



**SAPOA**  
SOUTH AFRICAN PROPERTY  
OWNERS ASSOCIATION

# ANNUAL REPORT

# 20

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# GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The entity promotes the interests of property owners 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.
Directors	David James Green (President) Andrew Joseph König (President Elect) Nilesh Ambaram Gopal (Chief Executive Officer) Ipeleng Nonkululeko Mkhari (Immediate Past President) Peter Aston Levett Zola Nwabisa Malinga Noel Mashaba Vuyani Wellington Hako Malose Frans Kekana Melt Hamman Khotso Matsau Nnema Ugwuegbu Byrd Werner Mulder
Business address	Registered office Paddock View Building Hunts End Office Park 36 Wierda Road West Wierda Valley Sandton 2196
Postal address	Paddock View Building Hunts End Office Park 36 Wierda Road West Wierda Valley Sandton 2196
Bankers	PO Box 78544 Sandton 2146
Auditors	First National Bank
Public officer	PricewaterhouseCoopers Inc.
Secretary	NA Gopal
Company registration number	NA Gopal
Level of assurance	1966/008959/08
Preparer	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
	The financial statements were independently compiled by: Marlice Bosho CA (SA) Under the supervision of Susan du Toit (Finance and Admin Manager).



## Message from SAPOA President: DAVID GREEN



It is a great honour to still be at the helm of SAPOA as its President under difficult times.

We have never experienced an event with such a drastic impact on how we live and work as the COVID-19 pandemic. Now more than ever, we must do the right things and be prepared to take steps beyond what we are typically required to do.

The role of private sector leaders, either individually or collectively through associations such as SAPOA and business groups, is to engage with government on national, and local levels and examine joint priorities.

As an active member-driven organisation, SAPOA drives the agenda of the South African property industry and its supporting services, and is committed to actively and responsibly represent, protect and advance your commercial property interest within the property industry.

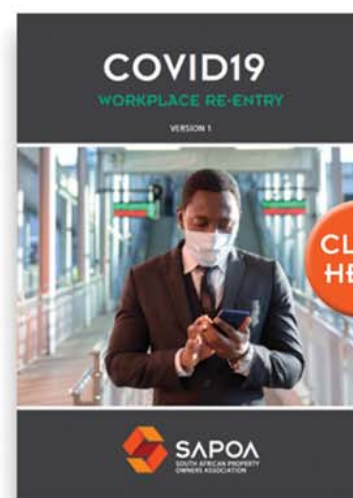
SAPOA plays a dynamic role regarding understanding the pressure points within each sector of the property industry, to see where it can add the most value in the most effective way and promotes the interests of its members by:

- > representing them on matters affecting the property industry at national and local government levels
- > providing a continuous program of educational activities,
- > organising seminars, workshops and conventions on matters of topical interest

In the face of this unprecedented situation, SAPOA remains committed to doing what's right for our Industry. We are continuously taking steps to protect our Industry, constantly monitoring the COVID-19 virus and adjusting to any changes in policy and other restrictions and their impact on our members.

There is a lot of work left to do, but I have faith that we are up to the challenge. By working together, sharing together, and supporting one another, our Industry will come through this a stronger and more united community.

We are proud of the work done to keep the organization going despite great challenges and obstacles. We will continue to help our members and we trust that we have provided immense help and guidance to the Industry during these difficult times.



We already have dozens of coronavirus-related resources for you at [www.sapoa.org.za](http://www.sapoa.org.za)



We would like to thank [Resilient Reit Ltd](#) for their One Million Rand contribution towards SAPOA's Covid-19 initiatives, without which none of this would be possible!

# VISION & MISSION

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SAPOA aims to be a nationally accepted and internationally recognised leading property association. SAPOA's mission is to be committed to actively and responsibly represent, protect and advance our members' commercial property interests within the property industry.



## SERVICES

- > Monitoring legislation and lobbying government
- > Industry Reports and data
- > Access to the industry's latest information through the SAPOA website: [www.sapoa.org.za](http://www.sapoa.org.za)
- > Opportunities to participate on various committees, created to discuss matters of concern to the industry
- > The Annual International Convention and Property Exhibition
- > Professionally designed educational programmes
- > Workshops, breakfast sessions, networking functions and golf days



SAPOA publishes regular research on a continuous basis. The organisation is intensely involved in the collection and the dissemination of property data and statistics. Research reports provide ease and cost effective access to accurate, up-to-date research that can be used by industry makers.

