

Southern African Institute for Industrial Engineering (NPC)

(Registration Number 1976/000004/08)

Annual Financial Statements

for the year ended 31 March 2022



Erasmus Steyn

INC.

Geoktrooieerde Rekenmeesters & Ouditeure
Chartered Accountants & Auditors

Southern African Institute for Industrial Engineering (NPC)

(Registration Number 1976/000004/08)

Annual Financial Statements for the year ended 31 March 2022

Index

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

General Information	1
Independent Auditor's Report	2 - 3
Directors' Responsibilities and Approval	4
Directors' Report	5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Accounting Policies	10 - 11
Notes to the Annual Financial Statements	12 - 13
The supplementary information presented does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	14

Southern African Institute for Industrial Engineering (NPC)

(Registration Number 1976/000004/08)

Annual Financial Statements for the year ended 31 March 2022

General Information

Country of Incorporation and Domicile	South Africa
Nature of Business and Principal Activities	Professional society serving the interests of and acting on behalf of industrial and or manufacturing engineers and or persons interested in industrial and or manufacturing engineering
Directors	W. Viljoen C.S.L. Schutte
Registered Office	University of Pretoria Engineering Building 2 Room 2-16 Lynnwood Road, Hatfield 0083
Bankers	ABSA Bank Limited
Income Tax Registration Number	9566/031/84/6
Independent Auditors	Erasmus Steyn Incorporated

Independent Auditor's Report

To the Shareholder of Southern African Institute for Industrial Engineering (NPC)

Opinion

We have audited the financial statements of Southern African Institute for Industrial Engineering (NPC) set out on pages 6 to 13, which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Southern African Institute for Industrial Engineering (NPC) as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Ruhan Steyn
Erasmus Steyn Incorporated
Chartered Accountant (S.A.)
Registered Auditor

18 April 2023

Southern African Institute for Industrial Engineering (NPC)

(Registration Number 1976/000004/08)

Annual Financial Statements for the year ended 31 March 2022

Directors' Responsibilities and Approval

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

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

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The annual financial statements support the viability of the company.

The annual financial statements have been audited by the independent auditing firm, Erasmus Steyn Incorporated , who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholder the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' unqualified audit report is presented on pages 2 to 3.

The annual financial statements as set out on pages 6 to 13 were approved by the board on 18 April 2023 and were signed on their behalf by:

W. Viljoen



C.S.L. Schutte



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Southern African Institute for Industrial Engineering (NPC)

(Registration Number 1976/000004/08)

Annual Financial Statements for the year ended 31 March 2022

Directors' Report

The directors present their report for the year ended 31 March 2022.

1. Review of activities

Main business and operations

The principal activity of the non-profit company is professional society serving the interests of and acting on behalf of industrial and or manufacturing engineers and or persons interested in industrial and or manufacturing engineering and there were no major changes herein during the year.

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

2. Going concern

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

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis.

3. Events after reporting date

The directors are not aware of any 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 non-profit company.

4. Directors

The directors of the non-profit company during the year and to the date of this report are as follows:

Name
W. Viljoen
C.S.L. Schutte

5. Independent Auditors

Erasmus Steyn Incorporated were the independent auditors for the year under review.

Southern African Institute for Industrial Engineering (NPC)

(Registration Number 1976/000004/08)

Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Position

Figures in R	Notes	2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment	3	<u>2</u>	<u>2</u>
Current Assets			
Trade and other receivables	4	271,715	415,777
Cash and cash equivalents	5	1,068,593	991,946
		<u>1,340,308</u>	<u>1,407,723</u>
Total Assets		<u>1,340,310</u>	<u>1,407,725</u>
Equity and Liabilities			
Equity			
Retained earnings		<u>1,150,203</u>	<u>1,206,357</u>
Current Liabilities			
Trade and other payables	6	<u>190,107</u>	<u>201,368</u>
Total Equity and Liabilities		<u>1,340,310</u>	<u>1,407,725</u>

Southern African Institute for Industrial Engineering (NPC)

(Registration Number 1976/000004/08)

Annual Financial Statements for the year ended 31 March 2022

Statement of Comprehensive Income

Figures in R	Note	2022	2021
Revenue		778,573	1,078,191
Other income		860,250	630,000
Operating costs		(1,712,492)	(1,687,598)
Operating (loss) / profit		(73,669)	20,593
Finance income	7	17,515	35,381
(Loss) / profit for the year		(56,154)	55,974

Southern African Institute for Industrial Engineering (NPC)

(Registration Number 1976/000004/08)

Annual Financial Statements for the year ended 31 March 2022

Statement of Changes in Equity

Figures in R	Retained earnings	Total
Balance at 1 April 2020	1,150,383	1,150,383
Profit for the year	55,974	55,974
Balance at 31 March 2021	1,206,357	1,206,357
Balance at 1 April 2021	1,206,357	1,206,357
Loss for the year	(56,154)	(56,154)
Balance at 31 March 2022	1,150,203	1,150,203

Southern African Institute for Industrial Engineering (NPC)

(Registration Number 1976/000004/08)

