

Report of the independent auditors to the members of the Southern African Institute of Government Auditors.

Report on the audit of the financial statements

We have audited the financial statements of The Southern African Institute of Registered Government Auditors (SAIGA), which comprise the statement of financial position as at 31 March 2018, statement of Surplus or deficit and other comprehensive income and statement of cash flows for the year then ended, the notes to the financial statements, including a summary of significant accounting policies.

Unqualified Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Southern African Institute of Registered Government Auditors as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with generally accepted accounting practice in South Africa and in the manner required by the Constitution of the association.

Basis for Opinion

We concluded in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of Financial Statements section of our report. We are independent of SAIGA 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 ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of SAIGA for the year ended 31 March 2017, were audited by another registered auditor who expressed an unqualified opinion on those statements on 24 May 2017.

Executive Council's Responsibility for the financial statements

The Executive Council are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Non-Profit Organisations Act No 71 of 1997, and for such internal control as the council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements the executive council are responsible for assessing 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 council either intend to liquidate the association or the operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the councils' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 to express an opinion on the financial statements.

We communicate with council 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.

BIG Chartered Accountants

Per: Pieter Van Zyl
Director

Pretoria
9 June 2018



SAIGA

The Southern African Institute
of Government Auditors
Advancing Auditing and Accountability

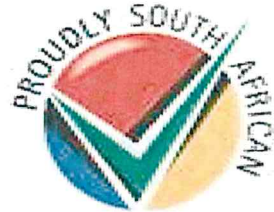
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THE SOUTHERN AFRICAN INSTITUTE OF GOVERNMENT AUDITORS

ANNUAL FINANCIAL STATEMENTS

for the year ended

31 MARCH 2018

These financial statements were externally prepared by:

JJD Auditors
JJ Drotskie
Chartered Accountant (SA)
Registered Auditor

These financial statements were audited by:

Business Innovations Group Chartered Accountants
P van Zyl
Chartered Accountant (SA)
Registered Auditor

THE SOUTHERN AFRICAN INSTITUTE OF GOVERNMENT AUDITORS

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ANNUAL FINANCIAL STATEMENTS

for the year ended

31 MARCH 2018

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Approval of the annual financial statements

The annual financial statements are signed on behalf of the Institute's Executive Committee:



Mrs MMR Nkai
President

PRETORIA

9 June 2018

THE SOUTHERN AFRICAN INSTITUTE OF GOVERNMENT AUDITORS

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PRACTITIONER'S COMPILATION REPORT

on the annual financial statements for the year ended

31 MARCH 2018

To the Executive Committee of the Southern African Institute of Government Auditors

I have compiled the accompanying annual financial statements of the Southern African Institute of Government Auditors based on information you have provided. The financial statements comprise the statement of financial position, statement of financial performance, statement of cashflows, accounting policies and other explanatory notes of the Southern African Institute of Government Auditors as at 31 March 2018.

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

I have applied my expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual financial statements in accordance with the entity specific basis of accounting including modifications for the institute's specific requirements, as per the accounting policy included in these financial statements. I have complied with relevant ethical requirements, including principals of integrity, objectivity, professional competence and due care.

These annual financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, I am not required to verify the accuracy or completeness of the information you provided to us to compile these annual financial statements. Accordingly, I do not express an audit opinion or a review conclusion on these annual financial statements.



JJ DROTSKIE
Chartered Accountant (SA)
Registered Auditor

9 June 2018

THE SOUTHERN AFRICAN INSTITUTE OF GOVERNMENT AUDITORS

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STATEMENT OF FINANCIAL POSITION

as at

31 MARCH 2018

	Notes	2018 R	2017 R
ASSETS :			
NON-CURRENT ASSETS			
Office furniture and electronic equipment	3	135 827	75 800
Investments at registered financial institutions	4	24 156 409	23 608 038
CURRENT ASSETS			
Trade and other receivables	5	1 278 085	4 785 940
Cash and cash equivalents	6	4 488 696	997 400
Deposits	7	44 335	165 844
TOTAL ASSETS		30 103 352	29 633 022
EQUITY AND LIABILITIES :			
EQUITY			
Accumulated reserves		29 529 935	27 864 277
CURRENT LIABILITIES			
Trade and other payables	8	524 506	1 455 683
South African Revenue Service	9	48 911	313 062
TOTAL EQUITY AND LIABILITIES		30 103 352	29 633 022