SAPOA research is conducted through various strategic partnerships with private and public sector formations.



## Regularly Published Research Reports

- > Retail Trends Report
- > Office Vacancy Survey
- > The Role And Impact Of The Commercial Property Sector
- > The Economic Impact. Commercial Real Estate Sector. SA Economy
- > Industrial Vacancy Survey
- > Operating Cost Report
- > Municipal Service Costs Analysis
- > Legal Update. Report To SAPOA Members
- > Rates And Taxes Report
- > Cap And Discount Rate Report

## INDUSTRY AFFILIATIONS

**SAPOA has formed strong affiliations with key industry stakeholders.  
It has long-standing partnerships with various organisations including:**

<b>AFRES</b> The African Real Estate Society	<b>GPG</b> Gauteng Provincial Government	<b>SACSC</b> South African Council of Shopping Centres
<b>BCA</b> Black Conveyancing Association	<b>JPOMA</b> Johannesburg Property Owners and Managers Association	<b>SACN</b> SA Cities Network
<b>BCO</b> British Council of Offices	<b>HLCBT</b> Kruger Lowveld Chamber of Business and Tourism	<b>SACPLAN</b> South African Council for Planners
<b>BOMA</b> Building Owners and Managers Association (USA)	<b>NT</b> National Treasury	<b>SAIV</b> The South African Institute of Valuers
<b>BPF</b> British Property Federation	<b>PCA</b> The Property Council of Australia	<b>SAIBPP</b> South African Institution of Black Property Practitioners
<b>CESA</b> Consulting Engineers South Africa	<b>PCNS</b> Property Council of New Zealand	<b>SAPI</b> South African Planning Institute
<b>COGTA</b> Department of Cooperative Governance and Traditional Affairs	<b>PCNZ</b> Property Council of New Zealand	<b>SAPVIA</b> South African Photovoltaic Industry Association
<b>DPW</b> Department of Public Works	<b>PSCC</b> The Property Sector Charter Council	<b>SSETA</b> South African Planning Institute
<b>EAAB</b> Estate Agency Affairs Board	<b>SAREIT</b> South African Real Estate Investment Trust	<b>ULI</b> Urban Property Institute
<b>GBCSA</b> Green Building Council of South Africa	<b>RICS</b> Royal Institution of Chartered Surveyors	<b>WPN</b> Women's Property Network

Through these relationships and the backing of a number of research and analysis listed property groups, residential property groups, urban regeneration associations and local online resources, SAPOA has a wealth of information at its fingertips, which it is able to share, to inform and to enlighten its members. Global connection such as the Building Owners Managers Association (BOMA) also ensure that SAPOA has its finger on the pulse of the international property market.

# EDUCATION, TRAINING AND DEVELOPMENT

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The Association provides continued growth and development opportunities to its members and the property industry at large by hosting informative, crucial and current workshops, webinars and seminars, on the latest industry developments. One of the Association's aim in 2016, as with previous years, was to provide professionally designed, globally competitive educational programmes to introduce prospective students to the commercial and industrial property sector as well as to empower working professionals with tools to forge ahead in their companies.

SAPOA achieved this goal of increasing the pool of well equipped industry professionals by providing study opportunities through its accredited flagship educational programmes offered in collaboration with leading universities in the country. Some of the universities SAPOA collaborates within its programmes include the University of Cape Town Graduate School of Business, University of the Witwatersrand, University of Pretoria. SAPOA continued to forge relationships to address the scarce and critical skills of our country.

Graduates of SAPOA programmes such as the Commercial Property Management (CPM), the Property Development Programme (PDP), Public Sector Property Programme (PSPP) and others were deservedly honoured in graduation ceremonies held by SAPOA and institutions that collaborated in offering the various courses across the country.

## THE BLUEPRINT FOR REAL ESTATE EDUCATION

SAPOA partners with South African Universities for all real estate courses.

