



SAPOA

**Annual Report
2022**



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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 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.

Directors

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

Registered office

WeWork Office-The Link
173 Oxford Road
Rosebank
2196

Business address

WeWork Office-The Link
173 Oxford Road
Rosebank
2196

Postal address

PO Box 78544
Sandton
2146

Bankers

First National Bank

Auditors

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)

Public officer

NA Gopal

Secretary

NA Gopal

THE VOICE OF COMMERCIAL PROPERTY

Our Vision

SAPOA aims to be the 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.

We assist our members in developing their business through various platforms such as our educational programs, industry research, information dissemination, niched publications, government liaison, technical committees, and action on legislation.

A major benefit of being a SAPOA member is the opportunity to gain access to other industry leaders ensuring growth and dynamism within our industry.



SAPOA

Being the industry representative for an estimate 90% of the country's commercial and industrial real estate companies, SAPOA's mandate is to continuously endeavour to represent, protect and advance its members' interest – and in doing so, maximise its level of activity within the sector, thus cementing its commitment to the realisation of a more vibrant, globally competitive industry.

We have forged purposeful collaborations with leading industry bodies, as well as private and public sector entities creating an inclusive and conducive environment for the enhancement of our members interests, whilst keeping abreast of the dynamic trends in the marketplace.

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 Wednesday, 20 September 2023 at (17h15) 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 2022.
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 2023.
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.

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 15 September 2023 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 is required for the adoption of resolutions.

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



MALOSE KEKANA
Group Chief Executive
Officer, Pareto &
SAPOA President



JACKIE VAN NIEKERK
Chief Executive Officer, Attacq &
SAPOA President-Elect



ANDREW KÖNIG
Chief Executive Officer,
Redefine Properties &
SAPOA Immediate Past
President



NEIL GOPAL
Chief Executive Officer
SAPOA



DAVID GREEN
Director,
ProAfrica Property Services



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



STEVEN BROWN
Chief Executive Officer and
Managing Director, Fortress



ITUMELENG MOTHIBELI
Managing Director
Southern Africa, Vukile Property
Fund



PETER LEVETT
Joint Chief Executive,
iShack Ventures

NATIONAL COUNCILLORS AND REGIONAL COUNCILLORS - 2022

NATIONAL COUNCILLORS

Sean Berowsky	Broll	Brokers Committee
Nicole Baumgarten	Agile Consulting and Coaching	Convention Committee
Tracey Myers	Standard Bank	Education Committee
Zinon Marinakos	DSA Architects South Africa	Innovative Excellence Awards Committee
Farhana Haffejee	Liberty Two Degrees	Legal Committee
Anthony Diepenbroek	Balwin Properties	National Developers Committee
Tryfina Kgokong	Triumphant Zoe Property	Property Development Programme (PDP) Committee
Ben Groot	GVS Law	Property Rates Working Group
Michael Clampett	Attacq	PropTech Committee
Neil Gopal	SAPOA	Research Committee
Lodewyk van der Zee	Vukile Property Fund	Sustainability Committee
Peter Levett	iShack Ventures	Unlisted REITs Committee

REGIONAL COUNCILLORS

Rob Edelson – Chair	Investec Bank	Gqeberha (PE)
Bernadette Khumalo – Chair	Nombeks	KwaZulu-Natal
Paul Altenroxel – Chair	Knottrox Property Trust	Limpopo
Sabine Walker – Chair	HL Hall & Sons Properties	Mpumalanga
Kevin Roman – Chair	DeeKev Properties	Western Cape

