc) that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain, therefore a more than 50% chance, to be extended (or not terminated).

3.1.5 Trade and other receivables

Credit risk

At each reporting date, the Group assesses whether the credit risk on trade and other receivables has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the debtor. These factors have been stipulated in detail in note 9.2.

3.1.6 Agent vs principle application

TEUF has applied judgements in relation to whether TEUF is considered an agent or a principal in for contracts relating to the ISFAP Foundation. As the obligation to ensure that contract is fulfilled lies with TEUF, and TEUF may exercise discretion in relation to the fulfilment of these contract, management has concluded that TEUF is an principal for these contracts. Revenue is therefore accounted for at the gross amount charged per the contract.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

3.2 Critical accounting estimates and assumptions

3.2.1 Useful lives of intangible assets

The Group amortises its finite useful life intangibles assets over their estimated useful lives. The estimation of the useful lives of assets are based on technological innovation as well as duration of valid licences.

3.2.2 Useful lives of property and equipment

The Group depreciates its property and equipment over their estimated useful lives. The estimation of the useful lives of the right of use asset is based on the lease term of the underlying lease while the useful lives of the remaining assets are based on historical performance as well as expectations about future use and therefore requires a degree of judgement to be applied by management. The useful lives of these assets can vary depending on a variety of factors, including technological innovation, maintenance programmes and relevant market information.

3.2.3 Leases

Discount rate

The Group has considered all relevant inputs to the determination of the incremental borrowing rate that are relevant to the underlying assets or similar group of underlying assets being leased. This includes consideration of the current economic environment, the term of the lease of the underlying asset or group of assets, and the credit position of the Group. The rate has also been adjusted to reflect the nature and quality of the underlying asset. The weighted average incremental borrowing rate used was 13%.

3.2.4 Impairment testing

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

3.2.5 Provisions

A provision for short term incentive has been raised as a constructive obligation has been created through the remunerations policy and STI policy of the Institute. For further details on the measurement of this provision please refer to note 12.

During the 2021 reporting period, the Board made an announcement that an additional APC examination would be taking place. A provision for these costs has been raised as a past event exists. The provision has been measured based on the calculation of the costs that would be incurred in order to host this event based on prior experiences with hosting this examination.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

4.1 Standards and Interpretations effective and adopted in the current year

The Group has reviewed the standards effective in the current year and no new standards and interpretations have been adopted.

4.2 New standards and interpretations not yet adopted

The Group has not applied the following new, revised or amended pronouncements that have been issued by the IASB as they are not yet effective for the annual financial year beginning 1 January 2021. The new standards, amendments and interpretations will be adopted in the Group's financial statements when they become effective. The Group has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods. Application of these standards will not materially impact the financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) 1 January 2022

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16) 1 January 2022

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) 1 January 2022

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Standards 2018 to 2020 – 1 January 2022

Makes amendments to the following standards:

- IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IFRS 16 – The amendment to Illustrative example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

5. PROPERTY AND EQUIPMENT

5.1 Accounting policy

Property and equipment owned by the Group comprises leasehold improvements, motor vehicles, furniture and fittings, office equipment and computer equipment. Buildings leased by the Group are disclosed as right-of-use assets in this note.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability. After initial recognition, right of use assets are measured at cost less accumulated depreciation. All other Property and equipment of the Group are measured at cost. After initial recognition, property and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is determined based on a straight-line method over the useful life after deducting residual values. Depreciation for the Group's right-of-use assets is determined based on the lease term as the leased items are only used over that period. The depreciation is recognised in the statement of surplus and deficit of the Group and Institute. Refer to note 15 for further information on the right-of-use asset.

The useful lives for all property and equipment for current and prior periods are as follows:

Asset class	Useful life
Right of use – buildings	10% to 34% pa
Leasehold improvements	10% to 20% pa
Motor vehicles	25% pa
Furniture and fittings	10% to 33,3% pa
Office equipment	7,5% to 20% pa
Computer equipment	33,3% pa

The Group reviewed the useful lives, residual values and depreciation methods of its property and equipment at the end of this reporting period and adjustments have been made to furniture and fittings, however, immaterial to the Group and Institute. No other adjustments have been made.

Computer equipment, furniture and fittings, motor vehicles and office equipment was disposed of during this reporting period. The items disposed of were derecognised and any gain or loss from the disposal is recognised in Group's statement of surplus or deficit.

The Group also assessed the property and equipment at the end of this reporting period to determine whether there was indication that an item of property and equipment was impaired. No impairment was deemed necessary.

5. PROPERTY AND EQUIPMENT CONTINUED

5.2 Balances at reporting date and movements for the period

Reconciliation for the period ended 31 December 2021 – Group

	Right of use – buildings R'000	Leasehold improve-ments R'000	Motor vehicles R'000	Furniture and fittings R'000	Office equipment R'000	Computer equipment R'000	Total R'000
Balance at 1 January 2021							
At cost	**101 894**	**22 653**	**1 155**	**10 723**	**6 601**	**18 556**	**161 582**
Accumulated depreciation	**(37 842)**	**(11 254)**	**(1 155)**	**(4 879)**	**(5 341)**	**(14 663)**	**(75 134)**
Carrying amount	**64 052**	**11 399**	**–**	**5 844**	**1 260**	**3 893**	**86 448**

Movements for the period ended 31 December 2021

	Right of use – buildings R'000	Leasehold improve-ments R'000	Motor vehicles R'000	Furniture and fittings R'000	Office equipment R'000	Computer equipment R'000	Total R'000
Additions	**814**	**–**	**–**	**–**	**–**	**1 445**	**2 259**
Depreciation	**(13 569)**	**(2 320)**	**–**	**(1 029)**	**(468)**	**(2 595)**	**(19 981)**
Disposals	**–**	**–**	**–**	**(19)**	**–**	**(31)**	**(50)**
Cost	**(971)**	**–**	**(511)**	**(57)**	**(150)**	**(429)**	**(2 118)**
Accumulated depreciation	**971**	**–**	**511**	**38**	**150**	**398**	**2 068**
Property and equipment at end of period	**51 297**	**9 079**	**–**	**4 796**	**792**	**2 712**	**68 678**
Balance at 31 December 2021							
At cost	**101 737**	**22 653**	**644**	**10 664**	**6 451**	**19 573**	**161 722**
Accumulated depreciation	**(50 440)**	**(13 574)**	**(644)**	**(5 868)**	**(5 659)**	**(16 861)**	**(93 046)**
Carrying amount	**51 297**	**9 079**	**–**	**4 796**	**792**	**2 712**	**68 676**

Reconciliation for the period ended 31 December 2020 – Group

	Right of use – buildings R'000	Leasehold improvements R'000	Motor vehicles R'000	Furniture and fittings R'000	Office equipment R'000	Computer equipment R'000	Total R'000
Balance at 1 January 2020							
At cost	101 951	22 007	1 155	10 988	6 227	17 647	159 975
Accumulated depreciation	(24 274)	(8 899)	(1 092)	(3 946)	(4 460)	(13 881)	(56 552)
Carrying amount	77 677	13 108	63	7 042	1 767	3 766	103 423

Movements for the period ended 31 December 2020

	Right of use – buildings R'000	Leasehold improvements R'000	Motor vehicles R'000	Furniture and fittings R'000	Office equipment R'000	Computer equipment R'000	Total R'000
Additions	–	646	–	3	402	2 929	3 980
Depreciation	(13 568)	(2 355)	(63)	(1 081)	(892)	(2 308)	(20 267)
Other movement	(57)	–	–	–	–	–	(57)
Disposals	–	–	–	–	–	(103)	(103)
Cost	–	–	–	–	–	(819)	(819)
Accumulated depreciation	–	–	–	–	–	716	716
Transfer to ISFAP Foundation	–	–	–	(120)	(17)	(391)	(528)
Property and equipment at end of period	64 052	11 399	–	5 844	1 260	3 893	86 448
Balance at 31 December 2020							
At cost	101 894	22 653	1 155	10 721	6 601	18 557	161 581
Accumulated depreciation	(37 842)	(11 254)	(1 155)	(4 877)	(5 341)	(14 664)	(75 133)
Carrying amount	64 052	11 399	–	5 844	1 260	3 893	86 448

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

5. PROPERTY AND EQUIPMENT CONTINUED

5.2 Balances at reporting date and movements for the period continued

Reconciliation for the period ended 31 December 2021 – Institute

	Right of use – buildings R'000	Leasehold improve-ments R'000	Motor vehicles R'000	Furniture and fittings R'000	Office equipment R'000	Computer equipment R'000	Total R'000
Balance at 1 January 2021							
At cost	99 957	22 653	763	10 439	6 576	18 091	158 479
Accumulated depreciation	(37 422)	(11 254)	(763)	(4 595)	(5 316)	(14 198)	(73 548)
Carrying amount	**62 535**	**11 399**	–	**5 844**	**1 260**	**3 893**	**84 931**
Movements for the period ended 31 December 2021							
Additions	814	–	–	–	–	1 445	2 259
Depreciation	(13 182)	(2 320)	–	(1 029)	(468)	(2 595)	(19 594)
Disposals	–	–	–	(20)	–	(31)	(51)
Cost	(971)	–	(511)	(46)	(149)	(278)	(1 955)
Accumulated depreciation	971	–	511	26	149	247	1 904
Property and equipment at end of period	50 167	9 079	–	4 795	792	2 712	67 545
Balance at 31 December 2021							
At cost	99 800	22 653	252	10 393	6 427	19 258	158 783
Accumulated depreciation	(49 633)	(13 574)	(252)	(5 598)	(5 635)	(16 546)	(91 238)
Carrying amount	**50 167**	**9 079**	–	**4 795**	**792**	**2 712**	**67 545**