The educational efforts of SAPOA are aimed at:

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

## Flagship SAPOA Educational Courses Include:



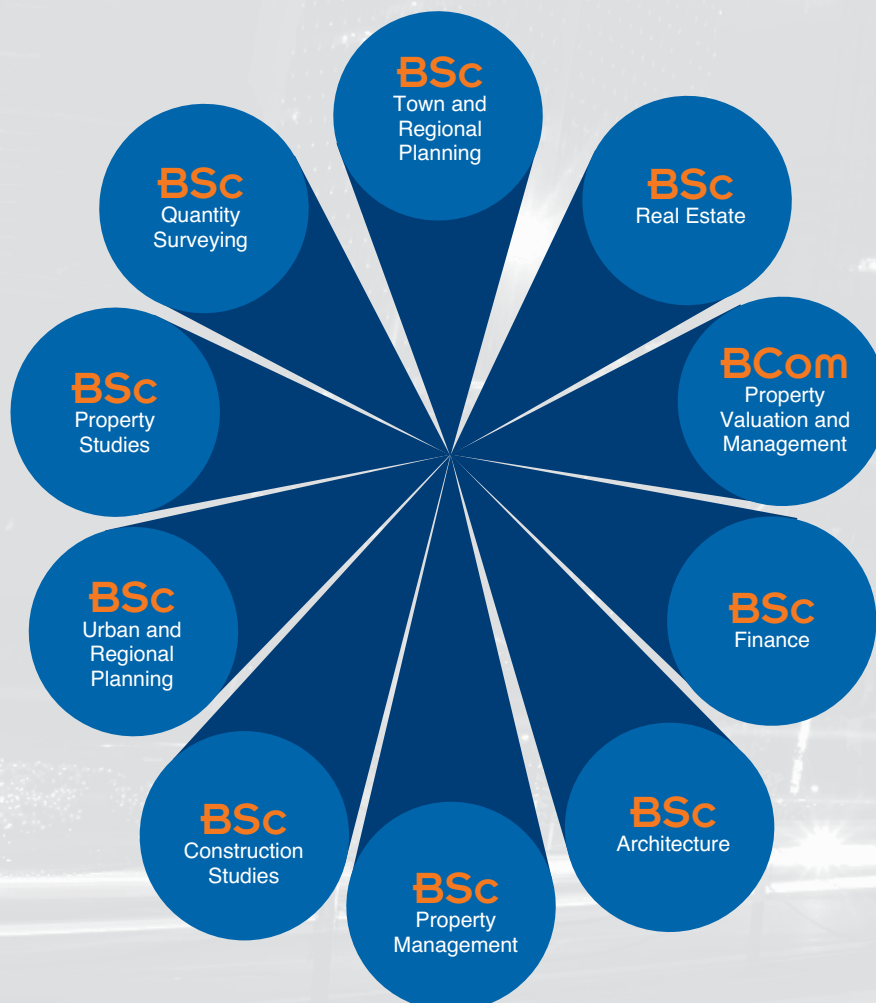
## EDUCATION, TRAINING AND DEVELOPMENT (continued)

The SAPOA Bursary Fund is another tool that the Association implements in order to attract motivated youths to join the commercial property sector and increase the skills pool and support the Industry through educated Human Resources.

In an effort to promote transformation, redress the past, promote the property sector to youths and address the current and future skills shortage, SAPOA focused intensely on its Bursary Fund by providing deserving university students with study bursaries. Together with its member partners, SAPOA manages the Bursary Fund and seeks to award only the most promising and deserving candidates.

The Bursary Fund, which is accessible to students who are pursuing full-time study in South African universities, continues to be a game changer in the education and development of future property leaders.

### The qualifications which the Bursary Fund recognises include:



## SAPOA BURSARY SCHEME

Objectives of the SAPOA Bursary Scheme:

- > To transform the commercial property industry in South Africa.
- > Provide disadvantaged people property related education and entrance to the commercial property industry.
- > Promote the Commercial Property Industry at both school and tertiary levels to ensure growth into the future.
- > Address the current and future skills shortage in the Commercial Property Industry.

Areas of Study:

SAPOA offers bursaries to full time South African University and university of technology studies in the following disciplines:

**BSc Property Studies**  
**BSc Urban and Regional Planning**  
**BSc Constructional Studies**  
**BSc Quantity Surveying**  
**BSc Town and Regional Planning**  
**BSc Property Management**  
**BSc Real Estate**  
**Bcom Property Valuation and Management**  
**ND Real Estate**  
**BSc Architecture**



## SSETA SAPOA BURSARY

To date, over 40 students have graduated from the SAPOA Bursary Fund programme and are gainfully employed in the corporate sector with the majority in the property industry. Currently the programme has 25 students that are also supported with mentoring.

