

Corrosion Institute of Southern Africa

(Registration Number 133-690 NPO)

Annual Financial Statements
for the year ended 30 June 2020



Audited Financial Statements

in compliance with the Constitution of the Institute

Corrosion Institute of Southern Africa

(Registration Number 133-690 NPO)

Annual Financial Statements for the year ended 30 June 2020

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Corrosion Institute of Southern Africa

(Registration Number 133-690 NPO)

Annual Financial Statements for the year ended 30 June 2020

General Information

Country of Incorporation and Domicile	South Africa
Registration Number	133-690 NPO
Nature of Business and Principal Activities	The Institute The Corrosion Institute of South Africa (CORRISA) exists to serve a broad spectrum of stakeholders with an interest in controlling the impact of corrosion on asset lifecycles, productivity and human life. Activities of the Institute aim to extend the recognition of corrosion as a problem requiring specialised attention and to promote standardisation in corrosion control technology.
Council Members	G Combrink - President G Duk - First Vice President T Bhulose - Second Vice President R Mahaffey - Honorary Secretary D Raath - Honorary Treasurer B Trembling J Du Plessis N Mthimunye P Van Riet S Methola
Acting-Executive Director	Linda Hinrichsen
Business Address	38 Allan Road Glen Austin Midrand 1685
Postal Address	PO Box 5656 Halfway House 1685
Level of Assurance	These financial statements have been audited in compliance with the applicable requirements of the Constitution of the Institute.
Auditors	Mrwebi Auditors and Accountants Inc. Birchwood Court 43 Montrose Street Vorna Valley Midrand 1685

Corrosion Institute of Southern Africa

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Members' Responsibilities and Approval

The council members and director are required by the Constitution of the Institute 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 with regards to form and content and present fairly the statement of financial position, results of operations and business of the institute, and explain the transactions and financial position of the business of the institute at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the institute and supported by reasonable and prudent judgements and estimates.

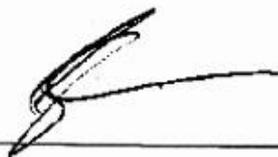
The council members and director acknowledge that they are ultimately responsible for the system of internal financial control established by the institute and place considerable importance on maintaining a strong control environment. To enable the council members and director to meet these responsibilities, the council members and director 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 institute and all employees are required to maintain the highest ethical standards in ensuring the institute's business is conducted in a manner that in all reasonable circumstances is above reproach.

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

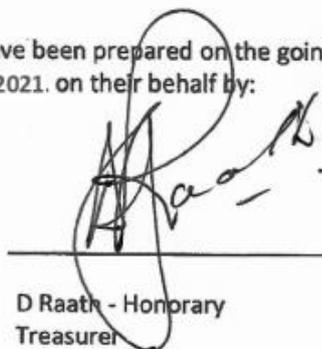
The council members and director are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system 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 financial statements. Based on forecasts and available cash resources the council members and director have no reason to believe that the institute will not be a going concern in the foreseeable future. The financial statements support the viability of the institute.

The annual financial statements have been audited by the independent auditing firm, Mrwebi Auditors and Accountants Inc., who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the council members, the council members and director and committees of the council members and director. The council members and director believe 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 6 to 7.

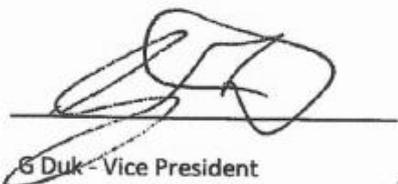
The annual financial statements set out on pages 8 to 21 which have been prepared on the going concern basis, were approved by the council members and director and were signed on 01 April 2021. on their behalf by:



G Combrink - President



D Raath - Honorary
Treasurer



G Duk - Vice President

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Members' Report

The council members and director present their report for the year ended 30 June 2020.

1. Review of activities

Main business and operations

The institute, Corrosion Institute of South Africa (CORRISA), exists to serve a broad spectrum of stakeholders with an interest in controlling the impact of corrosion on asset lifecycles, productivity and human life. Activities of the Institute aim to extend the recognition of corrosion as a problem requiring specialised attention and to promote standardisation in corrosion control technology. There were no major changes herein during the year.

The operating results and statement of financial position of the institute 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.