Reconciliation for the period ended 31 December 2020 – Institute

	Right of use – buildings R'000	Leasehold improvements R'000	Motor vehicles R'000	Furniture and fittings R'000	Office equipment R'000	Computer equipment R'000	Total R'000
Balance at 1 January 2020							
At cost	100 014	22 007	763	10 436	6 175	15 981	155 376
Accumulated depreciation	(24 242)	(8 899)	(700)	(3 564)	(4 430)	(12 946)	(54 781)
Carrying amount	75 772	13 108	63	6 872	1 745	3 035	100 595
Movements for the period ended 31 December 2020							
Additions	–	646	–	3	402	2 929	3 980
Depreciation	(13 180)	(2 355)	(63)	(1 031)	(887)	(1 968)	(19 484)
Other movement	(57)	–	–	–	–	–	(57)
Disposals	–	–	–	–	–	(103)	(103)
Cost	–	–	–	–	–	(819)	(819)
Accumulated depreciation	–	–	–	–	–	716	716
Property and equipment at end of period	62 535	11 399	–	5 844	1 260	3 893	84 931
Balance at 31 December 2020							
At cost	99 957	22 653	763	10 439	6 577	18 091	158 480
Accumulated depreciation	(37 422)	(11 254)	(763)	(4 595)	(5 317)	(14 198)	(73 549)
Carrying amount	62 535	11 399	–	5 844	1 260	3 893	84 931

No property and equipment has been pledged as security and no restrictions on the use of the property and equipment exist.

6. INTANGIBLE ASSETS

6.1 Accounting policy

Intangible assets owned by the Group comprise computer software and licences, development costs on learning methodology and work in progress.

Intangible assets of the Group are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with an indefinite useful life are not amortised but are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired. The intangible asset's determination as having an indefinite useful life is also reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment.

Development costs on learning methodology

Development costs on learning methodology have been incurred in developing the curriculum required for appointment of an Accounting Technician ('AT(SA)') member. It also includes the material that training providers will use for the facilitation of lessons.

The methodology presented in the note below is currently in use, is separable and generates revenue through exam fees charged and selling of manuals. The learning methodology is used to design examinations required for the qualification of an AT(SA) member. Costs of the methodology are easily identifiable, such as labour costs, and can therefore be reliably measured. Furthermore, the asset has been assessed as having an indefinite useful life as the curriculum has been designed to be used an unlimited amount of times for unlimited period of time and the nature of the curriculum is not changing.

Work in progress

Work in progress in respect of computer software and learning material comprises design costs, raw materials, direct labour, other direct costs and related overheads. Work in progress is transferred to the relevant intangible asset on completion. Until such time it is measured at cost, it has an indefinite useful life and is tested for impairment annually.

Computer software and licences

Separately acquired licences and development software are measured at historical cost. Licences and computer software have a finite useful life and are measured at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of developed software and licences over their estimated useful lives.

Amortisation for the Group's intangible assets is determined based on a straight-line method over the useful life after deducting residual values. Residual values of the intangible assets are assumed by the Group as zero. The amortisation charge for this reporting period has been recognised in the Group's statement of surplus for the period.

The estimated useful lives for the intangible assets for current and prior periods are as follows:

Asset class	Useful lives
Computer software and licences	2 to 10 years
Development cost on learning methodology	Indefinite
Work in progress	Not available for use

The Group reviewed the useful lives of its intangible assets at the reporting date and concluded that no adjustment was considered necessary.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

6. INTANGIBLE ASSETS CONTINUED

6.1 Accounting policy continued

The Group also assessed all of the intangible assets with finite useful lives at the end of this reporting period to determine whether there was indication that an item of intangible assets was impaired. No impairment was deemed necessary.

Irrespective of whether there is any indication of impairment, the Group also tests all of its intangible assets with indefinite useful lives and intangible assets not yet available for use (development costs on learning methodology and work in progress) for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts (value-in-use).

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Cash flow forecasts consist of revenue, staff costs and overheads based on current and anticipated market conditions. The Group have determined that the recoverable amount calculations are most sensitive to changes in the growth rate used to extrapolate cash flows. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 10.25%.

The assessments have been done taking into consideration any impact the COVID-19 may have had on our ability to use the software and software licences as intended that will in turn affect the cash flows. Management further considered the impact of the project delays and concluded that the software delivered meets the set objectives and no unwarranted costs were incurred. The impact of project delays and COVID-19 as outlined above on our ability to use the product and generate revenue has been considered and it was found that there had been no impact in this regard. Continuous assessment of impairment will be performed on all the WIP at each stage of project sign-off to ensure that the carrying amount capitalised reflects the anticipated economic benefits associated with the respective delivery..

6.2 Reconciliation of changes in intangible assets

Reconciliation for the period ended 31 December 2021 – Group and Institute

Figures in R'000	Computer software and licences	Development cost on learning methodology	Work in progress	Total
Balance at 1 January 2021				
At cost	56 505	2 585	16 071	75 161
Accumulated amortisation and impairment losses	(25 347)	–	–	(25 347)
Carrying amount	31 158	2 585	16 071	49 814
Movements for the period ended 31 December 2021				
Additions	380	–	14 743	15 123
Amortisation	(8 311)	–	–	(8 311)
Disposals	(1 032)	–	–	(1 032)
Cost	(11 575)	–	–	(11 575)
Accumulated amortisation and impairment	10 543	–	–	10 543
Intangible assets at end of period	22 195	2 585	30 814	55 594
Balance at 31 December 2021				
At cost	45 310	2 585	30 814	78 709
Accumulated amortisation and impairment losses	(23 115)	–	–	(23 115)
Carrying amount	22 195	2 585	30 814	55 594

6. INTANGIBLE ASSETS CONTINUED

6.2 Reconciliation of changes in intangible assets continued

Reconciliation for the period ended 31 December 2020 – Group and Institute

Figures in R'000	Computer software and licences	Development cost on learning methodology	Work in progress	Total
Balance at 1 January 2020				
At cost	35 896	2 653	26 096	64 645
Accumulated amortisation and impairment losses	(20 805)	–	–	(20 805)
Carrying amount	15 091	2 653	26 096	43 840
Movements for the period ended 31 December 2020				
Additions	670	–	13 427	14 097
Amortisation	(8 055)	–	–	(8 055)
Disposals	–	(68)	–	(68)
Cost	(3 513)	(68)	–	(3 581)
Accumulated amortisation and impairment	3 513	–	–	3 513
Transfer from work in progress	23 452	–	(23 452)	–
Intangible assets at end of period	31 158	2 585	16 071	49 814
Balance at 31 December 2020				
At cost	56 505	2 585	16 071	75 161
Accumulated amortisation and impairment losses	(25 347)	–	–	(25 347)
Carrying amount	31 158	2 585	16 071	49 814

6.3 Commitments

Capital commitments for the 2022 financial year amount to R32 846 000 relating to the Ushintsho strategic project that will be classified as computer software and licences. The Ushintsho Programme is a digital transformation project that aims to transform the member and stakeholder journey by driving business process improvements through the implementation of a modern Customer Relationship Management (CRM) system.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

7. INVESTMENTS IN SUBSIDIARIES

Accounting policy

Subsidiaries

Subsidiaries are consolidated from the date on which the Group obtains control to the date that control is lost. Subsidiaries of the Group include the Thuthuka Education Upliftment Fund NPC (TEUF) and The Hope Factory NPC (THF). There was no initial investment in these subsidiaries by the Institute.

Intra-group transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Control over the Thuthuka Education Upliftment Fund NPC (TEUF)

The TEUF is a Non-Profit Company in terms of the Companies Act of South Africa. The principal activities of the company are to establish and maintain structures for carrying out and promoting skills-development activities, that will contribute to changing the membership demographics of the chartered accountancy profession, with the ultimate aim that the membership of the profession will reflect South Africa's population demographics.

The TEUF is accounted for as a subsidiary even though it is a Non-Profit Company in terms of the Companies Act of South Africa, regulated by its own board. The Board of the Group assessed whether or not the Group has control over the TEUF.

No factors from previous years had changed therefore prior assessment was reviewed in the current year and found to be relevant. The Group is satisfied that it has the practical ability to direct the relevant activities of the TEUF unilaterally and has exposure to the variable returns. The Group therefore has control over the TEUF in terms of IFRS 10 and is required to consolidate the TEUF into its group financial statements. There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group.

Control over The Hope Factory NPC (THF)

The Hope Factory, a Non-Profit Company in terms of the Companies Act of South Africa, was started with the sole purposes of assisting potential entrepreneurs to create and establish businesses and to equip and support existing entrepreneurs to grow their businesses. The company is controlled by SAICA and three seats on the Board are occupied by SAICA employees. The management committee and Board of SAICA are key management to the company but do not receive compensation from this company. The funds of The Hope Factory are managed by SAICA.

The Hope Factory is accounted for as a subsidiary even though it is a Non-Profit Company in terms of the Companies Act of South Africa, regulated by its own board. The Board of the Group assessed whether or not the Group has control over THF.

No factors from previous years had changed therefore prior assessment was reviewed in the current year and found to be relevant. The Group is satisfied that it has the practical ability to direct the relevant activities of THF unilaterally and has exposure to the variable returns. The Group therefore has control over THF in terms of IFRS 10 and is required to consolidate THF into its group financial statements. There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group.