In 2015, the Services SETA (SSETA) partnered with SAPOA to offer students bursaries. Over four years, students across three provinces were sponsored to pursue property related qualifications.

As the SSETA SAPOA Bursary Project draws to a close; we celebrate the impact it has made in the lives of the students that are completing their qualifications at the end of 2019.

Education, training and development initiatives are the backbone of the Association and assist in the quest for an improved built environment landscape.

## NETWORKING AND INDUSTRY PARTICIPATION

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# THE SAPOA ANNUAL INTERNATIONAL CONVENTION & PROPERTY EXHIBITION

South Africa's leading event for the property industry is the place to be seen, do business, learn and network. This powerful and executive marketing forum offers you various opportunities to convey your marketing messages to the people who drive our industry.

**For more information on the convention visit:**  
[www.sapoa.org.za/convention](http://www.sapoa.org.za/convention)

### NETWORKING FUNCTIONS

SAPOA considers itself to be a family, in order to ensure growth and vitality within the industry it encourages networking between all members as well industrial leaders. Knowledge sharing at such a high level has contributed significantly to SAPOA being recognised as the Voice of the Commercial Property Industry of South Africa.

SAPOA creates substantial networking opportunities through such events such as Convention, Workshops, Breakfast Sessions and Golf days.



## PRESIDENT'S AND CEO'S REPORT



**Neil Gopal**  
Chief Executive Officer  
and Public Officer



**David Green**  
President

Revenue for the 2019 year was R32.2 million, down by 25% compared to 2018, while retained earnings decreased by 16% to R12.5 million.

**Over the last few years, SAPOA has contributed the following for the benefit of the industry:**

- R 1 million towards the establishment of the Green Building Council of South Africa;
- R 255 thousand towards the Business Against Crime initiative;
- R 2.9 million towards the Property Sector Charter contributions to date;
- R 2 million towards the SAPOA Bursary Fund;
- R 16.3 million spent since 2010 Legal and Town Planning and Development expenses;
- R 1.2 million spent since 2014 for the Meet the Mayor campaign; and
- R 13.4 million towards the Research reports.

SAPOA has yet again received an unqualified audit from PwC.



# PRESIDENT'S AND CEO'S REPORT (continued)

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Over the last few years, SAPOA has contributed the following for the benefit of the industry:

Establishment  
of the Green  
Buildings  
Council of SA

R 1,000,000

Legal and Town  
Planning and  
Development  
expenses since 2010

R 16,300,000

Business Against  
Crime Initiative

R 255,000

Meet the Mayor  
campaign since  
2014

R 1,200,000

Property Sector  
Charter contributions  
to date

R 2,900,000

Cost of Research  
reports

R 13,400,000

SAPOA  
Bursary Fund

R 2,000,000





# Financials

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

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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 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 sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 2020 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.

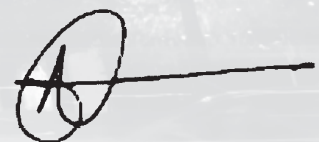
The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 24 to 26.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the board of directors's and committees of the board. The directors's believe that all representations made to the independent auditors during their audit are valid and appropriate.

The financial statements set out on pages 27 to 39, which have been prepared on the going concern basis, were approved by the board on 25 June 2020 and were signed on its behalf by:



Director  
**DJ Green (President)**



Director  
**NA Gopal (Chief Executive Officer)**

The directors submit their report for the year ended 31 December 2019:

## 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.

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

Net loss of the company was R 2,319,908 (2018: Net profit R 2,186,448).

## 3. DIRECTORS

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

Directors	Changes
NA Gopal (Chief Executive Officer)	
AJ König (President Elect)	
DJ Green (President)	
PA Levett	
IN Mkhari	
VW Hako	
NU Byrd	Resigned: 28 November 2019
ZN Malinga	
N Mashaba	
MF Kekana	
K Matsau	
W Mulder	Resigned: 1 September 2019
M Hamman	Appointed: 28 November 2019

## 4. GOING CONCERN

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the 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 other 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 the 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:

Postal address                      PO Box 78544  
   Sandton  
   2146

Business address                      Paddock View Building  
   Hunts End Office Park  
   36 Wierda Road West  
   Wierda Valley  
   Sandton  
   2196

## **9. SECRETARY**

The secretary of the company is NA Gopal.

