



SAPOA



2021

SAPOA ANNUAL REPORT

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# General Info

**Country of incorporation and domicile**  
South Africa

**Nature of business and principal activities**

The entity promotes the interests of its members by representing them on matters affecting the property industry on National and Local Government levels, by providing a continuous program of educational activities and by organising conventions, seminars and workshops on matters of vval interest. The Association publishes journals and other literature for the benefit of its members. A full time Secretariat provides direct services to members and related Associations.

**Auditor**

PricewaterhouseCoopers Inc.

**Company registration number**

1966/008959/08

**Level of assurance**

These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

**Preparer**

The financial statements were independently compiled under the supervision of:  
M Caetano  
Chartered Accountant (SA)

**Directors**

Nilesh Ambaram Gopal (Chief Executive Officer)  
Andrew Joseph König (President)  
Malose Frans Kekana (President elect)  
David James Green  
Peter Aston Levett  
Itumeleng Unathi Mothibeli  
Jacqueline Rouxanne van Niekerk  
Steven Brown  
Thanduxolo Selby Sishuba

**Registered office**

WeWork Office The Link  
173 Oxford Road  
Rosebank  
2190

**Business address**

WeWork Office The Link  
173 Oxford Road  
Rosebank  
2190

**Postal address**

PO Box 78544  
Sandton  
2146

**Bankers**

First National Bank

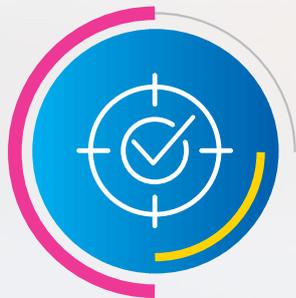
# 2021

SAPOA ANNUAL REPORT



## OUR VISION

SAPOA aims to be a nationally accepted and internationally recognised leading property association.



## OUR MISSION

SAPOA's mission is to actively and responsibly represent, protect and advance our members' commercial property interests within the real estate industry.

### SAPOA is a member-driven organisation focusing on:

- > Advocacy
- > Education
- > Annual Convention and Property Networking
- > Research
- > Information Dissemination
- > Publications
- > Webinars
- > Transformation

As a member-driven association, SAPOA enables it's members to become involved through committee participation and provide networking platforms. These valuable platforms gives you access to other industry leaders – ensuring growth and dynamism within the real estate industry.

# NOTICE OF AN ANNUAL GENERAL MEETING

## SAPOA BOARD

Notice is hereby given that the Annual General Meeting of the Members of the South African Property Owners Association NPC ("the Company"), will be held on 29 September 2022 at (17h00) South African (SA) Standard Time (subject to any adjournment, postponement or cancellation) and at Sun City Resort, R556, Sun City, 0316 in terms of paragraph 15.4 of the Memorandum of Incorporation, read together with Section 61 of the Companies Act, to consider, and if deemed fit, pass with or without modification, the resolutions as set out in this notice.

### Purpose

The purpose of the Annual General Meeting is to transact the business set out in the agenda below

### Agenda

1. Consideration of the audited annual financial statements of the company, including the reports of the directors for the year ended 31 December 2021.
2. Appointment and fixing of the remuneration of the auditors.
3. To consider and, if deemed fit, approve, with or without modification, the resolutions as set out in this notice.
4. The record date on which members must be recorded as such in the register maintained by the Company for the purpose of being entitled to attend and vote at the annual general meeting is 31 July 2022.
5. Meeting participants (including members and proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a member's meeting. Forms of identification include valid identity documents, driver's licences and passports.

### Special Resolutions

To consider and, if deemed fit, to pass, with or without modification the following special resolutions. For each special resolution to be adopted, the support of at least 75% (seventy-five percent) of the total number of votes per special resolution, which the members who are present or represented by proxy at the meeting are entitled to cast, is required.

### *Special Resolution number 1*

Ratification of late holding of the Annual General Meeting  
It is resolved that the late holding of the Annual General Meeting as required by Paragraph 15.4 of the Memorandum of Incorporation, read together with Section 61 of the Companies Act, be and is hereby ratified in terms of Section 20(2) of the Companies Act.

### *Special Resolution number 2*

Amendment of the Memorandum of Incorporation  
It is resolved that paragraph 15.4 of the Memorandum of Incorporation, be and is hereby amended, in terms of Section 16 of the Companies Act, to allow the Annual General meeting to be held once in each calendar year, within 9 months of the financial year-end.

### Voting Instructions

In terms of the Companies Act, any member entitled to attend and vote at the above AGM, may appoint one or more persons as proxy to attend and speak and vote in his stead. A proxy need not be a member of the company. Forms of proxy must be deposited at the office of the Company not later than 26 September 2022 before the time fixed for the meeting (excluding Saturdays, Sundays, and public holidays).

Voting on all resolutions will take place by a show of hands. Every member of the Company who is present at the AGM or is represented by proxy shall have one vote.

### *Majority required for the adoption of resolutions*

For special Resolutions to be adopted, the support of at least 75% of the total number of votes exercised on the resolutions is required.

Votes recorded as abstentions are not taken into account for purposes of determining the final percentage of votes cast in favour of the resolutions. This is in line with the Companies Act.