The Institute has issued a letter of support to The Hope Factory whereby they have undertaken to provide The Hope Factory with ongoing support to enable it to continue operating as a going concern and to discharge its obligations to its creditors, both current and future, should the situation arise where this will be required.

Financial support

There are no contractual arrangements which would require the Institute to provide financial support to a consolidated structured entity. However, for reputational reasons, the Institute has committed to provide financial or other support to the consolidated entities. In addition, the Institute has committed to support the consolidated entities in obtaining financial support if so required.

8. FINANCIAL ASSETS

8.1 Accounting policy

Financial assets held by the Group comprise trade and other receivables and cash and cash equivalents.

Trade receivables are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets of the Group are classified as financial assets and are subsequently measured at amortised cost. The Group hold their financial assets to solely collect the principal amounts plus interest on these balances. Accordingly, trade receivables are initially measured at transaction price and subsequently measured at amortised cost using the effective interest method. The gross carrying amount is reduced by expected credit losses to reflect the amortised cost of the financial assets. Finance income, foreign exchange gains and losses and expected credit losses are recognised in the statement of surplus or deficit. Any gain or loss on derecognition is recognised in the statement of surplus or deficit. Cash and cash equivalents are initially measured at fair value plus transaction costs and subsequently measured at amortised cost.

There is no material difference between the fair value of financial assets and their carrying amount due to the short-term nature of these instruments.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The simplified approach has been applied in determining the expected credit losses using a lifetime expected loss allowance measured using a provision matrix. Related party receivables are considered to be trade receivables and as a result these balances are also assessed using the simplified approach.

A forward-looking allowance for expected credit losses is recognised for all financial assets at amortised cost. Refer to note 9. Expected credit losses are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

Write-off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of income sources that could generate sufficient cash flows to repay the amounts subjected to the write-off. The Group currently do not have any enforcement rights over these write-offs. The Group and Institute consider a financial asset to be in default when the debtor is unlikely to pay its obligations based on the credit risk assessment or the financial asset is more than 90 days past due. Write-offs are recognised as other expenses in the statement of surplus or deficit.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

8. FINANCIAL ASSETS CONTINUED

8.2 Carrying amount of financial assets by category

Figures in R'000	At amortised cost	Total
Year ended 31 December 2021 – Group		
Trade and other receivables (note 9)	**68 196**	**68 196**
Cash and cash equivalents (note 10)	**497 964**	**497 964**
Total financial assets	**566 160**	**566 160**
Year ended 31 December 2020 – Group		
Trade and other receivables (note 9)	115 698	115 698
Cash and cash equivalents (note 10)	365 964	365 964
Total financial assets	481 662	481 662
Year ended 31 December 2021 – Institute		
Trade and other receivables (note 9)	**35 317**	**35 317**
Cash and cash equivalents (note 10)	**374 006**	**374 006**
Total financial assets	**409 323**	**409 323**
Year ended 31 December 2020 – Institute		
Trade and other receivables (note 9)	46 566	46 566
Cash and cash equivalents (note 10)	317 214	317 214
Total financial assets	363 780	363 780

9. TRADE AND OTHER RECEIVABLES

9.1 Accounting policy

All trade and other receivables are due within 12 months therefore the Group applied the practical expedient and no significant financing was applied.

9.2 Trade and other receivables comprise

	GROUP		INSTITUTE	
Figures in R'000	**2021**	**2020**	**2021**	**2020**
Trade receivables	**57 730**	98 439	**21 675**	27 441
Trade receivables loss allowance (refer note 9.3)	**(19 488)**	(19 159)	**(18 187)**	(17 305)
Trade receivables – net	**38 242**	79 280	**3 488**	10 136
Sundry receivables	**30 729**	39 792	**30 729**	39 780
Sundry receivables loss allowance (refer note 9.3)	**(1 434)**	(4 036)	**(1 434)**	(4 035)
Deposits	**657**	657	**621**	621
Related party receivables	**2**	5	**1 913**	64
Total trade and other receivables	**68 196**	115 698	**35 317**	46 566

Please refer to 9.4 for details of all significant trade and other receivables. Trade receivables relate to debtors that have arisen during the ordinary course of business, while sundry receivables comprise government debtors owing funds in relation to projects the Group is undertaking. Sundry receivables are not invoiced on a monthly basis.

9. TRADE AND OTHER RECEIVABLES CONTINUED

9.2 Trade and other receivables continued

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group does not hold collateral in respect of trade and other receivables.

Trade and other receivables consist of a large number of students, trainees, training offices and sponsors spread across diverse industries and geographical areas, these being "Trade receivables" of the Institute. Ongoing credit evaluation is performed on the financial condition of trade and other receivables. Training contracts for the trainees, certain exams for students, the training offices and sponsors are all corporate companies and the Group has therefore assessed that they all share similar credit risk characteristics. All trade receivables have therefore been assessed in the same manner.

Revenue line items in relation to subscriptions, entrance fees, disciplinary levies and SEF levies are not assessed for expected credit losses as these revenue items have a deadline for payment, after which they are immediately reversed if not paid. This therefore means that no receivables exist for these items of revenue. Remaining items of revenue as well as other income, that result in trade receivables, have been assessed as described below.

Expected credit losses have been considered for deposits and related party receivables but found to be immaterial and therefore no expected credit losses have been provided. These line items have been assessed as a low credit risk as the counter-parties are deemed to have a strong ability to settle accounts. The allowance for expected credit losses is recognised in the Group and Institute’s surplus for the year.

In their assessment, management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies for sundry receivables, both past due (that is, whether it is more than 90 days past due) and forward-looking quantitative and qualitative information. Forward-looking information includes an adverse change in the economic environment, the assessment of the future outlook of the industry in which the debtor operates, and the most recent news or market talks.

The expected loss rates are based on historical losses over a period of three years preceding 31 December 2021 and 1 January 2021. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as employment rates, inflation rates, COVID-19 impact, etc) affecting the ability of the customer to settle the receivables.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on trade receivables has increased significantly since initial recognition when contract payments are >90 days past due for trade debtors, unless the Group has reasonable and supportable information that demonstrates otherwise. The 30 day rebuttable presumption is therefore not used. Sundry receivables are not included in this presumption and are only assessed based on the factors described following the expected credit loss matrix.

The carrying amount of trade and other receivables recognised in the financial statements, which is net of impairment losses, represents the Group’s maximum exposure to credit risk.

To measure the expected credit losses, trade receivables and sundry receivables have been assessed separately as the credit risk of each is considered differently.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

9. TRADE AND OTHER RECEIVABLES CONTINUED

9.3 Movements in expected credit losses of trade and other receivables are as follows:

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
At start of year	**23 195**	9 485	**21 340**	9 161
Increase in loss allowance	**417**	14 011	**–**	12 179
Amounts written off	**(229)**	(301)	**–**	–
Unused amounts reversed	**(2 461)**	–	**(1 719)**	
At end of year	**20 922**	23 195	**19 621**	21 340

Unused amounts reversed relate to debtors on which expected credit losses were provided for in the previous financial year but were recovered during the current reporting period.

The results of the provision matrix are summarised as follows:

	TRADE AND SUNDRY RECEIVABLES – GROUP				
Figures in R'000	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**Total**
31 December 2021					
Trade receivables					
Weighted average expected credit loss rate	**1.26%**	**5.61%**	**9.94%**	**69.19%**	
Estimated gross carrying amount	**11 533**	**8 682**	**15 382**	**25 042**	**60 639**
Lifetime ECL	**145**	**487**	**1 529**	**17 327**	**19 488**
Sundry receivables					
Weighted average expected credit loss rate	**0.60%**	**1.20%**	**2.04%**	**6.80%**	
Estimated gross carrying amount	**1 672**	**1 612**	**4 958**	**19 179**	**27 421**
Lifetime ECL	**10**	**19**	**101**	**1 304**	**1 434**
Total ECL	**155**	**506**	**1 630**	**18 631**	**20 922**
31 December 2020					
Trade receivables					
Weighted average expected credit loss rate	19.30%	1.47%	6.38%	38.49%	
Estimated gross carrying amount	1 836	26 160	24 000	43 882	95 878
Lifetime ECL	354	384	1 530	16 891	19 159
Sundry receivables					
Weighted average expected credit loss rate	0.00%	0.00%	9.65%	0.00%	
Estimated gross carrying amount	–	–	41 829	–	41 829
Lifetime ECL	–	–	4 036	–	4 036
Total ECL	354	384	5 566	16 891	23 195

9. TRADE AND OTHER RECEIVABLES CONTINUED

9.3 Movements in expected credit losses of trade and other receivables are as follows: continued

	TRADE AND SUNDRY RECEIVABLES – INSTITUTE				
Figures in R'000	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**Total**
31 December 2021					
Trade receivables					
Weighted average expected credit loss rate	**7.33%**	**16.75%**	**33.19%**	**97.47%**	
Estimated gross carrying amount	**1 193**	**1 879**	**1 554**	**17 717**	**22 343**
Lifetime ECL	**87**	**315**	**516**	**17 269**	**18 187**
Sundry receivables					
Weighted average expected credit loss rate	**0.60%**	**1.20%**	**2.04%**	**6.80%**	
Estimated gross carrying amount	**1 672**	**1 612**	**4 958**	**19 179**	**27 421**
Lifetime ECL	**10**	**19**	**101**	**1 304**	**1 434**
Total ECL	**97**	**334**	**617**	**18 573**	**19 621**
31 December 2020					
Trade receivables					
Weighted average expected credit loss rate	19.28%	11.58%	18.53%	85.95%	
Estimated gross carrying amount	1 836	2 107	2 580	18 881	25 404
Lifetime ECL	354	244	478	16 229	17 305
Sundry receivables					
Weighted average expected credit loss rate	0.00%	0.00%	9.65%	0.00%	
Estimated gross carrying amount	–	–	41 817	–	41 817
Lifetime ECL	–	–	4 035	–	4 035
Total ECL	354	243	4 513	16 228	21 340

Gross receivables assessed for expected credit losses will differ to the total gross receivables as per note 9.2 due to the exclusion of debtors who have been assessed to not have expected credit losses, such a receivables raised as a result of donations receivable.