3. Events after reporting date

As the pandemic increases in both magnitude and duration, entities are experiencing conditions often associated with a general economic downturn, including, but not limited to, financial market volatility, deteriorating credit, liquidity concerns, increasing unemployment, broad declines in consumer discretionary spending, layoffs, and other restructuring activities. The continuation of these circumstances could result in an even broader economic downturn that could have a prolonged negative impact on an entity's financial results. Management has considered the potential impacts on the institute by taking a number of factors into consideration, including the macro-economic impact as well as the future revenue of the institute. Consideration was given to the revenue and cost structure of the institute. It is, however, not possible to make an accurate estimate of its full financial effect for the year ahead as the virus's infection rate and impact on macro-economic conditions is uncertain.

4. Council members and director

The council members and director of the institute during the year and up to the date of this report are as follows:

Council members

G Combrink - President

G Duk - First Vice President

T Bhulose - Second Vice President

R Mahaffey - Honorary Secretary

D Raath - Honorary Treasurer

N Mthimunye

J Du Plessis

P Van Riet

S Methola

B Trembling

Acting-Executive director

L Hinrichsen

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Members' Report

5. Independent Auditors

Mrwebi Auditors and Accountants Inc. were the independent auditors for the year under review.

Independent Auditor's Report

To the Council Members of Corrosion Institute of Southern Africa

Opinion

We have audited the financial statements of Corrosion Institute of Southern Africa set out on pages 8 to 21, which comprise the statement of financial position as at 30 June 2020, 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 Corrosion Institute of Southern Africa as at 30 June 2020, 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 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.

Other Information

The council members and director are responsible for the other information. The other information comprises the information included in the document titled "Corrosion Institute of Southern Africa Annual Financial Statements for the year ended 30 June 2020", which includes the Members' Report, and the statement of Members' Responsibilities and Approval as required by the Constitution of the Institute, which we obtained prior to the date of this report, and. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Council members and director for the Financial Statements

The council members and director 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 Constitution of the Institute, and for such internal control as the council members and director 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 council members and director 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 members and director either intend to liquidate the institute or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

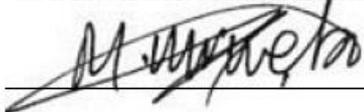
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council members and director.
- Conclude on the appropriateness of the members' 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 fairpresentation.

We communicate with the council members and director 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.

Mrwebi Auditors and Accountants Inc.



Per: Masixole Mrwebi
Chartered Accountant (SA)
Registered Auditor
Director

1 April 2021

Corrosion Institute of Southern Africa

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Financial Statements for the year ended 30 June 2020

Statement of Financial Position

Figures in R

Notes 2020 2019

Assets

Non-current assets

Property, plant and equipment	3	2 758 921	2 880 671
Intangible assets	4	7 322	15 407
Total non-current assets		2 766 243	2 896 078

Current assets

Inventories		-	6 960
Trade and other receivables	5	25 375	413 865
Cash and cash equivalents	6	2 464 851	2 200 346
Total current assets		2 490 226	2 621 171

Total assets

5 256 469 **5 517 249**

Equity and liabilities

Equity

Accumulated surplus		3 723 309	4 020 294
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Liabilities

Current liabilities

Trade and other payables	7	569 355	481 847
Deferred income	8	963 805	1 009 033
Bank overdraft	6	-	6 075
Total current liabilities		1 533 160	1 496 955

Total equity and liabilities

5 256 469 **5 517 249**

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Financial Statements for the year ended 30 June 2020

Statement of Comprehensive Income

Figures in R

	Notes	2020	2019
Revenue	9	4 149 279	7 066 315
Cost of sales	10	(2 347 021)	(3 769 014)
Gross surplus		1 802 258	3 297 301
Other income	11	190 023	210 020
Administrative expenses	12	(176 436)	(168 981)
Other expenses	13	(2 154 831)	(3 072 182)
Other gains and (losses)	14	(63 141)	(36 514)
(Deficit) / surplus from operating activities		(402 127)	229 644
Finance income	15	105 177	76 000
Finance costs	16	(35)	-
(Deficit) / surplus for the year		(296 985)	305 644

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Financial Statements for the year ended 30 June 2020

Statement of Changes in Equity

Figures in R	Accumulated surplus	Total
Balance at 1 July 2018	3 714 650	3 714 650
Changes in equity		
Surplus for the year	305 644	305 644
Total comprehensive income	305 644	305 644
Balance at 30 June 2019	4 020 294	4 020 294
Balance at 1 July 2019	4 020 294	4 020 294
Changes in equity		
Deficit for the year	(296 985)	(296 985)
Total comprehensive income	(296 985)	(296 985)
Balance at 30 June 2020	3 723 309	3 723 309

