

**THE SOUTH AFRICAN INSTITUTE  
FOR ADVANCEMENT TRUST  
(Masters reference IT 2285/2002)  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019**

**THE SOUTH AFRICAN INSTITUTE FOR ADVANCEMENT TRUST**  
**Trading as The South African Institute for Advancement Trust**  
**Annual Financial Statements for the year ended 28 February 2019**  
**General Information**

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<b>Country of incorporation and domicile</b>	South Africa
<b>Trustees</b>	Dr. R Ally (Chairperson) Z Barends N Dlamini I Noko
<b>Registered office</b>	Mazars House Rialto Road Grand Moorings Precinct Century City 7441
<b>Bankers</b>	Nedbank, a division of Nedcor Bank Limited
<b>Auditor</b>	Mazars Registered Auditor
<b>Masters reference number</b>	IT 2285/2002

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

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## Independent Auditor's Report

*To the Trustees of The South African Institute for Advancement Trust*

### *Opinion*

We have audited the financial statements of The South African Institute for Advancement Trust set out on pages 8 to 15, which comprise the statement of financial position as at 28 February 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of The South African Institute for Advancement Trust for the year ended 28 February 2019 are prepared, in all material respects, in accordance with the trust's accounting policies.

### *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 trust in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Emphasis of Matter – Basis of Accounting*

We draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the trust's own accounting policies to satisfy the financial information needs of the trust's trustees. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### *Other Information*

The trustees are responsible for the other information. The other information comprises the information included in the document titled "The South African Institute for Advancement Trust Proprietary Limited Annual Financial Statements for the year ended 28 February 2019", which includes the Trustees' Report and the supplementary information presented on page 16. 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 Trustees for the Financial Statements*

The trustees are responsible for the preparation of the financial statements in accordance with the basis of accounting described in note 1, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the trustees 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 trustees are responsible for assessing the trust'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 trustees either intend to liquidate the trust 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.
- 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 appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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.

**Mazars**  
**Partner: Jean Wessels**  
**Registered Auditor**  
**30 July 2019**  
**Cape Town**

**THE SOUTH AFRICAN INSTITUTE FOR ADVANCEMENT TRUST**  
**Trading as The South African Institute for Advancement Trust**  
**Annual Financial Statements for the year ended 28 February 2019**  
**Trustees' Responsibilities and Approval**

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The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the trust as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the trust's accounting policies. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the trust's accounting policies and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the trustees 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 trust and all employees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.


The trustees are of the opinion, based on the information and explanations given by the trustees, 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 trustees have reviewed the trust's cash flow forecast for the year to 29 February 2020 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the trust's annual financial statements. The annual financial statements have been examined by the trust's external auditor and their report is presented on pages 3 - 5.

The annual financial statements and supplementary information set out on pages 7 to 16, which have been prepared on the going concern basis, were approved by the trustees on 30 July 2019 and were signed on its behalf by:

  
\_\_\_\_\_  
Dr. R Ally (Chairperson)

  
\_\_\_\_\_  
Z Barends

**THE SOUTH AFRICAN INSTITUTE FOR ADVANCEMENT TRUST**  
**Trading as The South African Institute for Advancement Trust**  
**Annual Financial Statements for the year ended 28 February 2019**  
**Trustees' Report**

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The trustees submit their report for the year ended 28 February 2019.

**1. Review of activities**

**Main business and operations**

The operating results and state of affairs of the trust are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

The trust carries on the business of developing and training similar organisations to obtain funding.

**2. Going concern**

The trustees believe that the trust 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. The trustees have satisfied themselves that the trust is in a sound financial position and that it has access to sufficient reserves to meet its foreseeable cash requirements. The trustees are not aware of any new material changes that may adversely impact the trust. The trustees are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the trust.

**3. Events after the reporting period**

The trustees are not aware of any material reportable event which occurred after the reporting date and up to the date of this report.

**4. Trustees**

The trustees of the trust during the year and to the date of this report are as follows:

<b>Trustees</b>	<b>Changes</b>
Dr. R Ally (Chairperson)	
Z Barends	
N Daniels	Resigned 06 December 2018
N Dlamini	
I Noko	

**5. Auditors**

Mazars will continue in office for the next financial year.