BY ORDER



Director  
NA Gopal (Chief Executive Officer)

# SAPOA BOARD OF DIRECTORS - 2022



**ANDREW KÖNIG**  
Chief Executive Officer,  
Redefine Properties  
SAPOA President



**MALOSE KEKANA**  
Group Chief Executive Officer,  
Pareto SAPOA President-Elect



**DAVID GREEN**  
Director,  
ProAfrica Property Services  
SAPOA Immediate Past President



**NEIL GOPAL**  
Chief Executive Officer



**PETER LEVETT**  
Managing Director,  
Old Mutual Property



**STEVEN BROWN**  
Chief Executive Officer and  
Managing Director, Fortress



**ITUMELENG MTHIBELI**  
Managing Director,  
Southern Africa Vukile Property  
Fund



**JACKIE VAN NIEKERK**  
Chief Executive Officer,  
Attacq



**THANDO SISHUBA**  
Head of SA Direct Property,  
Sanlam Investments  
I Alternatives

# NATIONAL COUNCILLORS AND REGIONAL COUNCILLORS - 2022

## NATIONAL COUNCILLORS

<b>Zinon Marinakos</b>	DSA Architects South Africa (Pty) Ltd	Innovative Excellence Awards Committee
<b>Nicole Baumgarten</b>	Agility Counts	Convention Committee
		HR, Education and Development Committee
<b>Farhana Haffejee</b>	Liberty Two Degrees Ltd	Legal Committee
<b>Anthony Diepenbroek</b>	Balwin Properties Ltd	National Developers Forum
		Property and Facilities Management
<b>Lodewyk van der Zee</b>	Vukile Property Fund Ltd	Sustainability Committee
<b>Nico Barnard</b>	Attacq Management Services (Pty) Ltd	National Research Committee
<b>Peter Levett</b>	Old Mutual Property (Pty) Ltd	Unlisted REIT

## REGIONAL COUNCILLORS

<b>Paul Altenroxel</b>	The Farmyard Trading Post	Limpopo Regional Committee
<b>Rob Edelson</b>	Investec Bank Ltd	Gqeberha (PE) Regional Committee
<b>Sabine Walker</b>	HL Hall & Sons Properties (Pty) Ltd	Mpumalanga Regional Committee
<b>Bernadette Khumalo</b>	Nombeks	KwaZulu-Natal Regional Committee
<b>Kevin Roman</b>	DeeKev Properties (Pty) Ltd	Western Cape Regional Committee
		East London Regional Committee

# SAPOA PAST PRESIDENTS

1966 – 1970	<b>Andries van Riet</b>
1970 – 1972	<b>Dough B Hoffe</b>
1972 - 1974	<b>M A Bezuidenhout</b>
1974 – 1976	<b>Roy Canning</b>
1976 – 1978	<b>Cornè P de Leeuw</b>
1978 – 1979	<b>Murray Hofmeyr</b>
1979 – 1981	<b>Gert Hugo</b>
1981 – 1983	<b>Bob Levitt</b>
1983 – 1984	<b>Piet J A Moolman</b>
1984 – 1985	<b>AM Buss</b>
1985 – 1987	<b>Roland D Walker</b>
1987 – 1988	<b>Ronnie Masson</b>
1988 – 1989	<b>Robin Vorster</b>
1989 – 1991	<b>Eric R Field</b>
1991 – 1993	<b>Derek Stuart-Findlay</b>
1993 – 1994	<b>Hendrik Bester</b>
1994 – 1995	<b>Colin Steyn</b>
1995 – 1996	<b>Gordon Hibbert</b>
1996 – 1997	<b>Tiny Barnettson</b>
1997 – 1998	<b>Nick Harris</b>
1998 – 1999	<b>Anton Musgrave</b>

1999 – 2000	<b>Banus van der Walt</b>
2000 – 2001	<b>Chris du Toit</b>
2001 – 2002	<b>Anthony Diepenbroek</b>
2002 – 2003	<b>Papi Mphahlele</b>
2003 – 2004	<b>Gerhard van Zyl</b>
2004 – 2005	<b>Lynette Finlay</b>
2005 – 2006	<b>TC Chetty</b>
2006 – 2007	<b>Alex Phakathi</b>
2007 – 2008	<b>Marna van der Walt</b>
2008 – 2009	<b>Ben Kodisang</b>
2009 – 2010	<b>Warren Schultze</b>
2010 – 2011	<b>Samuel Ogbu</b>
2011 – 2012	<b>Kevin Roman</b>
2012 – 2013	<b>Dr Sedise Moseneke</b>
2013 – 2014	<b>Estienne de Klerk</b>
2014 – 2015	<b>Amelia Beattie</b>
2015 – 2016	<b>Michael Deighton</b>
2016 – 2017	<b>Nomzamo Radebe</b>
2017 - 2018	<b>Peter Levett</b>
2018 - 2019	<b>Ipeleng Mkhari</b>
2019 - 2021	<b>David Green</b>

# MESSAGE FROM THE SAPOA PRESIDENT & CEO



**ANDREW JOSEPH KÖNIG**  
President



**NEIL GOPAL**  
Chief Executive Officer  
and Public Officer

## **A sector still in need of recovery**

Andrew König, President SAPOA

Taking over the presidential reigns in May 2021 when the country was still in the throes of the COVID 19 pandemic, meant continuing to come to grips with an industry that was unanticipatedly and dramatically thrown into periods of lock downs, dealing with a new trend of working from home, working with a retail sector that was suffering from reduced footfall and an office sector that saw volumes of empty desks. As an organisation SAPOA continued managing the impact of COVID 19 and through it all, still engaged and managed our member's advocacy efforts between the industry and government.

## **At the forefront of advising the industry on managing the covid pandemic**

The support given to our members and the industry as a whole was extremely effective and from the most recent membership survey, more than 95% of our members have rated us between good and excellent in terms of our support and advice to the industry.

During the pandemic the Property Industry Group (PI group) was formed, SAPOA was part of the group which was established purely to deal with the covid crisis. As part the PI Group, we developed guidelines on how to manage issues between landlords and tenants. As such, close to R10bn worth of rental relief was given by landlords to their tenants.

As if the country wasn't reeling enough from the effects of the pandemic, our industry suffered another traumatic turn of events, the rioting and destruction of property that took place in July last year. We were naturally devastated at the rate at which the unrest escalated, particularly as our industry took the largest financial knock.