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Financial Statements for the year ended 30 June 2020

Statement of Cash Flows

Figures in R

	Notes	2020	2019
Cash flows from operations			
Cash receipts from customers		4 682 564	7 142 371
Cash paid to suppliers and employees		(4 501 287)	(6 511 492)
Net cash flows from operations	17	<u>181 277</u>	<u>630 879</u>
Interest paid		(35)	-
Interest received		105 177	76 000
Net cash flows from operating activities		<u>286 419</u>	<u>706 879</u>
Cash flows used in investing activities			
Purchase of property, plant and equipment		(15 839)	(55 785)
Cash flows used in investing activities		<u>(15 839)</u>	<u>(55 785)</u>
Net increase in cash and cash equivalents		<u>270 580</u>	<u>651 094</u>
Cash and cash equivalents at beginning of the year		2 194 271	1 543 177
Cash and cash equivalents at end of the year	6	<u>2 464 851</u>	<u>2 194 271</u>

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Financial Statements for the year ended 30 June 2020

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements of Corrosion Institute of Southern Africa have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Constitution of the Institute. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, certain property, plant and equipment, biological assets and derivative financial instruments at fair value. They are presented in South African Rand.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the institute's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

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

1.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the council members and director.

The institute adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the institute. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to surplus or deficit during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Asset class	Useful life / depreciation rate
Buildings	27 years
Machinery	5 years
Fixtures and fittings	6 years
Office equipment	5 years
Computer equipment	5 years
Course equipment	5 years
Presidential chain	5 years

1.2 Intangible assets

Licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. Amortisation is calculated using the straight-line method to allocate the acquired computer software licences costs over their estimated useful lives, as follows:

Asset class	Useful life / amortisation rate
Computer software	5 years

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Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

1.3 Prepayments

Prepayments consist of various payments that have been made in advance for goods and services to be received in future. Prepayments are measured at amortised cost, and are derecognised when the goods and services to which the prepayment relate have been received.

1.4 Tax

The institute is exempt from paying tax in accordance with section 10(1)(d)(iv)(bb).

1.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts.

Revenue from membership, events and publication fees are recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is recognised using the effective interest method.

Rental income from investment property that is leased to a third party under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the lease term and is included in 'other income'.

1.6 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

1.7 Borrowing costs

All borrowing costs are recognised in surplus or deficit in the period in which they are incurred.

2. Critical accounting estimates and judgements

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.

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Notes to the Financial Statements

Figures in R

3. Property, plant and equipment

Balances at year end and movements for the year

	Buildings	Machinery	Fixtures and fittings	Office equipment	Computer equipment	Course equipment	Presidential chain	Total
Reconciliation for the year ended 30 June 2020								
Balance at 1 July 2019								
At cost	3 347 250	9 825	108 149	5 525	114 579	285 362	-	3 870 690
Accumulated depreciation	(560 287)	(172)	(94 883)	(2 248)	(47 070)	(285 359)	-	(990 019)
Net book value	2 786 963	9 653	13 266	3 277	67 509	3	-	2 880 671
Movements for the year ended 30 June 2020								
Additions	-	4 339	-	-	-	-	11 500	15 839
Depreciation	(99 178)	(2 363)	(13 252)	(1 105)	(19 391)	-	(2 300)	(137 589)
Property, plant and equipment at the end of the year	2 687 785	11 629	14	2 172	48 118	3	9 200	2 758 921
Closing balance at 30 June 2020								
At cost	3 347 250	14 164	108 149	5 525	114 579	285 362	11 500	3 886 529
Accumulated depreciation	(659 465)	(2 535)	(108 135)	(3 353)	(66 461)	(285 359)	(2 300)	(1 127 608)
Net book value	2 687 785	11 629	14	2 172	48 118	3	9 200	2 758 921
Reconciliation for the year ended 30 June 2019								
Balance at 1 July 2018								
At cost	3 347 250	8 500	108 149	5 525	120 077	285 362	9 500	3 884 363
Accumulated depreciation	(461 109)	(5 827)	(78 126)	(1 143)	(46 170)	(285 359)	(2 129)	(879 863)
Net book value	2 886 141	2 673	30 023	4 382	73 907	3	7 371	3 004 500

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Notes to the Financial Statements

Figures in R

Property, plant and equipment continued...