THE SOUTHERN AFRICAN INSTITUTE OF GOVERNMENT AUDITORS

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STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

for the year ended

31 MARCH 2018

	Notes	2018 R	2017 R
INCOME		8 436 006	16 899 390
Annexure A			
EXPENDITURE		(6 065 545)	(5 281 313)
Annexure B			
SURPLUS BEFORE TAXATION		2 370 461	11 618 077
TAXATION	10	(704 803)	(3 253 062)
SURPLUS FOR THE YEAR		1 665 658	8 365 015
OTHER COMPREHENSIVE INCOME		-	-
ACCUMULATED FUNDS : BEGINNING OF YEAR		27 864 277	19 499 262
ACCUMULATED FUNDS : END OF THE YEAR		29 529 935	27 864 277

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STATEMENT OF CASHFLOWS

for the year ended

31 MARCH 2018

Notes	2018 R	2017 R
CASH FLOWS FROM OPERATING ACTIVITIES	4 152 660	2 420 965
Cash receipts from customers	10 157 163	8 101 548
Cash paid to suppliers and employees	(6 824 549)	(4 157 202)
Cash generated from operating activities	3 332 614	3 944 346
Interest received	1 788 999	1 743 558
Taxation paid	(968 953)	(3 266 939)
CASH FLOWS FROM INVESTMENT ACTIVITIES	(661 364)	(5 658 703)
Movement in investments	(548 371)	(5 617 885)
Office furniture and electronic equipment acquired	(112 993)	(40 818)
MOVEMENT IN CASH AND CASH EQUIVALENTS	3 491 296	(3 237 738)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	997 400	4 235 138
CASH AND CASH EQUIVALENTS AT END OF YEAR	6 4 488 696	997 400

Notes to the statement of cashflows*Cash generated from operating activities*

Net surplus before taxation	2 370 461	11 618 077
Adjustments for:		
- Investment income	(1 788 999)	(1 743 558)
- Depreciation	52 966	43 909
	634 428	9 918 428
Movements in working capital:		
- Movement in accounts receivable and deposits	3 510 156	(2 030 589)
- Movement in accounts payable	(811 970)	1 080 202
- Movement in income received in advance	-	(5 023 695)
	3 332 614	3 944 346

THE SOUTHERN AFRICAN INSTITUTE OF GOVERNMENT AUDITORS

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended

31 MARCH 2018

1. Basis of presentation

The annual financial statements have been prepared on the historical cost basis (unless otherwise stated) in accordance with the undermentioned policies applicable to SAIGA and applying principals of generally accepted accounting practice in South Africa. The policies have been applied consistently in all material aspects, except where otherwise indicated. The financial statements are presented in South African Rands.

2. Accounting policies**2.1 Revenue recognition**

Membership fees for the current financial year are recorded as income as payment is received.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

2.2 Fixed assets

The cost of an item of fixed assets is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the entity and
- the cost of the item can be measured reliably.

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

Fixed assets are carried at cost less accumulated depreciation and any impairment losses.

The depreciation rates as set out in Practice Note 19 of the South African Revenue Service were used for the calculation of depreciation. According to the above mentioned note, equipment with a value of less than R7 000 are expensed in the year of purchase.

Depreciation is provided on all fixed assets other than freehold land, to write down the cost, less residual value, by equal installments over their useful lives as follows:

- | | |
|------------------------|---------|
| - Office furniture | 6 years |
| - Electronic equipment | 3 years |

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS - CONTINUED

for the year ended

31 MARCH 2018

2.3 Impairment of assets

SAIGA assesses at each reporting date whether there is any indication that an asset may be impaired.

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

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

2.4 Financial instruments*Initial measurement*

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

Financial instruments at amortised cost

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

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

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS - CONTINUED

for the year ended

31 MARCH 2018

2.5 Operating leases - Lessee

Operating lease expense is recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

2.6 Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk change in value.

2.7 Tax*Current tax assets and liabilities*

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods, exceeds the amount due for those periods, the excess is recognised as an asset.

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits.

Deferred tax assets and liabilities are measured at an amount that includes the effect of the possible outcomes of a review by the tax authorities using tax rates that, on the basis of enacted or substantively enacted tax law at the end of the reporting period, are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax asset balances are reviewed at every reporting date. When necessary, a valuation allowance is recognised against the deferred tax assets so that the net amount equals the highest amount that is more likely than not to be realised on the basis of current or future taxable profit.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS - CONTINUED

for the year ended

31 MARCH 2018

2.8 *Income received in advance*

Membership fees are payable in advance. Other prepayments are in respect of course fees received in the year under review for courses in the next financial year.

2.9 *Value added tax*

Value added tax is accounted for on invoice base and the entity is classified as a Category A vendor in terms of the Value Added Tax Act.

2.10 *Related party transactions*

Full details, including the applicable rates, have been disclosed and approved at annual general meetings and the Institute's Council. These rates are in agreement with the general partner rates agreed between the SAICA and the Auditor-General South Africa and are all at arm's length transactions.