SAPOA PAST PRESIDENTS



1966 – 1970	Andries van Riet	2000 – 2001	Chris du Toit
1970 – 1972	Dough B Hoffe	2001 – 2002	Anthony Diepenbroek
1972 - 1974	M A Bezuidenhout	2002 – 2003	Papi Mphahlele
1974 – 1976	Roy Canning	2003 – 2004	Gerhard van Zyl
1976 – 1978	Cornè P de Leeuw	2004 – 2005	Lynette Finlay
1978 – 1979	Murray Hofmeyr	2005 – 2006	TC Chetty
1979 – 1981	Gert Hugo	2006 – 2007	Alex Phakathi
1981 – 1983	Bob Levitt	2007 – 2008	Marna van der Walt
1983 – 1984	Piet J A Moolman	2008 – 2009	Ben Kodisang
1984 – 1985	AM Buss	2009 – 2010	Warren Schultze
1985 – 1987	Roland D Walker	2010 – 2011	Samuel Ogbu
1987 – 1988	Ronnie Masson	2011 – 2012	Kevin Roman
1988 – 1989	Robin Vorster	2012 – 2013	Dr Sedise Moseneke
1989 – 1991	Eric R Field	2013 – 2014	Estienne de Klerk
1991 – 1993	Derek Stuart-Findlay	2014 – 2015	Amelia Beattie
1993 – 1994	Hendrik Bester	2015 – 2016	Michael Deighton
1994 – 1995	Colin Steyn	2016 – 2017	Nomzamo Radebe
1995 – 1996	Gordon Hibbert	2017 - 2018	Peter Levett
1996 – 1997	Tiny Barnetson	2018 - 2019	Ipeleng Mkhari
1997 – 1998	Nick Harris	2019 - 2021	David Green
1998 – 1999	Anton Musgrave	2021-2022	Andrew König
1999 – 2000	Banus van der Walt		

MESSAGE FROM THE SAPOA PRESIDENT



MALOSE KEKANA

Group Chief Executive Officer, Pareto
SAPOA President

The period 2022/23 has been more stable than the previous two years during which the property industry experienced turmoil marked by Covid and the July 2021 riots. It is pleasing to see the positive results by majority of the REITs although there is some way to go before full recovery.

We resumed the term of this Presidency with a well attended SAPOA Convention in September 2022. We have since then seen a steady increase and or resumption of membership since 2020.

SAPOA has in this financial year been seized with undertaking various initiatives to support members. We have seen a rapid increase in property rates and taxes but without in many instances the required provision or improvement in service delivery. Working together with Oxford Economics, we commissioned a study on rates and taxes which has independently made a finding of the increase in rates and taxes with such income not being applied towards initiatives that support growth. We will continue to seek ways to cushion the impact on our members.

SAPOA was successful in the year under review in lobbying government to extend the implementation of the legislation requiring Energy Performance Certificates. This does not in any way signal our lack of support for environmental sustainability but the practical hurdles posed by the lack of capacity to implement the applicable regulations. We will continue to work with government and members to create an enabling environment.

The work of the Board is supported by various committees which are convened under the National General Council. We thank all the provinces and committees for the amount of effort that goes towards various initiatives serving the interests of our members.

Our attitude as SAPOA is not only to lobby or make demands for our members but also to be part of the solution. Working with Business Unity of South Africa, we have joined hands with Business For South Africa to collaborate with other industries and government to tackle challenges such as electricity and security.

I would like to take this opportunity to thank the Board of SAPOA, CEO, Neil Gopal and the staff members for their support and guidance. We look forward to the leadership of Jackie Van Niekerk as President of SAPOA for the 2023/2024 period.

A stylized handwritten signature in black ink, consisting of a large 'M' followed by a horizontal line.

Malose Kekana
SAPOA President

MESSAGE FROM THE SAPOA CEO



NEIL GOPAL

Chief Executive Officer
and Public Officer

The year under review has been a mixed bag of challenges and progress across various fronts but in the main, we believe that we are making significant progress in the fulfilment of our mandate on behalf of members.

We have and continue to deal with various operational, legislative and regulatory matters that affect our members, and have also strengthened our engagement with various stakeholders as part of our wider outreach initiatives to be a key player in the commercial property sector in South Africa.

