

Southern Africa Tourism Services Association NPC

(Registration number 2003/006523/08)

Annual Financial Statements
for the year ended 31 December 2022

Alchemy Audit Services Incorporated
Registered Auditors
Issued 22 August 2023

Southern Africa Tourism Services Association NPC

(Registration number: 2003/006523/08)

Annual Financial Statements for the year ended 31 December 2022

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Managing and administering of the Southern Africa Tourism industry members' association
Directors	Nicole Brydene Tunmer Martina Annette Barth Suzanne Leza Benadie Gumthee Bhoola Dewald Johan Cillie Pieter Dros Andre Du Toit Gavin Kenneth Eyre David John Frost Robert William Hetem Martin Jansen van Vuuren Mandisa Magwaxaza Belinda-Leigh McIntyre Mbulungeni Tryphinah Muthige Ikaneng Ephraim Pilane Keira Lee Powers Anthony James Romer Lee Salome Melagwale Shai Marilda Wiegand
Registered office	Ground Floor Rosebank Terrace North 23 Sturdee Avenue Rosebank Gauteng 2196
Postal address	PO Box 900 Ferndale 2160
Auditors	Alchemy Audit Services Incorporated
Company registration number	2003/006523/08
Tax reference number	9556299155
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were independently compiled by: MM Kayser Professional Accountant (SA)
Issued	22 August 2023

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Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, 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 company 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 International Financial Reporting Standard for Small and Medium-sized Entities. 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 International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied 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 directors 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 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 directors have reviewed the company's cash flow forecast for the year to 31 December 2023 and, in the light of this review and the current financial position, they are satisfied that the company 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 company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 6 - 7.

The annual financial statements set out on pages 9 to 21, which have been prepared on the going concern basis, were approved by the board on Tuesday, 22 August 2023 and were signed on its behalf by:

Approval of annual financial statements

Director

Director

Director

Director

Southern Africa Tourism Services Association NPC

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Annual Financial Statements for the year ended 31 December 2022

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Southern Africa Tourism Services Association NPC for the year ended 31 December 2022.

1. Nature of business

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Directors

The directors in office at the date of this report are as follows:

Directors	Office	Designation
Nicole Brydene Tunmer	Chapter Chair: Garden route	Non-executive (Ex-Officio)
Martina Annette Barth	Chapter Chair: Western Cape	Non-executive (Ex-Officio)
Suzanne Leza Benadie	Chair: Membership Committee	Non-executive (Elect)
Gumthee Bhoola	Chapter Chair: KwaZulu Natal	Non-executive (Ex-Officio)
Dewald Johan Cillie	Chair: Value Add Committee	Non-executive (Elect)
Pieter Dros	Chair: Marketing Committee	Non-executive (Ex-Officio)
Andre Du Toit	Chapter Chair: Adventure Tourism and Safety and Security Committee	Chair: Non-executive (Ex-Officio)
Gavin Kenneth Eyre	Chapter Chair: Youth	Non-executive (Ex-Officio)
David John Frost	Chief Executive Officer	Executive
Robert William Hetem	Co-Vice Chairperson and Chair: Aid Committee	Non-executive (Elect)
Martin Jansen van Vuuren	Treasurer	Non-executive (Co-opt)
Mandisa Magwaxaza	Co-Vice Chairperson and Chapter Chair: Eastern Cape	Non-executive (Ex-Officio)
Belinda-Leigh McIntyre	Accommodation	Non-executive (Co-opt)
Mbulungeni Tryphinah Muthige	Chapter Chair: Gauteng	Non-executive (Ex-Officio)
Ikaneng Ephraim Pilane	Chapter Chair: Mpumalanga	Non-executive (Ex-Officio)
Keira Lee Powers	Conservation	Non-executive (Elect)
Anthony James Romer Lee	Chairperson and Hospitality	Non-executive (Elect)
Salome Melagwale Shai	Chapter Chair: North West	Non-executive (Elect)
Marilda Wiegand	Chapter Chair: Limpopo	Non-executive (Ex-Officio)

4. 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. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely impact the company.

The directors 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 company.

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Directors' Report

5. Events after the reporting period

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

6. Auditors

Alchemy Audit Services Incorporated continued in office as auditors for the company for 2022.