## MESSAGE FROM THE SAPOA PRESIDENT & CEO

The result of the unrest has definitely seen a change in mindset, given that the powers that be - SANDF and SAPS - were not really effective in dealing with the unrest, which means that property owners are being compelled to upgrade security measures, this is supported by a survey that we conducted last year. It is therefore inevitable that there will be increases in the cost of doing business, which would likely result in less developments taking place – especially in rural areas.

### **The Property Practitioners Act (PPA)**

By now all our members will have been made aware of the PPA, the primary aim of the PPA is to improve the transformation of the property sector, and to ensure consumer protection when concluding property transactions. This also becomes clear when reading through the PPA – it is very much focussed on consumer protection and transformation.

There are a number of situations where SAPOA members will now probably have to comply with the PPA, and register as property practitioners with the Property Practitioners Regulatory Authority (PPRA), under circumstances which might not previously have been the case.

### **Change-over from Estate Agency Affairs Board (EAAB) to the Property Practitioners Regulatory Association (PPRA)**

This change in act will make a difference in how we as SAPOA members operate and, as such, we need to understand that the new Act replaces the 1976 Estate Agents Affairs Act. This Act finally came into operation on 1 February 2022, with the latest amendments being published on 14 January 2022.

The PPA significantly increased the definition of a “property practitioner” from what was previously known as an “estate agent” as defined in the previous Estate Agency Affairs’ Act, which it replaced. On a literal interpretation of the definition, a property practitioner now includes any person involved in:

- selling property
- leasing property
- collecting rental
- acting as facilitator or intermediary in sale and rental agreements
- managing a property
- publicly exhibiting any property for sale or lease.

Many more practitioners in our industry are therefore captured under this definition. All property practitioners will now have to comply with the Act and regulations thereto, in some form, even if the same are applying for necessary exemptions.

Should a property practitioner fail to comply with the Act, the authority will be able to impose penalties for non-compliance.

## MESSAGE FROM THE SAPOA PRESIDENT & CEO

SAPOA has been invited to engage with the authority to determine the necessary level of education, training and development needed within the specific industry, to provide greater clarity of the Act's requirements. This is being handled by a sub-committee of the SAPOA Education Committee.

Currently we are considering whether an application should be made to the PPRA for exemption of some categories of persons from certain requirements of the Act.

### **Disturbing state of South Africa's municipalities**

The crisis facing local authorities and their impact on our industry has been a major concern. Our efforts have been around managing these relationships and critical issues impacting on our industry.

It is hardly surprising that 77% of all capital raised in South Africa in the property sector in 2018 was moved offshore. Acquisition volumes have fallen sharply in SA, and overseas acquisitions by SAPOA members has increased sharply the last 5 years. Unfortunately, the tougher trading environment, which is making it increasingly challenging for landlords to deal with the additional tax burden, is about to get worse, not better.

The fact is that many Municipalities cannot "control" their expenses and that these runaway expenses are directly correlated to the unjustifiable increases in revenue from property rates. Basically, something has to feed this level of consumption and mismanagement.

Property rates increases are based on an unfair and unacceptable system. If an investor buys an old, dilapidated building or develops a vacant piece of land, this is in effect a huge favour for the neighbourhood, the municipality and the community. But municipalities punish this good deed with exorbitant and unwelcome rates bills. Is it time to reconsider further investment and new developments in our Cities?

SAPOA has been at pains for many years now, trying to highlight the catastrophic value destruction that municipalities are causing with sustained above-inflation increases of municipal rates.

From 2006 to 2019, municipal charges grew faster than any other operating cost category – becoming a bigger slice of a bigger pie. During this time, it effectively quadrupled, going from R10 in 2006 to R41 in December 2019 at a compound annual rate of 10.5%. As at December 2019, Rates and Taxes was the fastest growing property operating cost category since 2006.

On a 5-year rolling basis, annualised growth in property taxes have exceeded CPI since 2008. As a result, rates have grown by a cumulative 318% since 2008, compared to the 78% of CPI. On a sector level, industrial property's municipal charges make up the largest percentage of total costs at 72.9% followed by Retail and Office with 63.7% and 57% respectively.

## MESSAGE FROM THE SAPOA PRESIDENT & CEO

To demand a bigger slice of a shrinking cake is what property rates increases amounts to. If municipalities want to attract further investments, they should set an example by tackling corruption, tackling their own expenses and slimming down on bloated bureaucracy.

Ultimately, SA will pay a high price, as properties will lose value, investments will continue to move off offshore (coupled with our desire to continue with property developments slowly diminishing), and this will give way to rapid urban decay (as is already the case in some cities).

The 2022 Auditor General's report released in June found that more than quarter of SA's municipalities are on brink of financial collapse and that only 41 municipalities in South Africa had received clean audits. We are concerned around the likelihood of metros being unable to meet their obligations due to falling revenues and issued a letter to the Presidency to urgently intervene on this matter.

### Development Charges

We have raised our concerns about the development charges policy ("DC Policy") that has been touted by the City of Joburg and the eThekweni Municipality.

These DC policies completely ignores the positive impact of developments in the city. Whilst the City continues to benefit from increased rates and taxes on an ongoing basis, as well as the positive impacts of job creation and economic growth, property developers are now unfairly requested to pay for infrastructure charges with no clarity on whether the development charge is earmarked or ringfenced for the specific scope of the infrastructure linked to the development and related development charge.

It is obvious that this "Development Charge" appears to be an additional 'tax' on land and property development. SAPOA is not in principle opposed to a surcharge provided that the law is complied with and provided that the developers know precisely what they will be getting in terms of tangible services, in return for the surcharge.

It is increasingly becoming clear to investors that there are cash flow problems at Municipalities and these types of policies are being implemented to cater for this problem.

The Developer cannot absorb the cost of external infrastructure as well as take all of the business risk. This would render most projects unworkable, and it is more than likely developments will be difficult to implement as they are financially unfeasible. It is SAPOA's view that development charges, if imposed on a blanket basis as an additional "charge" against development, regardless of the actual external infrastructure cost in that development, than the development pipeline will likely dry up.