**THE SOUTH AFRICAN INSTITUTE FOR ADVANCEMENT TRUST**  
**Trading as The South African Institute for Advancement Trust**  
**Annual Financial Statements for the year ended 28 February 2019**  
**Statement of Financial Position as at 28 February 2019**

Figures in Rand	Notes	2019	2018
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	-	-
Investments	3	30,468,680	26,862,677
		<u>30,468,680</u>	<u>26,862,677</u>
<b>Current Assets</b>			
Trade and other receivables	4	324,751	348,691
Cash and cash equivalents	5	27,981,876	32,568,893
		<u>28,306,627</u>	<u>32,917,584</u>
<b>Total Assets</b>		<u>58,775,307</u>	<u>59,780,261</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Trust capital	6	100	100
General reserve	7	55,480,341	53,647,168
Distributable reserve (Designated funds)		3,114,118	5,715,759
		<u>58,594,559</u>	<u>59,363,027</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	180,748	417,234
<b>Total Equity and Liabilities</b>		<u>58,775,307</u>	<u>59,780,261</u>

**THE SOUTH AFRICAN INSTITUTE FOR ADVANCEMENT TRUST**  
**Trading as The South African Institute for Advancement Trust**  
**Annual Financial Statements for the year ended 28 February 2019**  
**Statement of Comprehensive Income**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2019</b>	<b>2018</b>
Revenue	9	5,566,792	10,046,667
Other income		1,121,552	1,625,700
Operating expenses		(9,404,484)	(13,777,251)
<b>Operating deficit</b>		<b>(2,716,140)</b>	<b>(2,104,884)</b>
Investment revenue	10	3,304,612	3,371,114
Fair value adjustment	11	(1,356,940)	517,935
<b>(Deficit) surplus for the year</b>		<b>(768,468)</b>	<b>1,784,165</b>

**Note 1:** The deficit for the 2019 year was impacted by a downward fair value adjustment of equity assets.

**THE SOUTH AFRICAN INSTITUTE FOR ADVANCEMENT TRUST**  
**Trading as The South African Institute for Advancement Trust**  
**Annual Financial Statements for the year ended 28 February 2019**  
**Statement of Changes in Equity**

	Trust capital	General reserve	Distributable reserve (Designated funds)	Total equity
<b>Figures in Rand</b>				
<b>Balance at 01 March 2017</b>	<b>100</b>	<b>51,058,885</b>	<b>6,519,877</b>	<b>57,578,862</b>
Surplus for the year	-	-	1,784,165	1,784,165
Transfer to general reserve	-	2,588,283	(2,588,283)	-
<b>Total changes</b>	<b>-</b>	<b>2,588,283</b>	<b>(804,118)</b>	<b>1,784,165</b>
<b>Balance at 01 March 2018</b>	<b>100</b>	<b>53,647,168</b>	<b>5,715,759</b>	<b>59,363,027</b>
Deficit for the year	-	-	(768,468)	(768,468)
Transfer to general reserve	-	1,833,173	(1,833,173)	-
<b>Total changes</b>	<b>-</b>	<b>1,833,173</b>	<b>(2,601,643)</b>	<b>(768,470)</b>
<b>Balance at 28 February 2019</b>	<b>100</b>	<b>55,480,341</b>	<b>3,114,118</b>	<b>58,594,559</b>
Notes	6	7		

**THE SOUTH AFRICAN INSTITUTE FOR ADVANCEMENT TRUST**  
**Trading as The South African Institute for Advancement Trust**  
**Annual Financial Statements for the year ended 28 February 2019**  
**Statement of Cash Flows**

Figures in Rand	Notes	2019	2018
<b>Cash flows from operating activities</b>			
Cash used in operations	12	(2,920,652)	(3,788,254)
Interest income		2,529,772	2,614,497
Dividends received		774,840	756,617
<b>Net cash from operating activities</b>		<b><u>383,960</u></b>	<b><u>(417,140)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(1,200)	(107,006)
Purchase of investments		(7,383,217)	(5,451,047)
Proceeds on disposal of investments		2,413,440	2,128,869
Interest Income		-	-
<b>Net cash from investing activities</b>		<b><u>(4,970,977)</u></b>	<b><u>(3,429,184)</u></b>
<b>Total cash movement for the year</b>		<b><u>(4,587,017)</u></b>	<b><u>(3,846,324)</u></b>
Cash at the beginning of the year		32,568,893	36,415,217
<b>Total cash at end of the year</b>	5	<b><u>27,981,876</u></b>	<b><u>32,568,893</u></b>

**THE SOUTH AFRICAN INSTITUTE FOR ADVANCEMENT TRUST**  
**Trading as The South African Institute for Advancement Trust**  
**Annual Financial Statements for the year ended 28 February 2019**  
**Accounting Policies**

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**1. Presentation of annual financial statements**

The annual financial statements have been prepared in accordance with the trust's accounting policies as described below. The annual financial statements have been prepared using a combination of the historical cost basis and fair value basis of accounting. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

**1.1 Property, plant and equipment**

All property, plant and equipment are initially recognised at cost and subsequently written off in full in the year in which it is brought into use.