At the AGM, the shareholders will be requested to reappoint Alchemy Audit Services Incorporated as the independent external auditors of the company and to confirm Mr John Brockbank as the designated lead audit partner for the 2023 financial year.

7. Secretarial administrator

The company secretarial administrator is Alchemy Financial Services Incorporated.

Postal address

PO Box 2627
Northriding
2162

Business address

Unit 3 Bush Hill Office Park
Jan Frederick Avenue
Bush Hill
2154

8. Date of authorisation for issue of annual financial statements

The annual financial statements have been authorised for issue by the directors on Tuesday, 22 August 2023. No authority was given to anyone to amend the annual financial statements after the date of issue.

The annual financial statements set out on pages 9 to 21, which have been prepared on the going concern basis, were approved by the board on Tuesday, 22 August 2023, and were signed on its behalf by:

Approval of annual financial statements

Director

Director

Director

Director



ALCHEMY AUDIT SERVICES INCORPORATED

Registered Auditors (SA)

Independent Auditor's Report

To the Members of Southern Africa Tourism Services Association NPC

Opinion

We have audited the annual financial statements of Southern Africa Tourism Services Association NPC (the company) set out on pages 9 to 21, which comprise the statement of financial position as at 31 December 2022, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Southern Africa Tourism Services Association NPC as at 31 December 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual 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 annual 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 directors are responsible for the other information. The other information comprises the information included in the document titled "Southern Africa Tourism Services Association NPC annual financial statements for the year ended 31 December 2022", which includes the Directors' Report as required by the Companies Act of South Africa and the supplementary information as set out on pages 22 to 24. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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 Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.

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

- Identify and assess the risks of material misstatement of the annual 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 annual 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 annual financial statements, including the disclosures, and whether the annual 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.

Alchemy Audit Services Incorporated
John Brockbank
Director
Registered Auditors

22 August 2023
Randburg

Alchemy Audit Services Incorporated
Registration Number 2005/010148/21
Unit 3 Bush Hill Office Park, Jan Frederick Ave, Bush Hill 2154
PO Box 2627, Northriding 2162, Tel: (011) 795 8100, Fax: 086 770 8558
Directors: **F Pretorius** CA(SA) RA, **H J Brockbank** CA(SA) RA



Alchemy Financial Services Incorporated
Accounting, Taxation and Company Secretarial Services

Practitioner's Compilation Report

To the Management of Southern Africa Tourism Services Association NPC

I have compiled the annual financial statements of Southern Africa Tourism Services Association NPC, as set out on pages 9 - 21, based on information you have provided. These annual financial statements comprise the statement of financial position of Southern Africa Tourism Services Association NPC as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

I performed this compilation engagement in accordance with International Standard 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 International Financial Reporting Standard for Small and Medium-sized Entities. I have complied with relevant ethical requirements, including principles 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 me to compile these annual financial statements. Accordingly, I do not express an audit opinion or a review conclusion on whether these annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

MM Kayser
Professional Accountant (SA)

22 August 2023

Alchemy Financial Services Incorporated
Registration Number 2005/011191/21

Unit 3, Bush Hill Office Park, Jan Frederick Avenue, Bush Hill 2154
PO Box 267, Northriding, 2162; Tel No: (011) 795 8100

Directors: **WJ Fletcher** BCompt, Professional Accountant (SA), **MM Kayser** BCompt, Professional Accountant (SA), HDip Tax

Southern Africa Tourism Services Association NPC

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Statement of Financial Position as at 31 December 2022

Figures in Rand	Note(s)	2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment	2	76,410	64,294
Other financial assets	3	665,506	632,539
Deferred tax	4	178,199	433,202
		920,115	1,130,035
Current Assets			
Trade and other receivables	5	862,223	632,099
Prepayments	6	213,889	217,941
Cash and cash equivalents	7	1,180,399	1,598,423
		2,256,511	2,448,463
Total Assets		3,176,626	3,578,498
Equity and Liabilities			
Equity			
Retained income		2,384,430	2,346,293
Liabilities			
Current Liabilities			
Trade and other payables	8	705,246	704,630
Provisions	9	86,950	86,950
Fees received in advance	10	-	440,625
		792,196	1,232,205
Total Equity and Liabilities		3,176,626	3,578,498