Annual Financial Statements for the year ended 31 March 2022

Statement of Cash Flows

Figures in R	Note(s)	2022	2021
Cash flows from / (used in) operating activities			
(Loss) / profit for the year		(56,154)	55,974
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		-	1,774
Investment income		(17,515)	(35,381)
Operating cash flow before working capital changes		<u>(73,669)</u>	<u>22,367</u>
<i>Working capital changes</i>			
Decrease / (increase) in trade and other receivables		144,062	(117,258)
Decrease in trade and other payables		(11,261)	(16,025)
Net cash flows from / (used in) operations		<u>59,132</u>	<u>(110,916)</u>
Investment income		17,515	35,381
Net cash flows from / (used in) operating activities		<u>76,647</u>	<u>(75,535)</u>
Net increase / (decrease) in cash and cash equivalents		76,647	(75,535)
Cash and cash equivalents at beginning of the year		991,946	1,067,481
Cash and cash equivalents at end of the year	5	<u>1,068,593</u>	<u>991,946</u>

Southern African Institute for Industrial Engineering (NPC)

(Registration Number 1976/000004/08)

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1. General information

Southern African Institute for Industrial Engineering (NPC) is a non-profit company incorporated in South Africa.

2. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

2.1 Revenue recognition

Membership and conference fees are recognised as revenue when invoiced. Membership fees invoiced in the three months prior to the financial year end are recognised as revenue in respect of the following financial year.

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

2.2 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been significant change from the previous estimates.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

Office equipment	3 years
IT equipment	3 years

2.3 Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the non-profit company will not be able to collect all amounts due according to the original terms of the receivables.

2.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown under current liabilities on the statement of financial position.

Southern African Institute for Industrial Engineering (NPC)

(Registration Number 1976/000004/08)

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

Summary of significant accounting policies continued...

2.5 Employee benefit obligations

2.5.1 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.

2.6 Trade and other payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method.

Southern African Institute for Industrial Engineering (NPC)

(Registration Number 1976/000004/08)

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in R

2022

2021

3. Property, plant and equipment

	Cost	Accumulated depreciation	2022 Carrying value	Cost	Accumulated depreciation	2021 Carrying value
<i>Owned assets</i>						
Office equipment	12,516	(12,515)	1	12,516	(12,515)	1
IT equipment	21,883	(21,882)	1	21,883	(21,882)	1
	34,399	(34,397)	2	34,399	(34,397)	2

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2022 Carrying value at end of year
<i>Owned assets</i>					
Office equipment	1	-	-	-	1
IT equipment	1	-	-	-	1
	2	-	-	-	2

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2021 Carrying value at end of year
<i>Owned assets</i>					
Office equipment	1	-	-	-	1
IT equipment	1,774	-	-	(1,773)	1
	1,775	-	-	(1,773)	2

4. Trade and other receivables

Trade debtors	17,580	59,295
Value Added Tax	-	48,515
Prepaid conference expenses	254,135	206,796
Prepaid website expense	-	101,171
	<u>271,715</u>	<u>415,777</u>

5. Cash and cash equivalents

Favourable cash balances

Bank balances	770,246	882,791
Other cash and cash equivalents	298,347	109,155
	<u>1,068,593</u>	<u>991,946</u>

Southern African Institute for Industrial Engineering (NPC)

(Registration Number 1976/000004/08)

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in R	2022	2021
6. Trade and other payables		
Trade creditors	12,116	127,419
Value Added Tax	2,225	-
Amounts received in advance	175,766	57,983
Unknown receipts	-	13,580
Other payables	-	2,386
	<u>190,107</u>	<u>201,368</u>
7. Finance income		
Interest income		
Bank	<u>17,515</u>	<u>35,381</u>

8. Taxation

No provision has been made for 2022 tax as the company is exempt from income tax.

9. Going Concern

The directors believe that the company will be a going concern in the year ahead. For this reason we continue to adopt the going concern basis in preparing the annual financial statements.

Southern African Institute for Industrial Engineering (NPC)

(Registration Number 1976/000004/08)

Annual Financial Statements for the year ended 31 March 2022

Detailed Income Statement

Figures in R	2022	2021
Gross Revenue		
Membership fees	778,573	1,078,191
Other Income		
Advertisement income	3,217	11,700
Bad debts recovered	8,301	6,874
Conference income	541,315	287,435
CPD evaluation fee	14,609	3,043
Gala dinner income	-	3,000
Investment income	17,515	35,381
Library (Journals)	292,808	317,948
	1,656,338	1,743,572
Expenditure		
Accounting fees	5,866	3,417
Admin / management fees paid	2,497	13,627
Advertising	71,543	66,196
Bad debts	10,759	315,342
Bank charges	11,683	8,824
Computer / Web platform expenses	144,083	126,915
Conference expense	500,025	253,578
Consulting fees	9,360	30,265
Depreciation - Tangible assets	-	1,774
Entertainment	1,647	-
Fines and penalties	-	951
Gala dinner expenses	-	4,088
Gifts	-	6,049
Journal expenses (printing & editing)	255,315	245,425
Loss on foreign exchange	16,461	-
Meeting expenses	29,606	6,555
Printing and stationery	6,492	8,527
Rental - premises	13,679	12,666
SAIIE Awards	2,729	-
Salaries	572,414	539,746
Student prizes	28,018	40,731
Subscriptions	20,311	1,140
Telephone and fax	2,014	1,782
Travel - local	7,990	-
	1,712,492	1,687,598
(Loss) / profit for the year	(56,154)	55,974