All property, plant and equipment are initially recorded at cost and subsequently written off in full in the year of purchase except for land and buildings which is not depreciated in the year of purchase.

**1.2 Investments**

Investments are recognised and derecognised on a trade date basis when investments are acquired and disposed of.

Investments are measured initially at cost and subsequently at fair value.

Gains and losses arising from changes in the fair value of investments are included in surplus or deficits for the year.

**1.3 Trade and other receivables**

Trade and other receivables are recognised and carried at the original invoice amount.

**1.4 Leases**

**Operating leases – lessee**

Operating lease payments are recognised as an expense as it is due.

**1.5 Trade and other payables**

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest method.

**1.6 Revenue**

Revenue is recognised once donations and grants have been received.

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

Dividends are recognised, in profit or loss, when the trust's right to receive payment has been established.

**1.7 Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, bank balances and short-term deposits. These are initially and subsequently recorded on the historical cost basis.

**THE SOUTH AFRICAN INSTITUTE FOR ADVANCEMENT TRUST**  
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**Annual Financial Statements for the year ended 28 February 2019**  
**Notes to the Annual Financial Statements**

Figures in Rand	2019	2018
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**2. Property, plant and equipment**

	2019			2018		
	Cost	Accumulated depreciation/ Land and buildings write-off	Carrying value	Cost	Accumulated depreciation/ Land and buildings write-off	Carrying value
Audiovisual equipment	221,002	(221,002)	-	221,002	(221,002)	-
Buildings	16,160,830	(16,160,830)	-	16,160,830	(16,160,830)	-
Computer equipment	1,007,203	(1,007,203)	-	1,007,203	(1,007,203)	-
Furniture and fittings	1,915,132	(1,915,132)	-	1,913,932	(1,913,932)	-
Office equipment	172,585	(172,585)	-	172,585	(172,585)	-
Telephone equipment	214,709	(214,709)	-	214,709	(214,709)	-
<b>Total</b>	<b>19,691,461</b>	<b>(19,691,461)</b>	<b>-</b>	<b>19,690,261</b>	<b>(19,690,261)</b>	<b>-</b>

**Reconciliation of property, plant and equipment - 2019**

	Opening balance	Additions	Depreciation	Total
Furniture and fittings	-	1,200	(1,200)	-

**Reconciliation of property, plant and equipment - 2018**

	Opening balance	Additions	Depreciation	Total
Computer equipment	-	25,423	(25,423)	-
Furniture and fittings	-	81,583	(81,583)	-
	<b>-</b>	<b>107,006</b>	<b>(107,006)</b>	<b>-</b>

**3. Investments**

**At fair value through surplus or deficit for the year**

Listed shares at market value	30,468,680	26,862,677
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Inyathelo operates a balanced portfolio strategy which looks to achieve total returns of inflation plus 3-5% over a rolling 5 year period. This strategy seeks to balance income and real capital growth objectives. The trustees believe that the strategy is appropriate for investors who want to see reasonable capital growth over the medium to long term, as well as earn reasonable income from their investment. Inyathelo also manages savings in cash reserves (governed by a Board reserve policy) in addition to the investment portfolio, to mitigate risk.

**4. Trade and other receivables**

VAT	87,064	126,672
Accrued income on investments	237,687	222,019
	<b>324,751</b>	<b>348,691</b>

**THE SOUTH AFRICAN INSTITUTE FOR ADVANCEMENT TRUST**  
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**Annual Financial Statements for the year ended 28 February 2019**  
**Notes to the Annual Financial Statements**

Figures in Rand	2019	2018
<b>5. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	5,047	1,216
Bank balances	27,976,829	32,567,677
	<u>27,981,876</u>	<u>32,568,893</u>
<b>6. Trust capital</b>		
<b>Capital account</b>		
Initial donation	<u>100</u>	<u>100</u>
<b>7. General reserve</b>		
Balance at beginning of year	53,647,168	51,058,885
Movement during the year	1,833,173	2,588,283
	<u>55,480,341</u>	<u>53,647,168</u>
Comprising:		
General reserve	55,480,341	53,348,643
Portion of trading VAT refund in reserves	-	298,525
	<u>55,480,341</u>	<u>53,647,168</u>
<b>8. Trade and other payables</b>		
Accrued leave pay	124,185	172,530
Deposits received	23,435	19,857
Other accrued expenses	33,128	224,847
	<u>180,748</u>	<u>417,234</u>
<b>9. Revenue</b>		
Grants received	<u>5,566,792</u>	<u>10,046,667</u>
<b>10. Investment revenue</b>		
<b>Dividend revenue</b>		
Dividends received from Investments	774,840	756,617
<b>Interest revenue</b>		
Interest received	2,529,772	2,614,497
	<u>3,304,612</u>	<u>3,371,114</u>
<b>11. Fair value adjustments</b>		
Investments	<u>(1,356,940)</u>	<u>517,935</u>