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2022	2021
Revenue	11	8,332,181	6,560,709
Other income	13	949,440	1,742,852
Operating expenses	14	(9,126,248)	(7,763,676)
Operating profit		155,373	539,885
Investment revenue	15	137,767	63,060
Profit before taxation		293,140	602,945
Taxation	16	(255,003)	(262,489)
Profit for the year		38,137	340,456

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Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 January 2021	2,005,837	2,005,837
Profit for the year	340,456	340,456
Balance at 01 January 2022	2,346,293	2,346,293
Profit for the year	38,137	38,137
Balance at 31 December 2022	2,384,430	2,384,430

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Statement of Cash Flows

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Cash receipts from customers		8,265,145	6,362,867
Cash paid to suppliers and employees		(9,072,172)	(6,474,571)
Cash used in operations	18	(122,799)	(111,704)
Interest income		137,767	63,060
Net cash from operating activities		14,968	(48,644)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(61,526)	(40,128)
Purchases of other financial assets		(32,967)	-
Movement in other financial assets		-	45,345
Net cash from investing activities		(94,493)	5,217
Cash flows from financing activities			
Movement relating to fees received in advance		(440,625)	(499,123)
Movement in loans to directors, management and staff		102,126	(36,874)
Net cash from financing activities		(338,499)	(535,997)
Total cash movement for the year		(418,024)	(579,424)
Cash and cash equivalents at the beginning of the year		1,598,423	2,177,847
Total cash at end of the year	7	1,180,399	1,598,423

Southern Africa Tourism Services Association NPC

(Registration number: 2003/006523/08)

Annual Financial Statements for the year ended 31 December 2022

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Key sources of estimation uncertainty

The financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Cost includes 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.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 years
Office equipment	Straight line	3 years
IT equipment	Straight line	3 years

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

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Annual Financial Statements for the year ended 31 December 2022

Accounting Policies

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or 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. They are subsequently measured at amortised cost using the effective interest 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 amounts 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 in profit or loss.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit or loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

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

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

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 to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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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Annual Financial Statements for the year ended 31 December 2022

Accounting Policies

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are 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 payments are 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.

Any contingent rents are expensed in the period they are incurred.

1.6 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment 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.

1.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.8 Provisions and contingencies

Provisions are recognised when:

- the company has an obligation at the reporting date as a result of a past event;
- it is probable that the company will be required to transfer economic benefits in settlement;
- and the amount of the obligation can be estimated reliably.

Provisions are not recognised for future operating losses.

1.9 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

1.10 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

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Notes to the Annual Financial Statements

Figures in Rand

2022

2021

2. Property, plant and equipment

	2022			2021		
	Cost or revaluation	Accumulated depreciation and impairment	Carrying value	Cost or revaluation	Accumulated depreciation and impairment	Carrying value
Furniture and fixtures	-	-	-	45,331	(40,743)	4,588
Office equipment	51,788	(20,845)	30,943	28,347	(23,839)	4,508
IT equipment	140,190	(94,723)	45,467	286,758	(231,560)	55,198
Total	191,978	(115,568)	76,410	360,436	(296,142)	64,294

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Furniture and fixtures	4,588	-	(4,021)	(567)	-
Office equipment	4,508	39,323	(1,320)	(11,568)	30,943
IT equipment	55,198	22,203	(9,502)	(22,432)	45,467
	64,294	61,526	(14,843)	(34,567)	76,410

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	11,390	-	(6,802)	4,588
Office equipment	11,793	-	(7,285)	4,508
IT equipment	57,212	40,128	(42,142)	55,198
	80,395	40,128	(56,229)	64,294

3. Other financial assets

At fair value

Lost Advances Fund - Contingency policy	665,506	632,539
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The fund is used to reimburse a loss by any member who, or whose client, has paid in advance for services or products to be provided by a SATSA member who is subsequently declared insolvent before providing those services or products and recognised at the present value of the fund less claims provided for.

Refer to Note 21 for terms and conditions of the fund.