Trade receivables and sundry receivables are assessed each year for expected credit losses based on the information relevant to the current year and the probability of default. The probability of default for an exam candidate is significantly lower than that of a seminar as an exam candidate would not receive his/her results on default. While the loss (unrecovered amount) may be higher, the probability of it occurring is lower. This would lead to a variation of percentages within the categories year on year. The category of "More than 120 days past due" consists of debtors carried forward from prior year therefore the percentage provided for has increased in line with the risk. These debtors are being actively persued.

9.4 Significant trade and other receivables

		GROUP		INSTITUTE	
Figures in R'000	Trade/sundry receivables	**2021**	2020	**2021**	2020
TEUF – Auditor-General	Trade	**–**	13 194	**–**	–
TEUF – FASSET	Trade	**7 136**	29 457	**–**	–
TEUF – National Student Financial Aid Scheme	Trade	**10 396**	24 295	**–**	–
TEUF – Citi Bank	Trade	**11 000**	–	**–**	–
TVET College projects	Sundry	**27 421**	40 276	**27 421**	40 276
Gauteng Department of Health	Trade	**12 271**	12 271	**12 271**	12 271

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

10. CASH AND CASH EQUIVALENTS

10.1 Accounting policy

Cash and cash equivalents comprise cash on hand, cash held at the bank, and short-term deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

10.2 Cash and cash equivalents comprise:

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Cash				
Cash on hand	**22**	210	**7**	195
Balances with banks	**55 428**	46 524	**48 127**	26 156
Total cash	**55 450**	46 734	**48 134**	26 351
Cash equivalents				
Short-term deposits	**442 514**	319 230	**325 872**	290 863
Total cash equivalents	**442 514**	319 230	**325 872**	290 863
Total cash and cash equivalents included in current assets	**497 964**	365 964	**374 006**	317 214
Net cash and cash equivalents	**497 964**	365 964	**374 006**	317 214

There are no significant restrictions on the Group's ability to access or use the cash of the Group.

Credit risk

The cash and cash equivalents are held with only investment-grade banks within South Africa with high credit ratings assigned by international credit-rating agencies. The funds invested are spread across a number of banks.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have a low credit risk based on the external credit ratings of the counterparties. The impact of the COVID-19 pandemic was considered but it was found that there had been no impact on cash and cash equivalents. No impairment was therefore deemed necessary.

11. RESERVES

Nature and purpose of reserves

The following reserves form part of the various reserves of the Group and the Institute.

SAICA Education Fund (SEFCO) (Group and Institute)

The role of the fund is to raise finance for the maintenance and development of standards of education and training for chartered accountants. The fund is overseen by a committee appointed by the Board. All funds collected are disbursed in accordance with regulations approved by the SAICA Board. The reserve is formed to maintain funding for SEFCO. The surplus or deficit relating to the SEFCO operations is allocated to the reserve on an annual basis.

Reserves of individual entities (Group only)

The reserves of the Thuthuka Education Upliftment Fund and The Hope Factory are the operating reserves of the individual entities. The surplus or deficit relating to the relevant entity operations is allocated to the reserve on an annual basis.

South African Journal of Accounting Research (SAJAR) (Group and Institute)

The fund is overseen by a committee appointed by the Board. All funds collected are disbursed in accordance with regulations approved by the SAICA Board. The reserve is formed to maintain funding for SAJAR. The surplus or deficit relating to the SAJAR operations is allocated to the reserve on an annual basis.

Tax Practitioners Levy (Group and Institute)

SAICA is registered as a Recognised Controlling Body (RCB) with the South African Revenue Services (SARS) in terms of The Tax Administration Act (2011). The fee raised to tax practitioners is used solely for the administration in terms of the requirements for Recognised Controlling Body. The surplus or deficit in any given year is recognised in the reserve. The reserve is formed to maintain funding for Tax Practitioner administration activities. The surplus or deficit relating to the Tax Practitioners operations is allocated to the reserve on an annual basis.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

12. PROVISION

12.1 Accounting policy

The short-term incentive (STI) is a constructive obligation, created by the remuneration policy, STI policy and the performance evaluation process. The minimum requirements set out in the policy are expected to be met and thus a constructive obligation exists. The amount has been measured in line with the STI policy, however actual amounts paid may vary based on final individual, divisional and organisational performance assessments as approved by the remuneration committee and the SAICA Board.

APC examinations costs relate to a provision raised for the Assessment of Professional Competence (APC) examination rewrite. The obligation has arisen from the announcement made by the Board that the examination is to take place at no charge to the candidate in March 2022. The provision has been measured using the estimated costs of hosting the examinations in line with previous examinations.

12.2 Provisions comprise:

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Short-term incentive	**13 385**	22 228	**13 385**	22 228
APC examination costs	**8 550**	–	**8 550**	–
	21 935	22 228	**21 935**	22 228
Reconciliation of short-term incentive provision:				
Opening balance	**22 228**	–	**22 228**	–
Settled during the year	**(21 266)**	–	**(21 266)**	–
Recognised/(derecognised) during the year	**12 423**	22 228	**12 423**	22 228
Closing balance	**13 385**	22 228	**13 385**	22 228

13. FINANCIAL LIABILITIES

13.1 Accounting policies

Financial liabilities of the Group are classified as financial liabilities and are subsequently measured at amortised cost. Accordingly, the financial liabilities are initially measured at fair value net of directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

Financial liabilities held by the Group comprise trade and other payables of which the carrying amounts approximate the fair value due to the short-term nature. The lease liability carrying amounts approximate the fair value as the incremental borrowing rate is market related.

Financial liabilities are recognised initially when the Group becomes a party to contractual provisions of a contract.

Due to the short-term nature of these instruments, there is no material difference between the fair value of payables and provisions and their carrying amount.

13. FINANCIAL LIABILITIES CONTINUED

13.2 Carrying amount of other financial liabilities by category

Figures in R'000	At amortised cost	Total
Year ended 31 December 2021 – Group		
Lease liability (note 15)	**64 280**	**64 280**
	64 280	**64 280**
Trade and other payables (note 14)	**73 927**	**73 927**
	73 927	**73 927**
Total financial liabilities	**138 207**	**138 207**
Year ended 31 December 2020 – Group		
Lease liability (note 15)	70 710	70 710
	70 710	70 710
Trade and other payables (note 14)	70 483	70 483
	70 483	70 483
Total financial liabilities	141 193	141 193
Year ended 31 December 2021 – Institute		
Lease liability (note 15)	**63 228**	**63 228**
	63 228	**63 228**
Trade and other payables (note 14)	**62 086**	**62 086**
	62 086	**62 086**
Total financial liabilities	**125 314**	**125 314**
Year ended 31 December 2020 – Institute		
Lease liability (note 15)	69 385	69 385
	69 385	69 385
Trade and other payables (note 14)	60 248	60 248
	60 248	60 248
Total financial liabilities	129 633	129 633

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

14. TRADE AND OTHER PAYABLES

14.1 Accounting policy

Trade payables are obligations for goods and services that have been acquired in the ordinary course of business from suppliers.

Trade payables are initially measured at fair value net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method.

14.2 Trade and other payables comprise:

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Trade creditors	**59 759**	56 681	**48 442**	46 846
Deposits received	**108**	108	**108**	108
Accrued leave pay	**12 965**	13 689	**12 372**	12 895
Payroll liabilities	**140**	–	**–**	–
Current portion of lease liabilities	**14 028**	13 802	**13 644**	13 402
Value added tax	**9 780**	9 452	**9 400**	8 676
Total trade and other payables	**96 780**	93 732	**83 966**	81 927

14.3 Items included in trade and other payables not classified as financial liabilities

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Value added tax	**9 780**	9 452	**9 400**	8 676
Accrual for leave pay	**12 965**	13 689	**12 372**	12 895
Deposits received	**108**	108	**108**	108
Total non-financial liabilities included in trade and other payables	**22 853**	23 249	**21 880**	21 679
Financial liability portion	**73 927**	70 483	**62 086**	60 248
Total trade and other payables	**96 780**	93 732	**83 966**	81 927

Employees' entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for annual leave due as a result of services rendered by employees up to the reporting date, with a maximum of 35 days per employee.

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 31.2.

15. LEASE LIABILITY

15.1 Accounting policies

Right-of-use asset

At inception of a contract, the Group assesses whether a contract is, or contains, a lease.

The Group is a lessee of premises and is sub-leasing a portion thereof. Refer to note 18 for further information on rent received.

The term of the lease is determined as the non-cancellable period of the lease together with the period covered by an option to extend the lease and if there is certainty that these options will be exercised. These have been identified to be between three and ten years.