# MESSAGE FROM THE SAPOA PRESIDENT & CEO

## Other Legal Matters

For the 2021/2022 year, SAPOA has made formal submissions and commented on the:

- Companies Act, 2008
- Electricity Regulation Amendment Bill
- Electricity Pricing Policy
- Asbestos Abatement Regulations
- Hazardous Biological Agents Regulations
- National Health Act, 2003
- Johannesburg Spatial Development Framework 2040

## Looking ahead

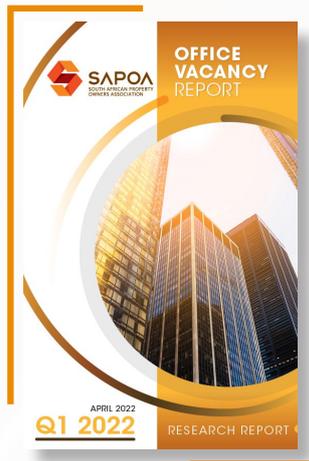
SAPOA is continuously busy dealing with numerous matters affecting the industry, from the imposition of development charges, to outdoor advertising levies, unsustainable property increases, the water crisis in Gqeberha, the degradation of municipal infrastructure, as-well-as continuing our support of the ESG agenda.

SAPOA endeavours at all times to consult and advocate with the intention of seeking amiable solutions to issues that infringe on, or prejudice, the mutual interest of our industry, with the ultimate goal of achieving a more equitable and sustainable society.

In conclusion, I would like to take the opportunity to thank the SAPOA Board and SAPOA Team members for all their support received during my tenure, without whose constant help and commitment our organisation would not remain as effective as it has been through these trying times.

# RESEARCH

SAPOA recognises that the real estate industry is one of the most important sectors of South Africa's economic business cycle and the country's long-term growth path. Property statistics and research are invaluable to our members when making pertinent investment decisions. Collaborating with expert research companies locally and globally, SAPOA produces an array of niched research reports for its members.



## Regularly published research reports

- > Retail Trends
- > Office Vacancy Survey
- > Capitalisation & Discount Rate
- > Industrial Vacancy Survey
- > Operating Cost

For more info go to [sapoamember.co.za](http://sapoamember.co.za)

# INDUSTRY AFFILIATES

## **AFRES**

The African Real Estate Society

## **ASAQS**

The Association of South African Quantity Surveyors

## **BCA**

Black Conveyancing Association

## **BCO**

British Council of Offices

## **BOMA**

Building Owners and Managers Association (USA)

## **BPF**

British Property Federation

## **BUSA**

Business Unity South Africa

## **CESA**

Consulting Engineers South Africa

## **COGTA**

Department of Cooperative Governance and Traditional Affairs

## **CTP**

Cape Town Partnership

## **DPW**

Department of Public Works and Infrastructure

## **GBCSA**

Green Building Council of South Africa

## **GPF**

Gauteng Partnership Fund

## **GPG**

Gauteng Provincial Government

## **JDA**

Johannesburg Development Agency

## **JPOMA**

Johannesburg Property Owners and Managers Association

## **KLCBT**

Kruger Lowveld Chamber of Business

## **NARIET**

National Association of Real Estate Investment Trusts

## **NPPC**

National Property Practitioner Council

## **NBI**

National Business Initiative

## **NMBBC**

The Nelson Mandela Bay Business Chamber

## **NT**

National Treasury

## **PCA**

Property Council of Australia

## **PCNZ**

Property Council of New Zealand

## **PPA**

Property Protection Association

## **PPRA**

Property Practitioners Regulatory Authority

## **PSCC**

The Property Sector Charter Council

## **RICS**

Royal Institution of Chartered Surveyors

## **SACSC**

South African Council of Shopping Centres

## **SACN**

SA Cities Network

## **SACPLAN**

South African Council for Planners

## **SAFMA**

The South African Facilities Management Association

## **SAIV**

The South African Institute of Valuers

## **SAIBPP**

South African Institution of Black Property Practitioners

## **SAPI**

South African Planning Institute

## **SAPVIA**

South African Photovoltaic Industry

## **SAREIT**

South African Real Estate Investment Trust

## **SHF**

Social Housing Foundation Association

## **SSETA**

Services Sector Education and Training Authority

## **TUHF**

Trust for Urban Housing Finance

## **ULI**

Urban Property Institute

## **WPN**

Women's Property Network

# EDUCATION, TRAINING & DEVELOPMENT

## The educational efforts of SAPOA are aimed at:

- > Increasing knowledge and skills of the property industry amongst employees within the industry.
- > Ensuring that the content of programs / workshops and other educational interventions are aligned to industry needs.
- > Raising employability and/or competence of the practitioners and professionals in the industry.

## Accreditation

All SAPOA Education Courses are held nationally in partnership with various universities. The Universities obtain accreditation for their qualifications through the Higher Education Quality Committee of the Council for Higher Education (HEQC of the CHE), recognised by the South African Qualifications Authority (SAQA) as the Education and Training Quality Assurance body (ETQA). Companies can claim refunds from their skills levy when their employees attend short courses presented by SAPOA through the University.