Movements for the year ended 30 June 2019

Additions	-	9 825	-	-	45 960	-	-	55 785
Depreciation	(99 178)	(1 306)	(16 757)	(1 105)	(21 863)	-	(1 267)	(141 476)
Disposals	-	(1 539)	-	-	(30 495)	-	(6 104)	(38 138)
Property, plant and equipment at the end of the year	2 786 963	9 653	13 266	3 277	67 509	3	-	2 880 671
Closing balance at 30 June 2019								
At cost	3 347 250	9 825	108 149	5 525	114 579	285 362	-	3 870 690
Accumulated depreciation	(560 287)	(172)	(94 883)	(2 248)	(47 070)	(285 359)	-	(990 019)
Net book value	2 786 963	9 653	13 266	3 277	67 509	3	-	2 880 671

Additional disclosures

IAS 16 paragraph 58 states the following: "Land and buildings are separable assets and are accounted for separately, even when they are acquired together. Buildings have a limited useful life and therefore are depreciable assets. An increase in the value of the land on which a building stands does not affect the determination of the depreciable amount of the building."

Even if the value of the building increase, it is still required to be depreciated. When accounting for the separate purchase cost of land and buildings, a professional valuer may be hired to ascertain the cost of the land and the cost of buildings. In the case where this is not done, the 20/80 rule is applied, where the building is 80% of the purchase price and land is 20% of the purchase price. Management at CORRISA applied the 20/80 rule to ascertain the purchase price of land and that of the building.

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Notes to the Financial Statements

Figures in R

2020

2019

4. Intangible assets

Reconciliation of changes in intangible assets

	Computer software	Total
Reconciliation for the year ended 30 June 2020		
Balance at 1 July 2019		
At cost	40 427	40 427
Accumulated amortisation	(25 020)	(25 020)
Net book value	15 407	15 407
Movements for the year ended 30 June 2020		
Amortisation	(8 085)	(8 085)
Intangible assets at the end of the year	7 322	7 322
Closing balance at 30 June 2020		
At cost	40 427	40 427
Accumulated amortisation	(33 105)	(33 105)
Net book value	7 322	7 322
Reconciliation for the year ended 30 June 2019		
Balance at 1 July 2018		
At cost	40 427	40 427
Accumulated amortisation	(16 935)	(16 935)
Net book value	23 492	23 492
Movements for the year ended 30 June 2019		
Amortisation	(8 085)	(8 085)
Intangible assets at the end of the year	15 407	15 407
Closing balance at 30 June 2019		
At cost	40 427	40 427
Accumulated amortisation	(25 020)	(25 020)
Net book value	15 407	15 407

5. Trade and other receivables

Trade and other receivables comprise:

Trade receivables	4 893	373 659
Sundry debtors	850	27 063
Other receivables	19 632	13 143
	25 375	413 865

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Notes to the Financial Statements

Figures in R

2020

2019

6. Cash and cash equivalents

6.1 Cash and cash equivalents included in current assets:

Cash

Cash on hand	197	419
Balances with banks	2 464 654	2 199 927
	<u>2 464 851</u>	<u>2 200 346</u>

6.2 Overdrawn cash and cash equivalents included in current liabilities

Uncleared bank transactions	-	(6 075)
	<u>-</u>	<u>(6 075)</u>

7. Trade and other payables

Trade and other payables comprise:

Trade creditors	558 168	347 696
Other payables	5 680	-
Value added tax	5 507	134 151
Total trade and other payables	<u>569 355</u>	<u>481 847</u>

8. Deferred income

Deferred income comprise:

Courses and events	619 928	696 792
Memberships	343 877	312 241
	<u>963 805</u>	<u>1 009 033</u>

Advanced payments were made for memberships and future courses. Memberships fees are paid for an annual period. Membership commences on the month a new member registers or when an existing renews and pays the membership fees. The membership fees were assessed and apportioned according to the stage of completion. The portion of membership fees that was not recognised as revenue was deferred and will be recognised according to the stage of completion of the membership period.