At inception, a right-of-use asset and a lease liability are recognised. The Group presents right-of-use assets in 'property and equipment', the non-current portion of lease liabilities separately and the current portion of lease liabilities in 'trade and other payables' in the statement of financial position. Details regarding the right-of-use-asset, the corresponding liability, depreciation and interest can therefore be found in notes 5 and 24 and in the statement of cash flows.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. None of the leases transfer ownership of the underlying assets to the Group.

The Group and Institute also assessed the right of use asset at the end of this reporting period to determine whether there was an indication of impairment. No impairment was deemed necessary.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date. Lease payments are discounted using the relevant group entity's incremental borrowing rate determined as a weighted average of 13%. The following lease payments are included where they are not paid at the commencement date:

- Fixed payments, less any lease incentives receivable

Subsequently, the lease liability is measured by:

- Increasing the carrying amount to reflect interest on the lease liability
- Reducing the carrying amount to reflect the lease payments made

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

15. LEASE LIABILITY CONTINUED

15.2 Lease liability comprises:

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
IFRS 16 Lease Liability	**78 308**	84 512	**76 872**	82 787
Undiscounted lease commitments				
Not later than one year	**22 219**	20 532	**21 702**	20 052
Later than one year and not later than five years	**73 045**	94 356	**71 881**	92 675
	95 264	114 888	**93 583**	112 727
Non-current liabilities	**64 280**	70 710	**63 228**	69 385
Current liabilities	**14 028**	13 802	**13 644**	13 402
	78 308	84 512	**76 872**	82 787

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Opening balance	**84 512**	93 484	**82 787**	91 546
New leases	**2 639**	(57)	**2 639**	(57)
Interest	**10 033**	10 302	**9 843**	10 071
Less lease payments	**(18 876)**	(19 217)	**(18 397)**	(18 773)
Principle	**(8 843)**	(8 915)	**(8 554)**	(8 702)
Interest	**(10 033)**	(10 302)	**(9 843)**	(10 071)
Closing	**78 308**	84 512	**76 872**	82 787

16. DEFERRED INCOME

16.1 Accounting policies

Donations and grants received in advance are reported as a current liability if they will be earned within one year. Deferred income is recognised when the funds are received from the donors and derecognised to other income when terms of the contract have been met by the Group to the extent of the expenses that have been incurred. For further information refer to note 18.

16.2 Deferred income comprises:

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Future project and bursary income	**2 954**	6 428	**332**	2 700
Bursary income	**17 637**	16 790	**–**	–
	20 591	23 218	**332**	2 700

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Current liabilities	**20 591**	23 218	**332**	2 700
	20 591	23 218	**332**	2 700

17. REVENUE

17.1 Accounting policies

The Group generates revenue from goods and services. Goods comprise products royalties received from sale of books. Services comprise subscriptions, members' entrance fees, professional development – pre-qualification (training and examinations), tax practitioners fees, a once-off disciplinary levy, *Accountancy SA* magazine advertising, seminars, events, sponsorships and SAICA Education Fund levies. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts received on behalf of third parties, like value-added tax. The Group has applied the practical expedient with regard to significant financing components on all contracts up to 12 months.

Revenue is recognised at a point in time when the goods are delivered to the customers, such as the date of issue of *Accountancy SA* magazine and the date of the seminar or event or sponsorship.

Revenue is recognised over a period of time for services in line with the duration of the service, that is, over the period of the subscription or the period of professional development contract. Invoices are generated at a point in time and are generally payable in advance of the service being provided to the customer.

No discounts are provided for any goods or services.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

17. REVENUE CONTINUED

17.1 Accounting policies continued:

Contract balances

Contract fulfilment assets

The contract fulfilment assets consists of actual costs incurred to fulfil a contract of which the performance obligations have not been met yet significant costs have been incurred, in this case in relation to the Assessment of Professional Competence (APC). The Group recognises costs incurred relating to the APC as expenses when they are incremental and amortises these costs consistently with the pattern of revenue recognition. This asset does not meet the definition of a contract asset as it is not in relation for performance obligations already met and therefore the Group does not have the right to consideration.

Contract liabilities

If a customer (being a member, student or training office) pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group performs under the contract.

17.2 Revenue comprises:

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Subscriptions – Chartered Accountant (SA)	**281 137**	277 196	**281 137**	277 196
Disciplinary levy	**30**	58	**30**	58
Subscriptions – Associate General Accountants (SA)	**14 623**	13 620	**14 623**	13 620
Subscriptions – Accounting Technician (SA)	**631**	746	**631**	746
Accountancy SA journal	**1 577**	1 692	**1 577**	1 692
Entrance fees	**8 634**	15 752	**8 634**	15 752
Product sales	**6 769**	6 367	**6 420**	6 367
Professional development – pre-qualification	**82 939**	56 063	**82 939**	56 063
SAICA Education Fund levies	**34 118**	34 402	**34 118**	34 402
Seminars and events	**4 652**	2 804	**4 652**	2 804
Sponsorships	**8 182**	4 810	**8 182**	4 810
Total revenue	**443 292**	413 510	**442 943**	413 510

17. REVENUE CONTINUED

17.2 Revenue comprises: continued

Type of revenue	Description	Performance obligation	Transfer of control	Measurement of transaction price	Duration of contract
Service	Subscriptions	Making the designation available throughout the year	Over time	Invoice amount as contracted allocated using a straight-line method over 12 months	1 year
Service	Disciplinary levy	Commencement of disciplinary cases	At a point in time on receipt	Invoice amount as contracted	N/a Once-off cost
Goods	*Accountancy SA* journal	Publishing the magazine	At a point in time	Invoice amount as contracted	N/a Once-off cost
Service	Entrance fees	Registration of membership	At a point in time	Invoice amount as contracted	N/a Once-off cost
Goods	Product sales	Delivery of product	At a point in time	Invoice amount as contracted	N/a Once off cost
Service	Professional development – prequalification	Examinations – publishing of results	At a point in time	Invoice amount as contracted	N/a Once-off cost
Goods	Professional development – prequalification	Training contracts – admin support throughout contract	Over time	Invoice amount as contracted allocated using a straight-line method over 12 months	3–5 years
Goods	Professional development – prequalification	Training office reviews – one accreditation, one post accreditation visit/ monitoring	At a point in time	Two performance obligations. Invoice amount allocated based on a relative stand-alone selling price basis	1 year
Service	SAICA Education Fund levies	Updating and maintaining of standards	Over time	Invoice amount as contracted allocated using a straight-line method over 12 months	1 year
Goods	Seminars and events	Hosting of seminar/event	At a point in time	Invoice amount as contracted	N/a Once-off cost
Goods	Sponsorships	Advertising as agreed	At a point in time	Invoice amount as contracted	N/a Once-off cost

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

17. REVENUE CONTINUED

17.3 Contract fulfilment assets and contract liabilities

Contract fulfilment assets and contract liabilities are disclosed separately in the statement of financial position.

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Current contract fulfilment assets				
Assessment of Professional Competence (APC) exam	**5 192**	5 932	**5 192**	5 932
Initial Test of Competence (ITC) exam	**–**	4 176	**–**	4 176
	5 192	10 108	**5 192**	10 108

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Current contract liabilities (revenue stream)				
SEFCO levies (SAICA Education Fund levies)	**(9 562)**	(10 640)	**(9 562)**	(10 640)
APC exams (Professional Development)	**(25 848)**	(20 142)	**(25 848)**	(20 142)
Trainee admin fee (Professional Development)	**(255)**	(139)	**(255)**	(139)
Training contract fees (Professional Development)	**(11 268)**	(9 523)	**(11 268)**	(9 523)
Subscriptions (Subscriptions)	**(51 890)**	(46 546)	**(51 890)**	(46 546)
ITC exam January (Professional Development)	**(4 007)**	(11 151)	**(4 007)**	(11 151)
Tax Practitioners Levy (Subscriptions)	**(2 591)**	(1 075)	**(2 591)**	(1 075)
	(105 421)	(99 216)	**(105 421)**	(99 216)

	GROUP		INSTITUTE	
	2021	2020	**2021**	2020
Non-current liabilities	**(5 836)**	(5 616)	**(5 836)**	(5 616)
Current liabilities	**(99 585)**	(93 600)	**(99 585)**	(93 600)
Total contract liabilities	**(105 421)**	(99 216)	**(105 421)**	(99 216)

SEFCO levies

- SEFCO was established to raise finance for the maintenance and development of standards of education and training for chartered accountants on par with the standards of its reciprocal partners.
- As part of the contract for trainees, the training office agrees to pay an annual levy toward the fund. The levy is payable for each completed year of training contract for each trainee until the training contract is cancelled or discharged.
- The maintenance and development of standards, being the performance obligation, is done throughout the year. Benefit provided for over a period of time and should therefore be recognised over such period.

APC exams

- APC is the second part of the qualifying examination, which assesses professional competence.
- The exam fee is payable at any time and any non-payment will result in results being withheld from the candidate.
- The performance obligation to the candidate who has fully paid is an exam result. This is satisfied at a point in time when the exam results are released, which was 18 February 2022.

17. REVENUE CONTINUED

17.3 Contract fulfilment assets and contract liabilities continued

Trainee admin fee

- Audit firms are required to employ trainees under training contracts. The firm must be accredited by SAICA as a training office.
- The accreditation fee is payable upfront on application of the accreditation. Two performance obligations arise from the contract, that is, the accreditation and the post-accreditation monitoring visit.
- The performance obligations are satisfied at a point in time and therefore the transaction price for each is recognised upon satisfaction at the relevant point in time.