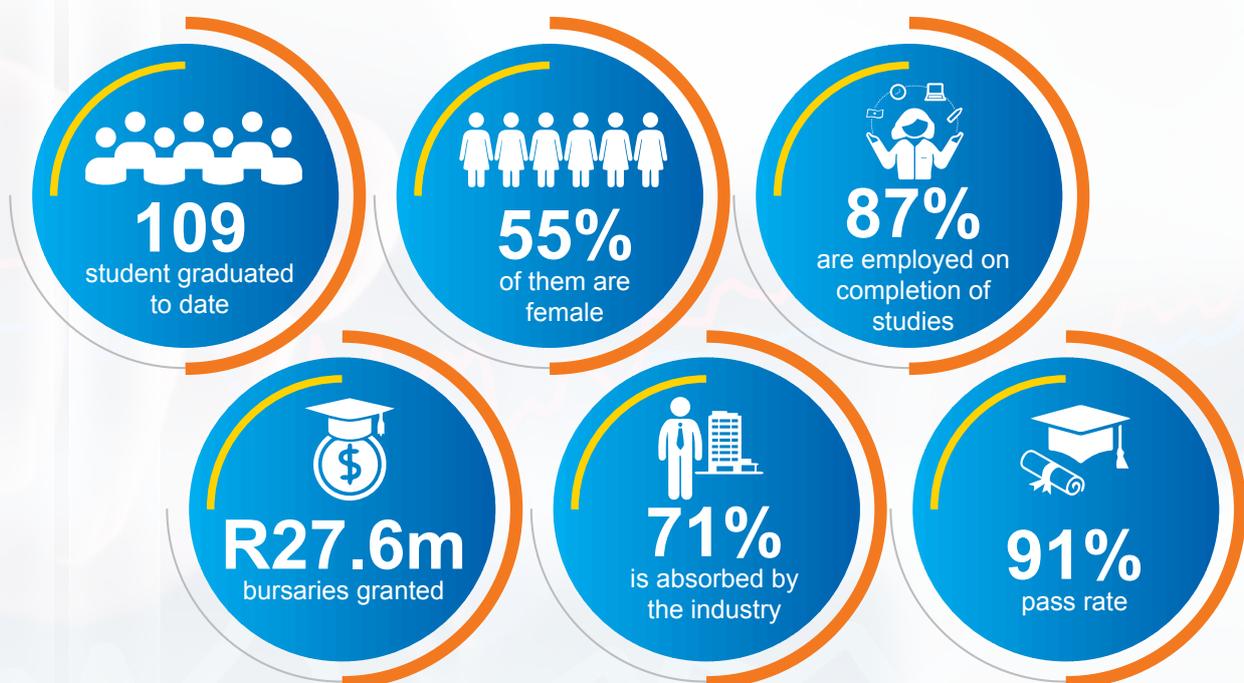
These courses are incorporated into their companies' skills plans which they submit to the SETA's. The real estate programs are accompanied by an assessment that promotes understanding and application of the information provided. We offer you the opportunity to gain a real estate qualification at the doorsteps of the largest concentration of real estate employers on the African continent. This enables you to start a career in the most sophisticated real estate market in Africa.

**For more information go to Education Courses - [www.sapoa.org.za](http://www.sapoa.org.za) - EDUCATION**

## SAPOA BURSARY FUND TRUST

The SAPOA Bursary Fund has successfully supported 109 students over the last 10 years, and 71% of whom were absorbed by the industry. As at the end of 2021, our overall pass rate was 91%; this means, the majority of our students are passing without repeating any module. Amongst other things, our success can be attributed to the mentoring support through our partners, Excel At Uni which ensure that each student is paired with a mentor and where necessary a tutor. This has not only increased our pass rate but the quality of candidates our members get to offer employment opportunities to. The bursary contributions from our members allows them to gain Skills Development points for their B-BBEE scorecard.

The Bursary Fund, being the oldest bursary sponsor in the industry; also prides itself on being the first to sponsor PhD students within our industry.



# SAPOA BURSARY FUND TRUST

## UNIVERSITIES



## QUALIFICATIONS



## PARTNERSHIPS

The SAPOA Bursary Fund would like to thank each of the sponsors for their contribution. This has made the dreams of many youth of South Africa come to realisation and give hope to those still aspiring to achieve theirs.

### GRADUATE EMPLOYERS



CONTRIBUTING COMPANIES



\* These partnerships are not limited to the listed companies.



Advocacy is a pivotal role of SAPOA. It provides targeted participation in legislative development that will affect SAPOA members directly. Advocacy also gives SAPOA an authoritative voice, that participates in matters that relate to laws that govern South Africa's built environment.

SAPOA monitors all national legislation affecting the property industry. Government at all levels prefers to work with organised trade associations on legislation. The combined expertise of SAPOA's members is regarded as a valuable source of knowledge. There is a concerted effort by SAPOA to establish and maintain working relationships with government at all levels. Government accepts that SAPOA members, being major stakeholders, is vital to the economy of the country.





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# Financial Statements

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The reports and statements set out below comprise the financial statements presented to the members|:

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The following supplementary information does not form part of the financial statements and is unaudited:

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**2021**  
SAPOA ANNUAL REPORT

## 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 financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 auditor is engaged to express an independent opinion on the financial statements.

The 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 board of 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 of the company are responsible for the controls over and security of the website and, where applicable, for the establishing and controlling the process for electronically distributing annual reports and other financial information to members and to the companies and intellectual property commission.

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 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 2022 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 auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and their report is presented on page 26 to 28.

# DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors report set out on pages 24 to 25, the financial statements set out on pages 29 to 43 and additional schedules on pages 44 to 45 which have been prepared on the going concern basis, were approved by the board of directors on 13 April 2022 and were signed on its behalf by:

Approval of financial statements



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**Andrew Joseph König**  
President



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**Nilesh Ambaram Gopal**  
Chief Executive Officer

The directors have pleasure in submitting their report on the financial statements of South African Property Owners Association NPC for the year ended 31 December 2021.

## 1. Nature of business

The association is engaged to promote the interests of its members by representing them on matters affecting the property industry on National and Local Government levels, by providing a continuous program of educational activities and by organising conventions, seminars and workshops on matters of topical interest. The Association publishes journals and other literature for the benefit of its members. A full time Secretariat provides direct services to members and related Associations. The company operates principally in South Africa.

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 financial statements have been prepared in accordance with the 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 financial statements.