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Notes to the Financial Statements

Figures in R

	2020	2019
9. Revenue		
Revenue comprises:		
Courses	3 054 492	5 332 925
South African Electrolytic Corrosion Committee (SAECC) fees	-	12 000
Memberships	532 029	572 077
South African Qualification And Certification Committee for Corrosion (SAQCC) fees	105 335	69 400
Events	247 581	759 928
Publications	209 842	319 985
Total revenue	4 149 279	7 066 315
10. Cost of sales		
Cost of sales comprise:		
Courses	1 655 281	2 733 542
SAECC	3 685	1 790
Memberships	7 804	24 061
SAQCC	42 040	64 798
Events	368 102	692 257
Publications	270 109	252 566
Total cost of sales	2 347 021	3 769 014
11. Other income		
Other income comprises:		
Sundry income	400	-
Membership admin fees – previous periods	53 895	5 217
Sponsorships	2 818	30 198
Venue hire	-	6 575
Discount received	-	436
Waterproofing Association of Gauteng	30 435	30 435
Recoveries	-	52 215
Rent received - MTN Tower	102 475	84 944
Total other income	190 023	210 020

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12. Administrative expenses

Administrative expenses comprise:

Accounting fees	5 000	900
Auditors remuneration - fees	33 203	30 250
Bank charges	29 411	31 757
Computer expenses	75 417	60 807
Subscriptions	7 507	22 477
Telecommunication	25 898	22 790
Total administrative expenses	176 436	168 981

13. Other expenses

Other expenses comprise:

Accreditation	69 728	177 657
Advertising	57 723	74 749
Amortisation	8 085	8 085
Annual awards	-	9 767
Cleaning	5 677	5 746
Consulting fees	77 330	17 817
Depreciation	137 589	141 476
Discount allowed	-	35 400
Donations	-	8 630
Donations	4 000	12 639
Electricity and water	117 202	98 897
Employee benefit expenses	1 303 485	1 983 590
Entertainment	3 218	32 427
Erroneous salary payment	4 483	-
Executive project - Professional Body Application	6 000	90 560
General expenses	15 516	21 004
Hire - equipment	31 964	9 973
Insurance	51 251	49 101
IT expenses	58 226	47 261
Meeting expense	5 801	14 455
Monetary bursaries awarded	12 000	-
Petrol and oil	1 830	-
Printing and stationery	16 713	25 491
Repairs and maintenance	51 856	109 455
Security	13 793	10 695
Staff welfare	4 927	9 545
Storage costs	8 910	3 246
Sub committee expense	2 655	1 422
Training	-	6 808
Travel and accommodation	84 869	66 286
Total other expenses	2 154 831	3 072 182

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14. Other gains and (losses)		
Other gains and (losses) comprise:		
Gain or (loss) on disposal of assets	-	(38 138)
Gain or (loss) on foreign exchange differences on liabilities	(63 141)	1 624
Total other gains and (losses)	(63 141)	(36 514)
15. Finance income		
Finance income comprises:		
Interest received	105 177	76 000
16. Finance costs		
Finance costs included in surplus or deficit:		
Interest paid	35	-
17. Cash flows from operating activities		
Deficit / (surplus) for the year	(296 985)	305 644
Adjustments for:		
Finance income	(105 177)	(76 000)
Finance costs	35	-
Depreciation and amortisation expense	145 674	149 561
Gains and losses on foreign exchange realised in surplus or deficit	63 141	(1 624)
Gains and losses on disposal of non-current assets	-	38 138
Change in operating assets and liabilities:		
Inventories	6 960	(5 663)
Trade accounts receivable	368 766	(188 304)
Other operating receivables	19 724	100 660
Trade accounts payable	147 331	343 857
Other operating payables	(122 964)	10 930
Deferred income	(45 228)	(46 320)
Net cash flows from operations	181 277	630 879

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18. Events after the reporting date

As the pandemic increases in both magnitude and duration, entities are experiencing conditions often associated with a general economic downturn, including, but not limited to, financial market volatility and erosion, deteriorating credit, liquidity concerns, further increases in government intervention, increasing unemployment, broad declines in consumer discretionary spending, layoffs, and other restructuring activities. The continuation of these circumstances could result in an even broader economic downturn that could have a prolonged negative impact on an entity's financial results.

Management has considered the potential impacts on the institute by taking a number of factors into consideration, including the macro-economic impact as well as the future revenue of the institute. Consideration was given to the revenue and cost structure of the institute. It is, however, not possible to make an accurate estimate of its full financial effect for the year ahead as the virus's infection rate and impact on macro-economic conditions is uncertain.

19. Going concern

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