Training contract fees

- Audit firms are required to employ trainees under training contracts.
- The training contract fee is payable upfront by the training office for periods between three and five years. This fee activates the training contract to register the trainee with SAICA.
- The performance obligation is satisfied over time as the contract runs over a period of three to five years. Revenue is therefore recognised monthly over the contract period. The Group has performed an assessment on the financing component of the contracts over three to five years and concluded that the financing component was not significant and therefore has not been applied.
- The training contracts allow the training office to receive a credit should a trainee cancel their contract for any reason prior to the completion of the training contract. As the training contract fee is allocated monthly, the credit is equivalent to the remaining months that the trainee did not complete.

Subscriptions

- In order to be entitled to carry their designations, CAs(SA), AGAs(SA) and ATs(SA) must pay a membership subscription fee to SAICA.
- The subscription fees are payable in full and upfront for access to the designation for the year ahead, being 1 January to 31 December each year.
- Invoices for membership fees are issued in December of the previous year. Certain members therefore do pay their fees in advance. These fees are recognised as contract liabilities.
- As the designation is used throughout the year, the performance obligation is satisfied over time and the transaction price is the subscription fee. Revenue is recognised monthly over one year.

ITC exams January

- ITC, which is the Initial Test of Competence, is the first part of the qualifying examination.
- The exam fee is payable at any time and any non-payment will result in results being withheld from the candidate.
- In this instance we refer to the ITC exam written in January 2022 for which payment was already received in 2021. The performance obligation to the candidate is an exam result. This is satisfied at a point in time when the exam results are released, which was March 2022.

Tax Practitioners Levy

- In order to practise as a tax practitioner, a tax practitioners levy is payable to SAICA as the recognised controlling body (RCB).
- The fees are payable in full and upfront for access to the designation for the year ahead, being 1 January to 31 December each year.
- Invoices for tax practitioner fees are issued in December of the previous year. Certain tax practitioners therefore do pay their fees in advance. These fees are recognised as contract liabilities.
- As the ability to practise as a tax practitioner is used throughout the year, the performance obligation is satisfied over time and the transaction price is the fee amount. Revenue is recognised monthly over one year.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

17. REVENUE CONTINUED

17.4 Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year.

Revenue recognised that was included in the contract liability balance at the beginning of the period

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
SEFCO levies (SAICA Education Fund levies)	**(10 640)**	(9 900)	**(10 640)**	(9 900)
APC exams (Professional Development)	**(20 142)**	(17 162)	**(20 142)**	(17 162)
Trainee admin fee (Professional Development)	**(139)**	(647)	**(139)**	(647)
Training contract fees (Professional Development)	**(3 907)**	(7 349)	**(3 907)**	(7 349)
Subscriptions (Subscriptions)	**(51 890)**	(67 854)	**(51 890)**	(67 854)
ITC exam January (Professional Development)	**(4 007)**	(4 685)	**(4 007)**	(4 685)
Tax Practitioners Levy (Subscriptions)	**(1 075)**	(3 171)	**(1 075)**	(3 171)
	(91 800)	(110 768)	**(91 800)**	(110 768)

17.5 Unsatisfied performance obligations

Expected duration of the performance obligations at year end

Figures in R'000	**Up to one year**	**Two years**	**Three years**	**Four years**	**Five years**	**Total**
At 31 December 2021 – Group and Institute						
SEFCO levies (SAICA Education Fund levies)	**(9 562)**	–	–	–	–	**(9 562)**
APC exams (Professional Development)	**(25 848)**	–	–	–	–	**(25 848)**
Trainee admin fee (Professional Development)	**(255)**	–	–	–	–	**(255)**
Training contract fees (Professional Development)	**(5 431)**	**(3 880)**	**(1 539)**	**(306)**	**(112)**	**(11 268)**
Subscriptions (Subscriptions)	**(51 890)**	–	–	–	–	**(51 890)**
ITC exam January (Professional Development)	**(4 007)**	–	–	–	–	**(4 007)**
Tax Practitioners Levy (Subscriptions)	**(2 591)**	–	–	–	–	**(2 591)**
	(99 584)	**(3 880)**	**(1 539)**	**(306)**	**(112)**	**(105 421)**

17. REVENUE CONTINUED

17.5 Unsatisfied performance obligations continued

Figures in R'000	Up to one year	Two years	Three years	Four years	Five years	Total
At 31 December 2020 – Group and Institute						
SEFCO levies (SAICA Education Fund levies)	(10 640)	–	–	–	–	(10 640)
APC exams (Professional Development)	(20 142)	–	–	–	–	(20 142)
Trainee admin fee (Professional Development)	(139)	–	–	–	–	(139)
Training contract fees (Professional Development)	(3 907)	(3 854)	(1 416)	(280)	(66)	(9 523)
Subscriptions (Subscriptions)	(51 890)	–	–	–	–	(51 890)
ITC exam January (Professional Development)	(4 007)	–	–	–	–	(4 007)
Tax Practitioners Levy (Subscriptions)	(1 075)	–	–	–	–	(1 075)
	(91 800)	(3 854)	(1 416)	(280)	(66)	(97 416)

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

18. OTHER INCOME

18.1 Accounting policy

Other income comprises grants, project income and donations, and is utilised to cover project specific expenditure and this is not perceived to be the main business of the Group. It is recognised when there is reasonable assurance that the entity will comply with the conditions attached to the income and the income will be received.

Other income is accounted for when it is received or receivable. Where there are conditions attached to grants, project income and donations, these are recognised in deferred income until conditions are met, when they are then recognised in the statement of surplus or deficit of the Group.

Other income is the donor funding received by the Group for projects. Any income with unfulfilled conditions has been classified as deferred income.

Rent received is derived from the sub-letting of space by the Institute. The sub lease is a short term, month-to-month lease. Due to the nature of the lease, the rent received is recognised in the statement of surplus or deficit of the Group on a month-to-month basis.

18.2 Other income comprises:

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Sundry income	**426 917**	392 339	**54 711**	101 814
Technical and Vocational Education and Training (TVET) project income	**16 165**	29 739	**16 165**	29 739
Department of Health project income	**–**	17 970	**–**	17 970
Community Education and Training college (CET) project income	**35 283**	46 187	**35 283**	46 187
Enterprisation project income	**–**	115	**–**	115
JP Morgan project income	**–**	258	**–**	258
Donations – TEUF	**147 400**	144 092	**–**	–
Donations – TEUF – ISFAP (pre 1 October 2020)	**209 333**	130 409	**–**	–
THF projects	**15 473**	16 024	**–**	–
AT(SA) projects	**3 263**	7 545	**3 263**	7 545
Recoveries	**1 145**	976	**73**	976
Rent received	**3 627**	2 484	**3 627**	3 655
Total other income	**431 689**	395 799	**58 411**	106 445

19. EMPLOYEE BENEFITS EXPENSE

19.1 Accounting policy

Short-term employee benefits

Compensation paid to employees for the rendering of services is recognised in the statement of surplus or deficit at the undiscounted amount paid or expected to be paid in the accounting period in which the services were rendered.

Where employees accumulate entitlement for paid absences (i.e. leave pay), an expense is recognised as the additional amount that the Group expects to pay as a result of the unused leave that has accumulated at the end of the reporting period. In the case of non-accumulating paid absences, the expense is recognised only when the absences occur.

The expected cost of bonus payments are recognised when there is a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when there is no realistic alternative but to make the payments.

19.2 Employee benefits expense comprises:

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Salaries	**163 348**	158 415	**156 873**	138 392
Short-term incentive	**12 423**	22 228	**12 423**	22 228
Defined contribution plan expense	**18 610**	19 135	**18 610**	19 135
Board fees	**4 270**	3 181	**4 270**	3 181
Fixed term contractors*	**5 894**	8 522	**5 894**	8 522
Total employee benefits expense	**204 545**	211 481	**198 070**	191 458

* These costs relate to individuals that are employed at the Institute under contracts and paid through the payroll of the Institute.

20. SIGNIFICANT ADMINISTRATIVE EXPENSES

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Administrative expenses comprise:				
Auditors remuneration – internal	**622**	1 399	**622**	1 399
Auditors remuneration – external	**1 879**	2 121	**1 447**	1 738
Bank charges	**2 197**	2 132	**2 188**	2 120
Computer expenses	**6 823**	6 962	**6 508**	6 760
Subscriptions	**16 334**	15 010	**16 334**	15 010
Telephone and fax	**6 471**	4 147	**6 206**	3 780

Subscriptions include those paid to other professional bodies that provide our members the benefit of being internationally recognised and relevant to the profession, as well as online access to the International Financial Reporting Standards. These subscriptions also allow SAICA to have an active role in the worldwide profession.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

21. OTHER EXPENSES

The Group view their expenses in two categories. Project expenses have been listed as all costs incurred per project while core business expenses are viewed as operational expenses relating to the day-to-day activities of the Group.