**THE SOUTH AFRICAN INSTITUTE FOR ADVANCEMENT TRUST**  
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**Annual Financial Statements for the year ended 28 February 2019**  
**Notes to the Annual Financial Statements**

Figures in Rand	2019	2018
<b>12. Cash used in operations</b>		
(Deficit) surplus before taxation	(768,468)	1,784,165
<b>Adjustments for:</b>		
Depreciation	1,200	107,006
Loss (profit) on disposal of investments	6,832	(315,808)
Dividends received	(774,840)	(756,617)
Interest received	(2,529,772)	(2,614,497)
Fair value adjustments to investments	1,356,940	(517,935)
<b>Changes in working capital:</b>		
Trade and other receivables	23,942	(27,121)
Trade and other payables	(236,486)	(1,447,447)
	<u>(2,920,652)</u>	<u>(3,788,254)</u>

**13. Commitments**

**Operating leases – as lessee (expense)**

**Minimum lease payments due**

- within one year	52,436	69,981
- in second and third years inclusive	41,498	100,365
	<u>93,934</u>	<u>170,346</u>

Operating lease payments represents rentals payable by the trust for equipment. The lease escalates at 7.5% per annum and is negotiated for a period of 36 months.

**Consulting contracts**

**Minimum payments due**

- within one year	<u>325,296</u>	<u>376,881</u>
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Consulting contracts represent consulting fees payable by the trust for consulting services. The contracts are renewed on an annual basis at rates agreed upon between the trust and the service provider.

**14. Tax**

The trust has been approved as a public benefit organisation in terms of Section 30 of the Income Tax Act. The receipts and accruals of the trust are exempt from tax in terms of Section 10(1)(cN) of the Income Tax Act. No provision has been made for taxation as the trust has no taxable income for the year.

The trust has also been approved as a public benefit organisation for purposes of Section 18A(1)(a) of the Income Tax Act.



**THE SOUTH AFRICAN INSTITUTE FOR ADVANCEMENT TRUST**  
**Trading as The South African Institute for Advancement Trust**  
**Annual Financial Statements for the year ended 28 February 2019**  
**Detailed Income Statement**

Figures in Rand	Notes	2019	2018
<b>Revenue</b>			
Grants Received		5,566,792	10,046,667
	9	<u>5,566,792</u>	<u>10,046,667</u>
<b>Other income</b>			
Cost recovery fees		1,121,552	1,309,892
<b>Operating expenses</b>			
Advertising, promotions, marketing and publications		338,777	446,768
Audit and accounting fees		184,397	195,736
Bank and portfolio management charges		294,278	291,182
Cleaning		164,692	155,373
Database		122,631	110,181
Depreciation		1,200	107,006
Dissemination and exchange of learning		261,990	261,962
General expenses		15,062	10,180
Hire of equipment		62,517	153,495
Insurance		68,025	67,210
Lease rentals, rates and levies		268,908	261,581
Printing, stationery, postage and office supplies		139,058	185,623
Professional and legal fees		560,248	549,036
Programmes and projects		1,389,355	3,267,286
Repairs and maintenance		140,613	121,315
Resource centre and material		2,150	12,880
Salaries		4,766,927	5,944,425
Service providers and consultants		330,468	536,333
Staff and organisational development		58,006	439,266
Telecommunication		47,905	59,824
Travel - international and local		108,268	519,738
Website development and internet		72,179	80,851
		<u>9,397,654</u>	<u>13,777,251</u>
<b>Operating deficit</b>		<b>(2,709,310)</b>	<b>(2,420,692)</b>
<b>Investment income</b>			
Dividends received		774,840	756,617
Interest received		2,529,772	2,614,497
Fair value adjustments	11	(1,356,940)	517,935
Profit on disposal of investments		(6,830)	315,808
		<u>1,940,842</u>	<u>4,204,857</u>
<b>(Deficit) surplus for the year</b>		<b>(768,468)</b>	<b>1,784,165</b>

**Note 1:** The deficit for the 2019 year was impacted by a downward fair value adjustment of equity assets.