Non-current assets

At fair value	665,506	632,539
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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
4. Deferred tax		
The major components of the deferred tax balance are as follows:		
Deferred tax asset		
Arising as a result of temporary differences on:		
Provisions	98,544	108,561
Income received in advance	-	123,375
Deferred tax balance from temporary differences other than unused tax losses	98,544	231,936
Tax losses available for set off against future taxable income	139,544	262,289
Total deferred tax asset	238,088	494,225
Deferred tax liability		
Arising as a result of temporary differences on:		
Prepayments	(59,889)	(61,023)
Deferred tax asset	238,088	494,225
Deferred tax liability	(59,889)	(61,023)
Total net deferred tax asset	178,199	433,202
Reconciliation of deferred tax asset/(liability)		
At beginning of year	433,202	695,691
Recognised in profit or loss:		
Increases (decrease) in tax loss available for set off against future taxable income	(122,745)	(201,210)
Movement in temporary differences on prepayments	1,135	(30,085)
Movement in temporary differences on provisions and accruals	(10,018)	108,561
Movement in temporary differences on amounts received in advance	(123,375)	(139,755)
At end of year	178,199	433,202
5. Trade and other receivables		
Deposits	172,065	170,320
Other receivable	272,976	196,006
Trade receivables	417,182	265,773
	862,223	632,099
Other receivable		
Other receivable comprises of staff COVID-19 loans of R272,976 (2021: R232,880). These balances were impaired at year end to the amount of R0 (R36,874). Refer to Note 20 of the notes to the annual financial statements for balances owed by key management related parties at year end.		
Other receivable - Staff COVID-19 loans receivable		
Staff loans	272,976	232,880
Impairment and write-off	-	(36,874)
	272,976	196,006
6. Prepayments		
Lost Advances Fund - Contingency policy	213,889	217,941

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Figures in Rand	2022	2021		
7. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	-	6,934		
Bank balances	1,180,399	1,591,489		
	1,180,399	1,598,423		
8. Trade and other payables				
Accrued expenses	348,062	263,950		
Accrued leave pay provision	210,146	-		
Other payables	13,313	172,432		
Trade payables	85,599	176,685		
Value added taxation payable	48,126	91,563		
	705,246	704,630		
9. Provisions				
Reconciliation of provisions - 2022				
	Opening balance	Additions	Utilised during the year	Closing balance
Provision for audit fees	86,950	86,950	(86,950)	86,950
Reconciliation of provisions - 2021				
		Opening balance	Additions	Closing balance
Provision for audit fees		-	86,950	86,950
10. Fees received in advance				
Current liability		-		440,625
11. Revenue				
Advertising income		2,750		13,797
Conference income		421,000		-
Membership fees		6,549,676		5,435,972
Roadshow income		9,216		136,522
Sponsorships received (refer to Note 12)		350,000		567,391
Stand income		441,136		-
Western Cape market access income		558,403		407,027
		8,332,181		6,560,709
12. Sponsorships				
Bidvest Bank Limited		-		217,391
Toyota South Africa Motors (Proprietary) Limited		350,000		350,000
		350,000		567,391

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Figures in Rand	2022	2021
13. Other income		
Interest on staff loans	18,536	10,089
Lost Advances Fund - Contingency policy premium refunded	641,668	653,823
Member benefit lobbying	-	852,000
Sundry income	289,236	226,940
	949,440	1,742,852
14. Operating expenses		
Operating expenses include the following expenses:		
Operating lease charges		
Premises		
• Contractual amounts	22,051	729,826
Loss on sale of assets and liabilities	14,844	-
Impairment on loans to directors, managers and employees	-	36,874
Depreciation and amortisation	34,567	56,229
Employee costs	2,976,951	1,997,838
15. Investment revenue		
Interest revenue		
Bank	65,517	36,534
Other interest	72,250	26,526
	137,767	63,060
16. Taxation		
Major components of the tax expense		
Deferred taxation		
South African deferred tax - current year	255,003	262,489
Reconciliation of the tax expense		
Accounting profit	293,140	602,945
Tax at the applicable tax rate of 28% (2021: 28%)	82,079	168,825
Non-deductible expenses		
Fair value adjustment - other financial assets	155,137	19,201
Other permanent differences	17,787	10,324
	172,924	29,525
Other		
Prior period (over) under provisions in current tax	-	64,139
	-	64,139
	255,003	262,489