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Other expenses comprise:				
Core business expenses	**405 847**	392 189	**394 769**	367 032
Significant core expenses:				
Advertising	**6 221**	12 132	**6 221**	12 109
Consulting fees	**17 420**	24 623	**12 461**	21 100
Utilities	**3 606**	3 384	**3 606**	3 384
Legal fees	**7 062**	10 291	**7 039**	9 566
Licence fees	**10 392**	12 716	**10 392**	12 716
Repairs and maintenance	**5 401**	6 154	**5 212**	6 015
Markers and umpires	**26 228**	13 938	**26 228**	13 938
Royalties	**2 129**	2 954	**2 129**	2 954
Research and content development	**4 706**	4 380	**4 706**	4 380
Subventions	**19 722**	20 100	**19 722**	20 100
Travel – local	**6 044**	4 212	**5 819**	3 720
Venue costs	**14 794**	4 497	**14 794**	4 432
Project expenses	**380 187**	323 641	**53 597**	93 080
AT(SA) – project costs	**3 294**	12 977	**3 294**	9 437
CET project costs	**35 095**	46 281	**35 095**	46 281
Department of Health project costs	**–**	7 698	**–**	7 698
Enterprisation project costs	**–**	81	**–**	81
JP Morgan project costs	**–**	–	**–**	–
TEUF bursaries	**115 727**	77 229	**–**	–
TEUF bursaries – ISFAP	**209 333**	130 409	**–**	–
THF project costs	**1 579**	19 399	**49**	16
TVET project costs	**15 159**	29 567	**15 159**	29 567
Total other expenses	**786 034**	715 830	**448 366**	460 112

Institute project expenses do not exceed the donor funding received for the projects. Any surpluses that remain are retained as project management fees. In the prior year the increase the AT(SA) project costs exceed the income received, however, this was as a result of an anomaly and is therefore not indicative that the project will be loss making going forward.

22. OTHER GAINS AND (LOSSES)

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Other gains and (losses) comprise:				
Loss on disposal of assets	**97**	139	**97**	140
Loss on foreign exchange differences on liabilities	**(405)**	(1 120)	**(405)**	(1 120)
Total other losses	**(308)**	(981)	**(308)**	(980)

23. FINANCE INCOME

Finance income is recognised using the effective interest method and is recognised when it is receivable to the Group. The interest income is earned on positive bank balances.

In calculating finance income, the effective interest rate is applied to the gross carrying amount of the asset.

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Finance income comprises:				
Interest received	**20 624**	24 780	**17 836**	18 802

Interest rate risk

The Group's exposure to fair value interest rate risk mainly arises from its fixed deposits with banks. It also has exposure on cash flow interest rate risk, that arises mainly from its deposits with banks. The Group interest rate risk exposure is reduced by the annual escalation of its fixed deposits with banks and investments should this not be variable interest rate instruments.

Sensitivity analysis

Change in interest rate (basis points)	-50	-25	0	+25	+50
Interest income sensitivity	(2 490)	(1 245)	–	1 245	2 490

24. FINANCE COSTS

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Interest paid – lease liability	**10 033**	10 302	**9 843**	10 071

Sensitivity analysis

Change in interest rate (basis points)	-50	-25	0	+25	+50
Interest paid sensitivity	(321)	(161)	–	161	321

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

25. INCOME TAX EXPENSE

The income of TEUF and THF is exempt from income tax in terms of the provisions of S10(1)cN) and S30 of the Income Tax Act of 1962. The income of the Institute is exempt in terms of the provisions of S30B of the Income Tax Act of 1962 and SAICA Enterprise Development (Pty) Ltd is a full tax paying entity. Donations by or to the entities in the Group are exempt from donations tax in terms of S56(1)(h) of the Income Tax Act of 1962. The TEUF and THF have public benefit organisation (PBO) status.

26. COMMITMENTS

TEUF

The company has signed contracts with the National Research Foundation, and the National Student Financial Aid Scheme (NSFAS) for current projects.

	2022 – 2023
Figures in R'000	**Total contracted income (for remaining project term)**
Full-time CTA project	**83 924**
	83 924

Commitments received	**2022**	**2023**	**2024**	**Total**
Secured funding in respect of bursaries	**83 228**	**58 021**	**–**	**141 249**

Commitments made to students

The current cost for a year of study is approximately R203 653 (2020: R185 140) per student, R101 811 (2020: R92 570) of which is funded by the National Students Financial Aid Scheme (NSFAS).

For 2022 there are 623 students on the bursary scheme with a total commitment of R63 428 201 for the year.

For every student who continues to pass, there is a contractual obligation to provide a bursary to complete the accredited undergraduate degree. Thus the total commitment as at 31 December 2021 for the committed bursaries is:

Figures in R'000	**Number of committed students**	**2022**	**2023**	**2024**	**Total**
Total commitments	623	63 438	52 289	34 252	149 979

The surplus funding will be utilised to fund new intake in 2022 and future intakes.

27. RELATED PARTIES

27.1 Group entities

Subsidiaries – refer note 7.

Other related parties

ISFAP Foundation NPC

Wiseman Nkuhlu Trust

The Group has identified the below related parties through common Board members:

- MOT SA
- RESAF Nutrition
- Pegasus Trust
- Club Equestria
- CA Academy Zimbabwe
- Repaid Capital
- Caliba Group
- Crosstream Systems
- Differentia Engineering and Construction
- Differentia Financial Services
- Differentia Chartered Accountants
- Differentia Mining and Beneficiation
- Ramo Capital
- Differentia Investments Management
- Sancoc Accounting Differentia
- Tabara Holdings
- Stepping Stone Organisation
- Tendersfindu
- Bren Farms
- Marimba Global Investments
- Thorn Tree Trading No 4
- Seraphim Financial Services
- Rays of Hope Alexandra
- Periwinkle Trading 4
- The Field Lab
- Blockchain Consultancy
- Accounting Blockchain coalition
- Africaras Rise and Shine
- Africa Rising Advisory Services
- Africaras Advisory
- Africa Ras
- FSHSA Investments
- The Institute of Directors in South Africa
- Delta Property Fund
- Snobbish Hands

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

27. RELATED PARTIES CONTINUED

27.2 Remuneration of the Board and Executive Committee

Figures in R'000
V Motholo, **2021: Board member (Chairman; Nominations Committee Chairman) 2020: Independent member of the Audit and Risk Committee**
A Teeruth, **Independent member of the Audit and Risk Committee**
B Bekwa, **Board member (Digital Transformation Committee Chairman)**
B Ramokhele, **Board member (Human Resource and Remuneration Committee Chairman)**
B Tsvetu, **Board member**
I Lubbe, **Board member**
J du Toit, **Board member (Social, Ethics and Transformation Committee Chairman)**
J Swanepoel, **Board member**
M Singer, **Board member**
P Stock, **Board member (Audit and Risk Committee Chairman)**
R Matenche, **Board member (Resigned 27 May 2021)**
T Maluleke, **2020: Board member (Chairman; Nominations Committee Chairman) (Resigned 27 May 2021)**
V Ngobese, **Independent member of the Audit and Risk Committee (Term ended 30 September 2021)**
Y Forbes, **Board member (Lead Independent)**
Y Madolo, **Independent member of the Audit and Risk Committee**
C Mulder, **Executive Director: Nation Building (Retired: 28 February 2022)**
FL Lamola, **Chief Operating Officer (COO)**
J Snyman, **Executive Director: Governance**
M Bouah, (2021: five months) (2020: seven months) **Executive Director: Member and Global Alliances**
M McWalter, **Chief Executive Officer: SAICA Enterprise Development (Pty) Ltd**
NO Nekhavhambe, **Chief Financial Officer (CFO)**
P Faber, (2021: seven months) **Acting: Executive Director: Education**
R Zwane, (2022: one month) **Acting: Executive Director Nation Building**
SF Nomvalo, **Chief Executive Officer (CEO)**

The Executive Committee members are considered key management of the Group and Institute. The term "Executive Director" used above is the internal job title that denotes management that makes up the members of the internal Executive Committee.

* These amounts relate to the short-term incentive paid out in 2021 in relation to 2020 performance assessments.

2021				2020			
Remuneration	**Pension fund**	**Short-term incentive***	**Total**	Remuneration	Pension fund	Short-term incentive	Total
350	**–**	**–**	**350**	112	–	–	112
75	**–**	**–**	**75**	–	–	–	–
430	**–**	**–**	**430**	377	–	–	377
341	**–**	**–**	**341**	286	–	–	286
350	**–**	**–**	**350**	–	–	–	–
327	**–**	**–**	**327**	259	–	–	259
406	**–**	**–**	**406**	261	–	–	261
303	**–**	**–**	**303**	223	–	–	223
425	**–**	**–**	**425**	241	–	–	241
465	**–**	**–**	**465**	304	–	–	304
121	**–**	**–**	**121**	343	–	–	343
–	**–**	**–**	**–**	375	–	–	375
36	**–**	**–**	**36**	98	–	–	98
420	**–**	**–**	**420**	295	–	–	295
76	**–**	**–**	**76**	–	–	–	–
2 519	**493**	**746**	**3 758**	2 647	286	–	2 933
2 921	**363**	**814**	**4 098**	2 943	211	–	3 154
2 040	**269**	**572**	**2 881**	2 061	156	–	2 217
1 031	**106**	**338**	**1 475**	1 380	101	–	1 481
1 009	**–**	**–**	**1 009**	991	–	–	991
2 273	**349**	**525**	**3 147**	2 189	331	–	2 520
1 160	**114**	**–**	**1 274**	–	–	–	–
67	**11**	**–**	**78**	–	–	–	–
4 511	**–**	**1 118**	**5 629**	4 331	–	–	4 331
21 656	**1 705**	**4 113**	**27 474**	19 716	1 085	–	20 801

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

27. RELATED PARTIES CONTINUED

27.3 Related party transactions and balances

Figures in R'000	Thuthuka Education Upliftment Fund (TEUF)	The Hope Factory (THF)	ISFAP Foundation	Total
Year ended 31 December 2021				
Related party transactions				
Administration costs in kind	**(3 195)**	**(1 257)**	**(583)**	**(5 035)**
SAICA donation (membership fees)	**(2 965)**	**–**	**–**	**(2 965)**
Rent received	**–**	**–**	**3 330**	**3 330**
Outstanding balances for related party transactions				
Amounts receivable	**–**	**1 608**	**2**	**1 610**
Outstanding loan accounts				
Amounts payable	**–**	**(303)**	**(188)**	**(491)**
Year ended 31 December 2020				
Related party transactions				
Administration costs in kind	(4 061)	(1 041)	(246)	(5 102)
SAICA donation (membership fees)	(2 873)	–	–	(2 873)
Lease rental	–	–	1 680	–
Outstanding balances for related party transactions				
Amounts receivable	–	618	5	623

All key management that are employed by the Group have standard employment contracts.
All transactions and balances with related parties have been concluded at arm's length.