## **10. AUDITORS**

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

# BOARD OF DIRECTORS 2019

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**DAVID GREEN**  
Director,  
ProAfrica Properties  
*SAPOA President*



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



**NEIL GOPAL**  
Chief Executive Officer,  
*SAPOA*



**IPELENG MKHARI**  
Chief Executive Officer,  
Motseng Investment Holdings  
*SAPOA Immediate  
Past President*



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



**ZOLA MALINGA**  
Co-founder &  
Executive Director,  
Jade Capital Partners



**NOEL MASHABA**  
Executive Chairman,  
GladAfrica Group



**VUYANI HAKO**  
Executive Head,  
PIC Properties



**MALOSE KEKANA**  
Group Chief Executive  
Officer, Pareto Limited



**MELT HAMMAN**  
Chief Executive Officer,  
Attacq



**KHOTSO MATSAU**  
Managing Member,  
Lalela Properties



**NNEMA BYRD**  
Investment Principal,  
STANLIB Africa Direct  
Property Development Fund



**WERNER MULDER**  
Head: Sustainability,  
Attacq



## NATIONAL COUNCILORS

David Green	Chief Executive Officer, ProAfrica Property Services	<i>SAPOA President</i>
Neil Gopal	Chief Executive Officer	<i>SAPOA</i>
Lilian Barnard	Metope Investment Managers	<i>SAPOA REIT Committee</i>
Londiwe Mthembu	Abland	<i>SAPOA Education, Training &amp; Development Committee</i>
Neil Gopal	Chief Executive Officer	<i>SAPOA Government Liaison Committee</i>
Stephanie Ainsworth	City Property Admin	<i>SAPOA Legal Committee</i>
Elaine Wilson	Broll Commercial Property Services Company	<i>SAPOA Research Committee</i>
Nicole Baumgarten	Broll Property Group	<i>SAPOA Convention Committee</i>
Marita Meyer	Niche Properties Commercial	<i>SAPOA Brokers Committee</i>
Zinon Marinakos	DSA Architects International	<i>SAPOA Awards Committee</i>
Richard Bennet	iProp Proprietary Limited	<i>SAPOA National Developers Forum Committee</i>
Musa Ngcobo	Thelma Ngcobo & Associates	<i>SAPOA Property Charter Alignment Committee</i>
	VACANT POSITION	<i>SAPOA Method of Measuring Floor Areas Committee</i>
Werner Mulder	Energy Partners	<i>SAPOA Sustainability Committee</i>

## REGIONAL COUNCILORS

Johan Burger	Independent Consultant	<i>SAPOA East London Regional Councillor</i>
Mark Bakker	Bruce McWilliams Industries	<i>SAPOA Port Elizabeth Regional Councillor</i>
Simon Nicks	CNdV Africa	<i>SAPOA Western Cape Regional Councillor</i>
Paul Altenroxel	Knottrox Property Trust	<i>SAPOA Limpopo Regional Councillor</i>
Bernadette Khumalo	AKTIV Property Development	<i>SAPOA Kwa-Zulu Natal Regional Councillor</i>
Derek Todd	Kellaprinse Properties	<i>SAPOA Mpumalanga Regional Councillor</i>

# PAST PRESIDENTS



1966 - 1970	A J van Riet	1999 - 2000	Banus van der Walt
1970 - 1972	Dough B Hoffe	2000 - 2001	Chris du Toit
1972 - 1974	M A Bezuidenhout	2001 - 2002	Anthony Diepenbroek
1974 - 1976	G R L Canning	2002 - 2003	Papi Mphahlele
1976 - 1978	Corne P de Leeuw	2003 - 2004	Gerhard van Zyl
1978 - 1979	Murray Hofmeyr	2004 - 2005	Lynette Finlay
1979 - 1981	Gert Hugo	2005 - 2006	TC Chetty
1981 - 1983	Bob Levitt	2006 - 2007	Alex Phakathi
1983 - 1984	P J A Moolman	2007 - 2008	Marna vd der Walt
1984 - 1985	A M Buss	2008 - 2009	Ben Kodisang
1985 - 1987	R D Walker	2009 - 2010	Warren Schultze
1987 - 1988	Ronnie Masson	2010 - 2011	Samuel Ogbu
1988 - 1989	Robin Vorster	2011 - 2012	Kevin Roman
1989 - 1991	Erik R Field	2012 - 2013	Dr Sedise Moseneke
1991 - 1993	Derek Stuart-Findlay	2013 - 2014	Estienne de Klerk
1993 - 1994	Hendrik Bester	2014 - 2015	Amelia Beattie
1994 - 1995	Colin Steyn	2015 - 2016	Michael Deighton
1995 - 1996	Gordon Hibbert	2016 - 2017	Nomzamo Radebe
1996 - 1997	Tiny Barnetson	2017 - 2018	Peter Levett
1997 - 1998	Nick Harris	2018 - 2019	Ipeleng Mkhari
1998 - 1999	Anton Musgrave		