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Figures in Rand	2022	2021
17. Auditor's remuneration		
Fees	117,076	114,120
Provision relating to year	86,950	86,950
	204,026	201,070
18. Cash used in operations		
Net profit before taxation	293,140	602,945
Adjustments for:		
Depreciation, amortisation, impairments and reversals of impairments	34,567	56,229
Loss on sale of assets and liabilities	14,844	-
Fair value (gains) losses	-	36,874
Movement in provisions	-	86,950
Investment income	(696,170)	(63,060)
Changes in working capital:		
(Increase) decrease in trade and other receivables	226,155	(197,842)
(Increase) decrease in prepayments	4,052	(107,447)
Increase (decrease) in trade and other payables	613	(526,353)
	(122,799)	(111,704)
19. Commitments		
Operating leases – as lessee (expense)		
Minimum lease payments due		
- within one year	-	12,780
An agreement with Vox Telecom was entered into effective from 1 March 2020 for IT support. The contract is valid for 2 years ending 28 February 2022.		
20. Related parties		
Relationships		
Entities managed / owned by key management	Fuller Frost & Associates t/a The Tourism Strategy Company of Mr. David John Frost	
Members of key management	Chief Executive Officer - David John Frost Chief Operating Officer - Hannelie du Toit Chairperson - Anthony James Romer Lee Vice Chairperson - Robert William Hetem Treasurer - Martin Jansen van Vuuren Financial Manager - Hoosein Haffejee	
Related party balances and transactions with other related parties		
Related party balances		
Loan accounts - Owing (to) by key management		
Hannelie du Toit	128,158	67,949
Hoosein Haffejee	73,107	45,996
Related party transactions		
Consulting fees paid to related parties		
David John Frost	1,624,193	936,720
Compensation paid to key management		
Hannelie du Toit	1,310,978	808,973

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
21. Lost Advances Fund - Contingency policy		
Breakdown of Fund		
Contingency policy opening balance	632,539	677,884
Performance bonus received - Refer Note 13	641,668	653,823
Contingency policy self-funded premium	(647,260)	(653,823)
Brokerage fees paid	(4,124)	(2,084)
Interest received	72,251	26,526
Shortfall	(29,568)	(69,787)
	665,506	632,539

The limit of indemnity for loss is limited to the lesser of the amount paid to the insolvent member or cost to complete the service or provide the product for which the advance payment was made subject to a maximum of R150,000 per event and a total of R737,918 (2021: R751,896) in total claims on the fund in any period of Insurance. This value added membership benefit is available only to members who are not in arrears in relation to their membership fees and who are members of SATSA in full standing.

The fund is insured in terms of a contingency policy with Guardrisk Insurance Company Limited (Insurer) in order to preserve the fund. The policy is renewed on a yearly basis on 1 May (2021: 1 May). On cancellation or on expiry each year of the policy the Insurer shall declare and pay a performance bonus to the Insured. Unlike traditional insurance premiums which are not recoverable, this performance bonus, which amounts to the premium paid less any Insurer fees and claims and including any interest earned, is refunded to SATSA annually. Due to a May renewal, a portion of the premium is shown as a prepayment annually which is then reversed in the subsequent year.

The board is responsible for determining the validity of any claim before submitting it to Guardrisk. The board will from time to time also debate the extent to which the fund is sufficiently capitalized in light of the number of claims that have been presented and may decide to further capitalize the fund or purchase a re-insurance layer if necessary to meet the obligations of the fund.

In terms of IFRS for SME's the Lost Advances Fund - Contingency Policy is classified as a financial asset. An asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity. An asset is recognised in the balance sheet when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. Therefore, the Lost Advances Fund - Contingency Policy is recognised in the accounts as an asset and measured at fair value through the income statement at the year-end of SATSA.

The performance bonus received at the end of the contract period is utilised to fund the premium for the next insurance period (refer to note 13).

22. Bad debts

Bad debts expense	253,633	438,375
Provision for bad debt adjustment	(195,297)	-
	58,336	438,375

23. Prior period errors

We identified that bad debt relating to the financial year ended 31 December 2020, was written off in the Statement of Profit and Loss, inclusive of value added taxation. We have amended this error in order to achieve a fairer presentation of the economic substance of the transaction. The correction of the error(s) results in adjustments as follows:

Statement of Financial Position

Value added taxation	-	229,068
Opening retained earnings	-	(229,068)