28. EVENTS AFTER THE REPORTING DATE

The recent events involving Russia and Ukraine has had a global impact and although not a direct impact on South Africa, it has had an impact on our economy and is considered to be a non-adjusting event for the 2021 reporting period. The volatility in the foreign currency may impact the foreign creditors in the Group

The Board is not aware of any other matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Group and Institute.

29. GOING CONCERN

The Group and Institute financial statements have been prepared on the going concern basis. 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 application of this basis is supported by a detailed budget process which has incorporated the above COVID-19 impacts and include a certain level of judgements and estimates as well as ongoing compliance with budgeting controls.

Management and the Board are continually assessing and monitoring developments with regard to the COVID-19 pandemic along with the abovementioned impacts and at the time of finalising the report, the Board is confident that our responses are adequate and the crisis is being continuously monitored to assess effect on the financial position of the Group and Institute at financial year-end. The Board has further done an analysis with regard to the potential long-term effect of COVID-19 based on information available at approval date and it will be updated depending on how the situation unfolds.

30. FINANCIAL RISK MANAGEMENT

The Group's Risk Management Committee monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyse exposure by degree and magnitude of risk. These risks include market risk, credit risk and liquidity risk.

Market and liquidity risk are addressed below. Credit risk is addressed under trade and other receivables and cash and cash equivalents respectively. (Refer to notes 9 and 10.)

The internal audit function reports quarterly to the Group's Audit and Risk Committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

30.1 Market risk

30.1.1 Foreign exchange risk

Exposure

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period foreign currency monetary items are translated using the closing rate.

The Institute's foreign currency risk arises from transactions incurred for foreign subscriptions and royalties, which are denominated in Pound Sterling, United States Dollar, Euro and Australian Dollar. Foreign exchange gains or losses resulting from the settlement of foreign currency transactions are recognised in surplus or deficit. The foreign exchange risk is mainly in relation to the Pound Sterling. The details as follows:

	£
31 December 2021	
Average rate	**21.54**
Spot rate	**20.82**
31 December 2020	
Average rate	19.32
Spot rate	20.02

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

30. FINANCIAL RISK MANAGEMENT CONTINUED

30.1 Market risk continued

30.1.1 Foreign exchange risk continued

Sensitivity

The following table details the Group's sensitivity to a 10% increase and decrease in the Rand against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management is 10% and it represents management's assessment of the reasonably possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign-currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the Rand strengthens by 10% against the relevant currency. For a 10% weakening of the Rand against the relevant currency, there would be a comparable impact on the profit and the balances below would be negative.

	IMPACT ON SURPLUS	
	2021	**2020**
GBP exchange rate – increase 10% (10%) *	**150**	312
GBP exchange rate – decrease 10% (10%) *	**(150)**	(312)
Increase/decrease impact	**150**	312

* Holding all other variables constant.

	£
31 December 2021	
Bank balances	**87**
Trade payables	**(15)**
31 December 2020	
Bank balances	165
Trade payables	(9)

30.2 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows.

The following table details the Group's remaining contractual maturity for its current liabilities, commitments and guarantees with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of the current liabilities, commitments and guarantees based on earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay.

30. FINANCIAL RISK MANAGEMENT CONTINUED

30.1 Market risk continued

30.2.1 Maturities of financial liabilities

Contractual maturities of financial liabilities (R'000)	Less than six months	Between six months and one year	Between one and two years	Between two and five years	Over five years	Total contractual cash flows
Year ended 31 December 2021 – Group						
Non-derivatives						
Trade and other payables (note 14)	–	73 482	–	–	–	73 482
Finance lease obligation (note 15)	11 110	11 110	48 512	24 532	–	95 264
Guarantees (note 33)	–	–	–	–	3 898	3 898
Total non-derivatives	11 110	84 592	48 512	24 532	3 898	172 644
Year ended 31 December 2020 – Group						
Non-derivatives						
Trade and other payables (note 14)	–	70 483	–	–	–	70 483
Finance lease obligation (note 15)	10 266	10 266	45 473	48 883	–	114 888
Guarantees (note 33)	–	–	–	–	3 898	3 898
Total non-derivatives	10 266	80 749	45 473	48 883	3 898	189 269
Year ended 31 December 2021 – Institute						
Non-derivatives						
Trade and other payables (note 14)	–	61 645	–	–	–	61 645
Finance lease obligation (note 15)	10 851	10 851	47 349	24 532	–	93 583
Guarantees (note 33)	–	–	–	–	3 898	3 898
Total non-derivatives	10 851	72 496	47 349	24 532	3 898	159 126
Year ended 31 December 2020 – Institute						
Non-derivatives						
Trade and other payables (note 14)	–	60 248	–	–	–	60 248
Finance lease obligation (note 15)	10 026	10 026	44 396	48 279	–	112 727
Guarantees (note 33)	–	–	–	–	3 898	3 898
Total non-derivatives	10 026	70 274	44 396	48 279	3 898	176 873

31. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern.

Our reserves policies ensure that the Group have sufficient resources to meet its obligations and other cash flow requirements of the Group. The Group optimises the management of its capital through the Investment and Reserves policy managed by the treasury function under the supervision of the Chief Financial Officer.

The Group follows a low-risk approach to determine the optimal capital structure and makes adjustments to it based on changes in economic conditions and the risk characteristics of the underlying assets.

The Group has adhered to the requirements of the Investment and Reserves policy and this has translated in the Group maintaining levels of interest received as well as sufficient cash reserves in order to settle obligations in the ordinary course of business. As per the statement of financial position cash in relation to net debt is 2.9:1.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2021

32. CASH FLOWS FROM OPERATING ACTIVITIES

	GROUP		INSTITUTE	
Figures in R'000	**2021**	2020	**2021**	2020
Surplus/(deficit) for the year	**67 128**	61 421	**29 036**	24 534
Adjustments for:				
Finance income	**(20 624)**	(24 780)	**(17 836)**	(18 802)
Finance costs	**10 033**	10 302	**9 843**	10 071
Depreciation and amortisation expense	**28 292**	28 322	**27 905**	27 539
Impairment losses (ECL)	**(2 324)**	4 036	**(2 499)**	2 525
Adjustments for lease liabilities	**2 685**	(3 475)	**2 844**	(3 155)
Gains and losses on foreign exchange	**405**	1 083	**405**	1 083
Gains and losses on disposal of non-current assets	**(97)**	(139)	**(97)**	(140)
Non-cash transfer of ISFAP	**–**	(978)	**–**	–
Change in operating assets and liabilities:				
Decrease/(increase) in inventories	**–**	136	**–**	136
Decrease/(increase) in trade accounts receivable	**47 502**	(7 034)	**11 249**	27 875
Decrease/(increase) in prepayments	**560**	279	**561**	(501)
Decrease/(increase) in contract cost assets	**4 916**	(2 430)	**4 916**	(2 430)
Decrease in provisions	**(294)**	22 228	**(294)**	22 228
Increase/(decrease) in trade accounts payable	**3 047**	572	**2 038**	(10 391)
Increase/(decrease) in contract liabilities	**6 205**	(11 552)	**6 205**	(11 552)
(Decrease)/increase in deferred income	**(2 626)**	(95 568)	**(2 368)**	(247)
Transfer of other receivables	**–**	(696)	**–**	–
Transfer of other payables	**–**	116 595	**–**	–
Net cash flows from operations	**144 808**	98 322	**71 908**	68 773

33. GUARANTEES

The Institute has a guarantee in place through Standard Bank in favour of the South African Post Office Limited for bulk postage to the value of R150 000 (expiry date 1 January 2030) (2020: R150 000). The Institute also has guarantees in place with Nedbank for bulk postage to the value of R250 000 (2020: R250 000). The Institute also has a guarantee in place with First National Bank for the lease of 17 Fricker Road, Illovo in favour of Sanlam to the value of R3 497 570.

34. CONTINGENT LIABILITIES

The Group is aware of pending legal matters and has, in consultation with its legal counsel, assessed the outcome of these proceedings. Management is also aware of ongoing disagreement that is being negotiated with a service provider on a deliverable within an existing project which could potentially develop into legal matter. Management have concluded that no provisions are required in respect of these matters and that the litigations, current or pending, are not likely to have a material adverse effect on the Group. However, should the outcome of these cases not be favourable to the Group these may result in potential obligations in the future. Matters in progress range from collection of trade receivables, the dispute with a service provider and human resource-related matters.

SAICA
THE SOUTH AFRICAN INSTITUTE
OF CHARTERED ACCOUNTANTS
develop.influence.lead.

DIFFERENCE
MAKERS ™

www.saica.org.za