# INDEPENDENT AUDITOR'S REPORT

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 2019, 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 31 to 43 comprise:

- > the statement of financial position as at 31 December 2019;
- > the statement of profit or loss and other 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;
- > the accounting policies; and
- > the notes to the financial statements.

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



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTH AFRICAN PROPERTY OWNERS ASSOCIATION NPC

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## 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 2019", 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.

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.



## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTH AFRICAN PROPERTY OWNERS ASSOCIATION NPC

(continued)

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

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

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

PricewaterhouseCoopers Inc.  
Director: S Akoojee  
Registered Auditor  
Johannesburg  
25 June 2020

# STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

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	Notes	2019 R	2018 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	926,176	1,054,789
<b>Current Assets</b>			
Inventories	3	40,051	42,338
Trade and other receivables	4	3,624,713	4,728,400
Cash and cash equivalents	5	17,832,497	19,016,417
		21,497,261	23,787,155
<b>Total Assets</b>		<b>22,423,437</b>	<b>24,841,944</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained income		12,545,460	14,865,368
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	6	3,939,643	3,535,637
Prepaid Subscriptions		5,938,334	6,440,939
		9,877,977	9,976,576
<b>Total Equity and Liabilities</b>		<b>22,423,437</b>	<b>24,841,944</b>

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2019 R	2018 R
Revenue	7	32,199,555	43,199,129
Direct cost of revenue income	9	(15,323,234)	(22,091,028)
Gross profit		16,876,321	21,108,101
Other income	8	1,348,579	608,684
Operating expenses	9	(21,889,916)	(21,012,426)
Operating (loss) profit		(3,665,016)	704,359
Finance income	10	1,345,108	1,482,089
(Loss) profit for the year		(2,319,908)	2,186,448
Other comprehensive income		-	-
Total comprehensive (loss) income for the year		(2,319,908)	2,186,448



# STATEMENT OF CHANGES IN EQUITY

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	Retained income R	Total equity R
Balance at 1 January 2018	12.678,920	12.678,920
Profit for the year	2,186,448	2,186,448
Balance at 1 January 2019	14,865,368	14,865,368
Loss for the year	(2,319,908)	(2,319,908)
<b>Balance at 31 December 2019</b>	<b>12,545,460</b>	<b>12,545,460</b>

# STATEMENT OF CASH FLOWS

	Notes	2019 R	2018 R
Cash flows from operating activities			
Cash (used in) generated from operations	13	(1,915,080)	439,639
Finance income		1,345,108	1,482,089
Net cash from operating activities		<u>(569,972)</u>	<u>1,921,728</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	<u>(613,947)</u>	<u>(329,608)</u>
Net (decrease)/increase in cash and cash equivalents for the year		(1,183,920)	1,592,120
Cash and cash equivalents at the beginning of the year		<u>19,016,417</u>	<u>17,424,297</u>
Cash and cash equivalents at end of the year	5	<u>17,832,497</u>	<u>19,016,417</u>

## 1. PRESENTATION OF FINANCIAL STATEMENTS

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 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. These instruments 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.

#### Trade and other receivables

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

Trade and other receivables are classified as financial assets at amortised cost.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of six months or less.

Cash and cash equivalents are classified as financial assets at amortised cost.

## 1.2 FINANCIAL INSTRUMENTS (CONTINUED)

### Trade and other payables

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

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Rand using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

Trade and other payables are classified as financial liabilities at amortised cost.