2.11 *Employee benefits****Short-term employee benefits***

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS - CONTINUED

for the year ended

31 MARCH 2018

	2018 R	2017 R
3. <u>Office furniture and electronic equipment</u>		
Carrying value beginning of the year	75 800	78 891
- Cost	402 973	362 155
- Accumulated depreciation	(327 173)	(283 264)
Movements during the year	60 027	(3 091)
- Additions	112 993	40 818
- Depreciation	(52 966)	(43 909)
Carrying value end of the year	135 827	75 800
- Cost	515 966	402 973
- Accumulated depreciation	(380 139)	(327 173)
	=====	=====
4. <u>Investments at registered financial institutions</u>		
<i>Carrying values at the end of the year</i>		
Standard Bank Money Market Fund - Stanlib	13 415 242	12 443 528
Nedbank Moneytrader	10 741 167	11 164 510
	24 156 409	23 608 038
	=====	=====
5. <u>Trade and other receivables</u>		
Membership fees receivable	1 278 085	4 785 940
	=====	=====
6. <u>Cash and cash equivalents</u>		
Bank balance	4 487 018	993 122
Petty cash	1 678	4 278
	4 488 696	997 400
	=====	=====

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS - CONTINUED

for the year ended

31 MARCH 2018

	2018 R	2017 R
7. <u>Deposits</u>		
Lease deposit	44 335	165 844
	<u>44 335</u>	<u>165 844</u>
8. <u>Trade and other payables</u>		
Accounts payable	23 951	88 860
Unknown deposits	119 207	119 207
Value added tax payable	381 348	1 247 616
	<u>524 506</u>	<u>1 455 683</u>
	<u>524 506</u>	<u>1 455 683</u>
9. <u>South African Revenue Service</u>		
Underpayment of provisional income tax	48 911	313 062
	<u>48 911</u>	<u>313 062</u>
10. <u>Taxation</u>		
<i>South African normal income tax</i>		
- Current year	725 572	3 253 062
- Prior year overprovision	(20 769)	-
	<u>704 803</u>	<u>3 253 062</u>
	<u>704 803</u>	<u>3 253 062</u>
<i>Reconciliation of rate of taxation</i>		
Surplus before taxation	2 370 461	11 618 077
Add back: Non deductible expenses	220 866	-
	<u>2 591 327</u>	<u>11 618 077</u>
	<u>2 591 327</u>	<u>11 618 077</u>
Taxation at 28%	725 572	3 253 062
Prior year overprovision	(20 769)	-
	<u>704 803</u>	<u>3 253 062</u>
	<u>704 803</u>	<u>3 253 062</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS - CONTINUED

for the year ended

31 MARCH 2018

	2018	2017
	R	R

11. Prior year figures

Certain reclassifications were done to the prior year figures.

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DETAIL STATEMENT OF INCOME

as at

31 MARCH 2018

Notes	2018 R	2017 R
INCOME		
Educational endeavours & activities	1 221 524	6 471 129
Examination fees	1 046 389	2 593 873
Interest received	1 788 999	1 743 558
Member's contributions	3 390 904	5 423 680
Registration fees - once off	988 190	666 150
Sundry income	-	1 000
	8 436 006	16 899 390

THE SOUTHERN AFRICAN INSTITUTE OF GOVERNMENT AUDITORS

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DETAIL EXPENDITURE

as at

31 MARCH 2018

	2018 R	2017 R
EXPENDITURE		
Accounting fees	210 050	140 640
Advertising and marketing	32 244	80 238
Audit fees	55 000	55 000
Bank charges	2 206	2 135
Committee expenses	525 410	352 891
Computer expenses	156 955	132 317
Consulting fees	-	5 524
Depreciation	52 966	43 909
Discount received	26	-
Educational endeavours & activities direct costs	1 638 352	1 177 610
Employee costs	1 878 259	1 483 629
General expenses	26 619	2 846
Insurance	11 324	9 315
Leasing charges	44 976	30 740
Legal fees	10 000	10 403
Office rent	711 613	1 073 565
Office supplies	11 589	-
Penalties and interest paid	178 846	-
Postage, packaging and courier	23 113	9 918
Printing, stationery and publications	113 672	34 684
Prize money paid	42 020	42 000
Professional fees	10 944	362 600
Refreshments and entertainment	83 522	63 277
Repairs and maintenance	39 922	3 865
Security	12 075	8 530
Subscriptions	-	51 916
Telephone	64 320	44 192
Training	17 368	-
Travel	112 154	59 569
	6 065 545	5 281 313