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

## 3. Directors

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

Directors	Changes
Nilesh Ambaram Gopal (Chief Executive Officer)	
Andrew Joseph König (President)	
Malose Frans Kekana (President elect)	
David James Green	
Peter Aston Levett	
Itumeleng Unathi Mothibeli	Appointed Tuesday, 06 July 2021
Jacqueline Rouxanne van Niekerk	Appointed Tuesday, 06 July 2021
Steven Brown	Appointed Tuesday, 06 July 2021
Thanduxolo Selby Sishuba	Appointed Tuesday, 06 July 2021
Khotso Matsau	Resigned Thursday, 27 May 2021
Ipeleng Nonkululeko Mkhari	Resigned Thursday, 27 May 2021
Melt Hamman	Resigned 26 May 2021

There have been changes to the directorate for the period under review.

## 4. Going concern

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.

## 5. Events after the reporting period

The directors are not aware of any significant matter or circumstance arising since the end of the financial year and the reporting date, that would materially impact the financial statements.

## 6. Directors' interests in contracts

No material contracts in which directors have an interest were entered into in the current year, which might have a material impact on the reported results.

## 7. Authorised and issued share capital

The company has no share capital as it is a non-profit company in terms of the Companies Act of South Africa.

## 8. Public Officer

The company secretary is NA Gopal of:

<b>Postal address</b>	PO Box 78544 Sandton 2146
<b>Business address</b>	WeWork Office The Link 173 Oxford Road Rosebank 2190

## 9. Secretary

The secretary of the company is NA Gopal.

# INDEPENDENT AUDITOR'S REPORT

## Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the Companies Act of South Africa.

To the Members of South African Property Owners Association NPC

## Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of South African Property Owners Association NPC (the Company) as at 31 December 2021, 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.

## What we have audited

South African Property Owners Association NPC's financial statements set out on pages 29 to 43 comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

## Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "South African Property Owners Association NPC financial statements for the year ended 31 December 2021", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

# INDEPENDENT AUDITOR'S REPORT

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 identified above 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 directors for the financial statements

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Inc.  
Director: S Akoojee  
Registered Auditor  
Johannesburg, South Africa  
21 April 2022

# STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2021

	Note(s)	2021 R	2020 R
<b>Assets</b>			
Non-Current Assets			
Property, plant and equipment	2	172 462	694 248
<b>Current Assets</b>			
Inventories	3	44 971	45 307
Trade and other receivables	4	3 075 693	3 026 206
Cash and cash equivalents	5	19 027 738	16 014 077
		<b>22 148 402</b>	<b>19 085 590</b>
<b>Total Assets</b>			
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained income		<b>13 291 284</b>	<b>11 224 386</b>
<b>Liabilities</b>			
Current Liabilities			
Trade and other payables	6	2 977 217	3 434 798
Prepaid subscriptions		6 052 363	5 120 654
		<b>9 029 580</b>	<b>8 555 452</b>
<b>Total Equity and Liabilities</b>			
		<b>22 320 864</b>	<b>19 779 838</b>

# STATEMENT OF COMPREHENSIVE INCOME

## Revenue

Direct cost of revenue income

## Gross profit

Other income

Operating expenses

## Operating profit (loss)

Investment revenue

Profit and loss on investment

## Profit / (loss) for the year

Other comprehensive income

## Total comprehensive income / (loss) for the year

Note(s)	2021 R	2020 R
8	16 482 995	14 686 505
9	(3 799 397)	(3 685 257)
	<b>12 683 598</b>	<b>11 001 248</b>
10	701 816	1 719 305
11	(12 101 980)	(14 888 822)
	<b>1 283 434</b>	<b>(2 168 269)</b>
13	643 535	985 765
	139 929	(138 570)
	<b>2 066 898</b>	<b>(1 321 074)</b>
	-	-
	<b>2 066 898</b>	<b>(1 321 074)</b>

# STATEMENT OF CHANGES IN EQUITY

## Balance at 01 January 2020

Loss for the year

Other comprehensive income

## Total comprehensive loss for the year

## Balance at 01 January 2021

Profit for the year

Other comprehensive income

## Total comprehensive income for the year

## Balance at 31 December 2021

	Retained income R	Total equity R
Balance at 01 January 2020	12 545 460	12 545 460
Loss for the year	(1 321 074)	(1 321 074)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(1 321 074)</b>	<b>(1 321 074)</b>
<b>Balance at 01 January 2021</b>	<b>11 224 386</b>	<b>11 224 386</b>
Profit for the year	2 066 898	2 066 898
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>2 066 898</b>	<b>2 066 898</b>
<b>Balance at 31 December 2021</b>	<b>13 291 284</b>	<b>13 291 284</b>

# STATEMENT OF CASH FLOWS

## Cash flows from operating activities

Cash generated from (used in) operations

Interest income

### Net cash from operating activities

## Cash flows from investing activities

Purchase of property, plant and equipment

Sale of property, plant and equipment

### Net cash from investing activities

## Total cash and cash equivalents movement for the year

Cash and cash equivalents at the beginning of the year

### Total cash and cash equivalents at end of the year

Note(s)	2021 R	2020 R
15	2 313 798	(2 457 588)
	643 535	985 765
	<b>2 957 333</b>	<b>(1 471 823)</b>
2	-	(346 597)
2	56 328	-
	<b>56 328</b>	<b>(346 597)</b>
	<b>3 013 661</b>	<b>(1 818 420)</b>
	16 014 077	17 832 497
5	<b>19 027 738</b>	<b>16 014 077</b>

## 1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared in accordance and compliance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, 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

In preparing the financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual result in the future could differ from these estimates which may be material to the financial statements. There is no estimation uncertainty applied and significant judgements in preparing the financial statements.

### 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.

Property, plant and equipment is initially measured at cost.

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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. All other repairs and maintenance are charged to profit and loss during the period in which they are incurred.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment loss.