## 1.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.  
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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or 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 life of the property, plant and equipment, which is as follows:

ITEM	AVERAGE USEFUL LIFE
Furniture and fixtures	5 years
Office equipment	6.67 years
Computer equipment	3 years
Leasehold improvements	5 years
Regalia	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 or loss in the period.

## 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. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

### 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.

## 1.5 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 packaging 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 NON-FINANCIAL ASSETS

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that they are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or CGU) to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date.

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 the Companies Act.

Retained income relates 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.

## **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.

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.

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 TRANSLATION OF FOREIGN CURRENCIES**

### **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 transaction 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

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## 2. PROPERTY, PLANT AND EQUIPMENT

	2019			2018		
	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Furniture and fixtures	848,193	(763,277)	84,916	827,720	(738,008)	89,712
Office equipment	281,567	(178,958)	102,609	303,333	(172,038)	131,295
Computer equipment	2,439,155	(1,709,569)	729,586	2,298,145	(1,479,560)	818,585
Leasehold improvements	817,298	(817,298)	-	817,298	(817,298)	-
Regalia	40,875	(31,810)	9,065	40,875	(25,678)	15,197
<b>Total</b>	<b>4,427,088</b>	<b>(3,500,912)</b>	<b>926,176</b>	<b>4,287,371</b>	<b>(3,232,582)</b>	<b>1,054,789</b>

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

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	89,712	28,781	-	(33,577)	84,916
Office equipment	131,295	10,232	(6,783)	(32,135)	102,609
Computer equipment	818,585	574,934	-	(663,933)	729,586
Regalia	15,197	-	-	(6,132)	9,065
	<b>1,054,789</b>	<b>613,947</b>	<b>(6,783)</b>	<b>(735,777)</b>	<b>926,176</b>

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

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	125,406	12,392	(48,086)	89,712
Office equipment	163,353	-	(32,058)	131,295
Computer equipment	1,072,185	317,216	(570,815)	818,585
Leasehold improvements	53,605	-	(53,605)	-
Regalia	21,327	-	(6,131)	15,197
	<b>1,435,876</b>	<b>329,608</b>	<b>(710,695)</b>	<b>1,054,789</b>

The depreciation charged to the statement of profit or loss and other comprehensive income during the year amounted to R 735,777 (2018: R 710,695).

## 3. INVENTORIES

Merchandise	40,051	42,338
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## 4. TRADE AND OTHER RECEIVABLES

Trade receivables	2,687,552	4,312,620
Provision for bad debts	(109,917)	(65,489)
Prepayments	991,602	481,269
Accrued income	55,476	-
	<b>3,624,713</b>	<b>4,728,400</b>



# NOTES TO THE FINANCIAL STATEMENTS

	2019 R	2018 R
<b>5. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of:		
Cash on hand	10,307	15,215
Bank balances	4,869,293	3,208,443
Short-term deposits	12,952,897	15,792,759
	<u>17,832,497</u>	<u>19,016,417</u>
<b>6. TRADE AND OTHER PAYABLES</b>		
Trade payables	883,827	1,322,717
Amounts received in advance	1,064,890	64,294
Receiver of Revenue - Value Added Tax	1,622,123	1,783,110
Deferred lease liability	64,938	52,968
Accrued expense	303,865	312,548
	<u>3,939,643</u>	<u>3,535,637</u>
<b>7. REVENUE</b>		
Other revenue	132,826	9,930
Educational activities	16,731,834	28,709,415
Publication revenue	1,734,658	1,879,447
Subscriptions	13,600,237	12,600,337
	<u>32,199,555</u>	<u>43,199,129</u>
<b>8. OTHER INCOME</b>		
Bad debt recovered	437,257	129,624
Advocacy fund	690,000	-
Other income	221,322	479,060
	<u>1,348,579</u>	<u>608,684</u>
<b>9. EXPENSE BY NATURE</b>		
Auditors remuneration	200,883	188,487
Bad debts	878,343	426,896
Depreciation	735,777	710,695
Direct cost of revenue income	15,323,234	22,091,028
Employee costs (refer to note 11)	12,400,604	11,602,000
Lease rentals on operating lease	951,443	1,320,319
Lease rental operations	421,019	-
Legal expenses	1,524,429	1,794,827
Marketing	455,294	548,907
Other expenses	1,705,390	1,826,058
Planning and development expenses	407,273	430,940
Property charter contribution	211,000	200,000
Research	1,468,190	1,416,568
Travel	530,271	546,729
Total direct cost of revenue income, distribution costs and administrative expenses	<u>37,213,150</u>	<u>43,103,454</u>