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Detailed Income Statement

Figures in Rand	Note(s)	2022	2021
Revenue			
Advertising income		2,750	13,797
Conference income		421,000	-
Market access income		558,403	407,027
Membership fees		6,549,676	5,435,972
Roadshow income		9,216	136,522
Sponsorships received		350,000	567,391
Stand income		441,136	-
	11	8,332,181	6,560,709
Other income			
Interest on staff loans		18,536	10,089
Lost Advances Fund - Contingency policy performance bonus		641,668	653,823
Member benefit lobbying		-	852,000
Sundry income		289,236	226,940
		949,440	1,742,852
Expenses (Refer to page 23)		(9,126,248)	(7,763,676)
Operating profit		155,373	539,885
Investment income	15	137,767	63,060
Profit before taxation		293,140	602,945
Taxation	16	(255,003)	(262,489)
Profit for the year		38,137	340,456

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Detailed Income Statement

Figures in Rand	Note(s)	2022	2021
Operating expenses			
Administration and management fees		4,124	2,084
Adventure tourism project expenses		78,971	-
Advertising		528,100	203,646
Assessment rates & municipal charges		3,776	22,967
Auditors remuneration	17	204,026	201,070
Bad debts	22	58,336	438,375
Bank charges		23,670	26,986
Chapter expenses		24,694	57,380
Computer expenses		408,634	650,554
Conference expenses		338,295	-
Consulting and professional fees		1,624,193	936,720
Contingency policy premium (Guardrisk)		649,480	552,729
Delivery expenses		-	609
Depreciation, amortisation and impairments		34,567	93,103
Employee costs		2,976,951	1,997,838
Flowers		-	1,960
General expenses		-	11,189
International labour office expenses		73,500	-
Lease rentals on operating lease		22,051	729,826
Legal expenses		7,612	30,888
Levies		1,729	64,775
Lost Advances Fund - insurance premium		35,159	69,788
Market access expenses		514,243	334,852
Member benefit lobbying		20,477	798,516
Postage		-	1,545
Printing and stationery		6,075	4,036
Profit and loss on sale of assets and liabilities		14,844	-
Promotions		202,981	-
Public relations and lobbying		156,498	73,363
Repairs and maintenance		4,890	3,143
Responsible tourism expenses		-	5,000
SATSA app development		-	34,980
Security		91,272	-
Staff welfare		10,019	-
Subscriptions		27,887	27,887
Telephone and fax		271,596	236,929
Training		39,205	-
Travel - local		415,874	150,938
Travel - overseas		14,975	-
Unreconciled differences		63,526	-
World Travel Market Africa Trade Show costs		174,018	-
		9,126,248	7,763,676

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(Taxpayer reference number 9556299155)

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Tax Computation

Figures in Rand	2022	2021
Net profit per income statement	293,140	602,945
Permanent differences (Non-deductible/Non taxable items)		
Impairment of staff loan	-	12,544
Write-off of staff loan	-	24,330
Write-off of unreconciled differences	63,526	-
Fair value of the Lost Advances Fund	(35,159)	(589,217)
Reversal of fair value of fund raised in prior year	589,217	657,792
Accounting loss on disposal of fixed and / or other assets	14,844	-
Depreciable asset allowance (scrapping allowance) (s11(o))	(14,844)	-
	617,584	105,449
Temporary differences		
Amounts previously taxed as received in advance	(440,625)	(939,748)
Amounts received in advance - current year	-	440,625
Doubtful debt allowance - IFRS not applied (s11(j)(ii)) - Current year allowance	(246,846)	(196,221)
Depreciation according to financial statements	34,567	56,229
Wear and tear allowance (s11(e))	(34,567)	(56,229)
Reversal of provisions previously raised	(86,950)	-
Provision for doubtful debt not deductible in current year	301,691	496,988
Prepaid expenditure not limited by s23H	(213,889)	(217,941)
Prepaid expenditure previously raised	217,941	110,494
Provisions not deductible current year (excluding doubtful debt)	297,097	86,950
Reversal of provision for bad debts - prior year	(496,988)	-
Doubtful debt allowance - IFRS not applied (s11(j)(ii)) - Previous year reversal	196,221	-
	(472,348)	(218,853)
Imputed net income from CFC	-	-
Calculated tax profit for the year	438,376	489,541
Assessed loss brought forward	(936,748)	(1,426,289)
Assessed loss for 2022 - carried forward	(498,372)	(936,748)
Tax thereon @ 28% in the Rand	-	-