Depreciation on property, plant and equipment is provided using the straight-line method to write down the cost, less estimated residual value over the useful lives of items of property, plant and equipment, which is as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 years
Office equipment	Straight line	6.67 years
Computer equipment	Straight line	3 years
Leasehold improvements	Straight line	5 years
Regalia	Straight line	6.67 years

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

The residual value, depreciation method and useful life of each asset are reviewed and adjusted prospectively, if appropriate, if there are indicators present that there has been a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit and loss in the period.

## 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. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest 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 cost*

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

## 1.4 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:

- D 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
- D 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.

## 1.5 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the weighted average cost basis.

The cost of merchandise inventory comprises packing costs and other direct costs. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell, the impairment loss is recognised immediately in profit or loss.

Inventories are not specifically held for resale, rather for use during the operations of the company.

## 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

The company does not have equity instruments in issue or authorised as per Companies act.

Retained income related to prior year surpluses and deficits and is used solely for the operations of the company and not for redistribution.

## 1.8 Employee benefits

### *Short-term employee benefits*

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

### *Defined contribution plans*

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

### *Termination benefits*

Termination benefits are recognised as an expense with its resulting liability when the entity is demonstrably committed either:

- to terminate the employment of an employee or group of employees before the normal retirement date; or
- to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The termination benefits are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date.

## 1.9 Revenue

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts.

## 1.9 Revenue (continued)

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;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- 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.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

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

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.

## 1.11 Foreign exchange Foreign currency transactions

Items included in the annual financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The annual financial statements are presented in 'South African Rand' ("R"), which is the Company's functional and presentation currency.

Translations in foreign currency are revalued on the date of the translation to the functional currency using the spot rate on that date. Monetary items, such as receivables and payables are restated at reporting date using the spot rate at that date.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. Property, plant and equipment

	2021 R			2020 R		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	148 477	(135 105)	13 372	840 213	(783 948)	56 265
Office equipment	232 091	(187 966)	44 125	276 028	(199 708)	76 320
IT equipment	2 365 757	(2 250 792)	114 965	2 672 890	(2 114 161)	558 729
Leasehold improvements	-	-	-	817 298	(817 298)	-
Regalia	40 875	(40 875)	-	40 875	(37 941)	2 934
<b>Total</b>	<b>2 787 200</b>	<b>(2 614 738)</b>	<b>172 462</b>	<b>4 647 304</b>	<b>(3 953 056)</b>	<b>694 248</b>

### Reconciliation of property, plant and equipment - 2021

	Opening balance	Disposals	Depreciation	Closing balance
Furniture and fixtures	56 265	(24 369)	(18 524)	13 372
Office equipment	76 320	-	(32 195)	44 125
IT equipment	558 729	(3 737)	(440 027)	114 965
Regalia	2 934	-	(2 934)	-
	<b>694 248</b>	<b>(28 106)</b>	<b>(493 680)</b>	<b>172 462</b>

### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	84 916	-	(28 651)	56 265
Office equipment	102 609	3 495	(29 784)	76 320
IT equipment	729 586	343 102	(513 959)	558 729
Regalia	9 065	-	(6 131)	2 934
	<b>926 176</b>	<b>346 597</b>	<b>(578 525)</b>	<b>694 248</b>

The depreciation charged to the statement of comprehensive income during the year amounted to R493 680 (2020: R578 525).

# NOTES TO THE FINANCIAL STATEMENTS

## 3. Inventories

	2021 R	2020 R
Merchandise	44 971	45 307

## 4. Trade and other receivables

Trade receivables	1 642 532	1 793 307
Prepayments	1 433 161	1 235 172
Provision for bad debt	-	(2 273)
	<b>3 075 693</b>	<b>3 026 206</b>

## 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	324	3 788
Bank balances	5 051 692	2 763 676
Short-term deposits	13 975 722	13 246 613
	<b>19 027 738</b>	<b>16 014 077</b>

Investment from profit/loss is derived from a specialist fixed-income fund that aims to deliver lower volatility than a traditional bond fund. The investment is classified as cash and cash equivalents as it is designed for an investment term of 6 months or longer and the fund has a 2-5 day liquidity profile.

## 6. Trade and other payables

Trade payables	401 733	1 079 729
Amounts received in advance	19 380	576 840
Receiver of Revenue - Value Added Tax	2 261 362	1 574 636
Deferred lease liability	-	10 870
Accrued expense	294 742	192 723
	<b>2 977 217</b>	<b>3 434 798</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 7. Categories of financial instruments

### Debt instruments at amortised cost

	2021 R	2020 R
Trade and other receivables	1 642 532	1 791 034
Cash and cash equivalents	19 027 738	16 014 077
	<b>20 670 270</b>	<b>17 805 111</b>

### Financial liabilities at amortised cost

Trade and other payables	696 475	1 272 452
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## 8. Revenue

Research	523 375	-
Educational and event revenue	2 657 011	1 140 863
Publication revenue	6 944	110 452
Subscriptions	13 295 665	13 435 190
	<b>16 482 995</b>	<b>14 686 505</b>

## 9. Cost of sales

### Rendering of services

Cost of services	1 217 794	691 502
Advocacy research and planning development	2 581 603	2 993 755
	<b>3 799 397</b>	<b>3 685 257</b>

## 10. Other income

Profit on sale of assets and liabilities	28 222	-
Bad debt recovered	-	82 088
Advocacy fund	659 455	1 615 000
Other income	14 139	22 217
	<b>701 816</b>	<b>1 719 305</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 11. Expense by nature

	2021 R	2020 R
Auditors remuneration	223 091	230 661
Bad debts	-	400
Depreciation	493 680	578 525
Direct cost of revenue	3 799 397	3 685 257
Employee costs	8 705 094	10 479 841
Lease rentals on operating lease	927 085	1 399 613
Legal expenses	68 702	179 973
Marketing	483 728	468 601
Other expenses	-	247 756
Planning and development expenses	-	211 951
Property charter contribution	100 000	226 000
Research	-	942 430
Travel	73 248	61 641
Total direct cost of revenue income, distribution costs and administrative expenses	<b>14 874 025</b>	<b>18 712 649</b>

The planning and development expenses and research forms part of direct cost of revenue in 2021.