# NOTES TO THE FINANCIAL STATEMENTS

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	2019 R	2018 R
<b>10. FINANCE INCOME</b>		
Interest revenue		
Interest on short term bank deposits	1,345,108	1,482,089
<b>11. EMPLOYEE BENEFIT EXPENSE</b>		
Basic salary	11,178,653	10,268,843
Provident Fund and medical aid contributions	1,221,951	1,333,157
	12,400,604	11,602,000
<b>12. TAXATION</b>		
No provision has been made for 2019 tax as the company is exempt from SA terms of Section normal tax in 10(1)(d)(iv)(bb) of the Income Tax Act of South Africa.		
<b>13. CASH (USED IN) GENERATED FROM OPERATIONS</b>		
(Loss) profit before	(2,375,384)	2,186,448
taxation Adjustments		
for: Depreciation	735,777	710,696
Loss on sale of assets	6,783	-
Finance income	(1,345,108)	(1,482,089)
Changes in working capital:		
Inventories	2,287	1,867
Trade and other receivables	1,159,166	307,744
Trade and other payables	404,003	(2,183,040)
Prepaid Subscriptions	(502,605)	898,013
	(1,915,081)	439,639
<b>14. COMMITMENTS</b>		
Operating leases – as lessee		
Minimum lease payments due		
- within one year	835,791	773,881
- in second to third year inclusive	902,655	1,738,446
	1,738,446	2,512,327
The Sandton office premises lease runs for 3 years from 1 March 2018. The lease has an annual escalation of 8%. Operating costs and parking expenses specified in the lease agreement has an annual escalation of 9%. The lease has been renewed.		
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

	2019 R	2018 R		
15. DIRECTORS' REMUNERATION				
Executive				
2019				
	Emoluments	Bonuses and other	Pension	Total
Executive Director Remuneration	2,019,253	900,000	362,053	3,281,306
2018				
	Emoluments	Bonus and other	Pension	Total
Executive Director Remuneration	1,837,001	751,059	326,480	2,914,540
16. RELATED PARTIES				
Relationships				
Director with significant influence in the following entity: (NA Gopal is a director of SAPOA NPC and trustee of SAPOA Bursary Fund Trust) Directors	SAPOA Bursary Fund Trust			
	IN Mkhari			
	DJ Green			
	NA Gopal			
	PA Levett			
	VW Hako			
	NU Byrd			
	MF Kekana			
	AJ König			
	K Matsau			
	W Mulder			
	ZN Malinga			
	N Mashaba			
	M Hamman			
Related party balances and transactions with other related parties				
Related party transactions				
Reimbursements received from related party SAPOA Bursary Fund Trust	42,548	1,830		

# NOTES TO THE FINANCIAL STATEMENTS

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## 17. GOING CONCERN

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the 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.

## 18. EVENTS AFTER THE REPORTING PERIOD

Management assessed the impact of COVID-19 and have taken the necessary actions and precautions and are still comfortable that the company is a going concern. Management has a business continuity plan in place should they have an instance of COVID-19 within their staff. It has been concluded that the impact of COVID-19 is a non-adjusting event. The directors are satisfied that the company is in a sound financial position for the next 12 months and has access to facilities to meet its future cash requirements.

## 19. FINANCIAL INSTRUMENTS BY CATEGORY

2019	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Trade and other payables	-	(1,187,692)	(1,187,692)
Prepaid subscriptions	-	(5,938,334)	(5,938,334)
Trade and other receivables	2,577,635	-	2,577,635
Cash and cash equivalents	17,832,497	-	17,832,497
	<u>20,410,132</u>	<u>(7,126,026)</u>	<u>13,284,106</u>
2018	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Trade and other payables	-	(1,752,528)	(1,752,528)
Prepaid subscriptions	-	(6,440,939)	(6,440,939)
Trade and other receivables	4,247,131	-	4,247,131
Cash and cash equivalents	19,016,417	-	19,016,417
	<u>23,263,548</u>	<u>(8,193,467)</u>	<u>15,070,081</u>

# ANNUAL REPORT

# 20

# 1

**SAPOA**

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