## 12. Employee costs

### Employee costs

Basic salary	7 722 530	9 390 010
Provident Fund and medical aid contributions	982 564	1 089 831
	<b>8 705 094</b>	<b>10 479 841</b>

## 13. Finance income

### Interest revenue

Interest on short term bank deposits	643 535	985 765
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## 14. Taxation

No provision has been made for 2021 tax as the company is exempt from SA normal tax in terms of Section 10(1)(d)(iv)(bb) of the Income Tax of South Africa.

# NOTES TO THE FINANCIAL STATEMENTS

## 15. Cash generated from (used in) operations

	2021 R	2020 R
Profit /(loss) before taxation	2 066 898	(1 321 074)
<b>Adjustments for:</b>		
Depreciation	493 680	578 525
Profit on sale of assets	(28 222)	-
Interest received	(643 535)	(985 765)
<b>Changes in working capital:</b>		
Inventories	336	(5 256)
Trade and other receivables	(49 487)	598 508
Trade and other payables	(457 581)	(504 846)
Prepaid subscriptions	931 709	(817 680)
	<b>2 313 798</b>	<b>(2 457 588)</b>

## 16. Commitments

### Operating leases – as lessee (expense)

Minimum lease payments due		
- within one year	570 440	598 340
- in second to fifth year inclusive	95 060	158 140
	<b>665 500</b>	<b>756 480</b>

A 1 year lease was signed with WeWork The Link from 1 March 2021 and renewed for 12 months to February 2023. There is monthly lease arrangement for storage and parking in addition to the lease on premises.

The various office equipment leases run for 1 - 5 years with no annual escalation clause. No contingent rent is payable.

# NOTES TO THE FINANCIAL STATEMENTS

## 17. Related parties

### Relationships

Director with significant influence in the SAPOA Bursary Fund Trust following entity:

#### Directors

DJ Green  
NA Gopal  
PA Levett  
MF Kekana  
AJ König  
IU Mothibeli  
JR van Niekerk  
S Brown  
TS Sithuba

### Related party balances and transactions with other related parties

#### Related party balances

	2021 R	2020 R
<b>Loan accounts - Owing (to) by related parties</b>		
Propertiq	-	8 694
<b>Related party transactions</b>		
<b>Reimbursements received from related party</b>		
SAPOA Bursary Fund Trust	310 446	128 107
<b>Membership fees received from related party</b>		
Propertiq	-	8 694

# NOTES TO THE FINANCIAL STATEMENTS

## 18. Directors' and prescribed officer's remuneration

### Executive

Director's emoluments	Emoluments	Bonuses and other	Pension	Total
<b>2021</b>				
Executive Director	2 232 310	656 518	399 163	3 287 991
<b>2020</b>				
Executive Director	2 126 267	156 314	380 155	2 662 736

## 19. Going concern

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.

## 20. Events after the reporting period

The directors are not aware of any significant matter or circumstance arising since the end of the financial year and the reporting date, that would materially impact the financial statements.

# DETAILED INCOME STATEMENT

	Note(s)	2021 R	2020 R
<b>Revenue</b>			
Sale of goods		523 375	-
Educational activities		2 657 011	1 140 863
Subscriptions		13 295 665	13 435 190
Publication revenue		6 944	110 452
	<b>8</b>	<b>16 482 995</b>	<b>14 686 505</b>
<b>Direct cost of revenue income</b>			
Educational activities		(1 217 794)	(691 502)
Advocacy research and planning development		(2 581 603)	(2 993 755)
	<b>9</b>	<b>(3 799 397)</b>	<b>(3 685 257)</b>
<b>Gross profit</b>		<b>12 683 598</b>	<b>11 001 248</b>
<b>Other income</b>			
Bad debt recovered		-	82 088
Advocacy fund		659 455	1 615 000
Other income		14 139	22 217
<b>Gains on disposal of assets</b>		<b>28 222</b>	<b>-</b>
		<b>701 816</b>	<b>1 719 305</b>
<b>Expenses (Refer to page 24)</b>		<b>(12 101 980)</b>	<b>(14 888 822)</b>
<b>Operating profit (loss)</b>		<b>1 283 434</b>	<b>(2 168 269)</b>
Interest received	13	643 535	985 765
Profit and loss on investment		139 929	(138 570)
		<b>783 464</b>	<b>847 195</b>
<b>Profit (loss) for the year</b>		<b>2 066 898</b>	<b>(1 321 074)</b>

# DETAILED INCOME STATEMENT

	Note(s)	2021 R	2020 R
<b>Operating expenses</b>			
Auditors remuneration		(223 091)	(230 661)
Bad debts		-	(400)
Bank charges		(22 209)	(24 663)
Committee meetings		-	(25 060)
Computer expenses		(383 089)	(319 683)
Consulting and professional fees		(48 560)	(90 364)
Depreciation		(493 680)	(578 525)
Employee costs		(8 705 094)	(10 479 841)
General expense		(111 584)	(109 772)
Insurance		(78 277)	(85 076)
Internet		(46 806)	(96 581)
Lease rentals on operating lease		(927 085)	(1 399 613)
Legal expenses		(68 702)	(179 973)
Marketing		(483 728)	(468 601)
Postage		(1 945)	(23 844)
Printing and stationery		(16 570)	(23 209)
Property charter contribution		(100 000)	(226 000)
Public relations		(20 049)	(101 984)
Publication subscriptions		(1 787)	(2 268)
Repairs and maintenance		-	(40 987)
Staff training		(134 585)	(145 392)
Subscriptions		(90 153)	(91 730)
Telephone and fax		(59 115)	(61 594)
Travel - local		(73 248)	(61 641)
Workmen's compensation		(12 623)	(21 360)
		<u>(12 101 980)</u>	<u>(14 888 822)</u>







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