Without a doubt, the challenging macro-economic environment characterised by high interest rates, low GDP growth and elevated levels of load shedding has affected not only our sector in particular but also the wider economy in general. Particularly worrying has been the impact of high interest rates since the central bank started its rate hike cycle in November 2021.

Higher rates have increased borrowing and debt servicing costs, putting a financial strain on some of our members and dampening further investment in the sector. We remain hopeful that as inflationary pressure eases, the central bank will begin to gradually ease monetary policy which will provide a much needed boost to our sector. Equally worrying has been the low growth trajectory which is dampening investor and business confidence which is needed to boost our economy and create employment.

We cannot over-emphasise the need for a multi-stakeholder approach by all social and economic partners to address the deep structural challenges facing the country.

There is a need to attract higher levels of domestic and foreign investment across the economy, and indeed in the commercial property sector, so that we can collectively and effectively address the triple challenges of unemployment, poverty and inequality. The economy has immense potential to further grow, but we need regulatory and policy certainty, as well as address infrastructural and energy challenges that we are facing as a country.

We are glad however that there seems to be added urgency on the part of the government to engage with the business sector and collaborate to find common solutions to our challenges. We therefore look to further impetus from the government to address the concerns of business so that we can move the country forward. Our sector remains ready to support economic growth initiatives and has and continues to demonstrate resilience in the face of these challenges.

MESSAGE FROM THE SAPOA CEO

REPORT TO THE INDUSTRY

PROPERTY RATES INITIATIVE

In brief, the purpose of this study was to ascertain whether property rates are at a level that they are damaging the economy and are thereby contravening Section 229(2)(a) of the Constitution.

SAPOA received the report from Oxford Economics and discussions are now underway, as per the Municipal Property Rates Act ("MPRA"), to engage with stakeholders such as SALGA, the Minister of Cogta, the Minister of Finance and various municipalities.

From the initial correspondence sent to the big 5 Metros, being Johannesburg, Tshwane, eThekweni, Nelson Mandela Bay and Cape Town, only Cape Town has formally responded. We hope to start the engagement process with City of Cape Town shortly.

We have also established a working group of industry professionals who will convene to discuss this important matter and find possible solutions to table to government.

THE PROPERTY PRACTITIONERS ACT (PPA) EXEMPTION

We are in the process of drafting an exemption application to be submitted to the Property Practitioners Regulatory Authority ("PPRA") for the commercial property industry to be exempt from the mandatory disclosure form in terms of section 67 of the PPA. The rationale behind the exemption application is that the regulations and the prescribed forms do not necessarily apply to the letting of commercial premises or the sale of commercial properties, especially where proper due diligences are done. The exemption application will be submitted during the first portion of August 2023.

REBATES OR REFUNDS FOR DIESEL USED IN GENERATORS IN COMMERCIAL BUILDINGS DURING LOADSHEDDING:

Given the excessive cost and capital spend on the procurement of diesel to alleviate the challenges created by load shedding, SAPOA obtained an opinion regarding the possibility of commercial landlords qualifying for rebates or refunds of the fuel levy and Road Accident Fund Levy, which form part of the diesel price, in respect of diesel purchased for use in generators in commercial buildings in order to keep the occupants of such buildings supplied of electricity during electricity interruptions.

It was ascertained that, at this stage, no such rebate or refund is available. SAPOA engaged with the South African Revenue Services ("SARS"), as well as DMRE to commence the process of obtaining such rebates.

The matter was also escalated to National Treasury as we have been informed that this is the correct government department which deals with the budgeting processes of rebates.

We will inform members of the outcome.

CITY OF JOBURG DEVELOPMENT CHARGES POLICY

SAPOA launched an application on 2 August 2022, wherein it sought an interdict to restrain the respondent, being the City of Johannesburg, from implementing its Development Contributions Policy, 2021.

The Policy introduces a new development contributions regime (sometimes referred to as "bulk services contributions") which rescinds the current calculators and procedures used to determine these amounts due to the COJ, in cases where property developers apply to the COJ in terms of the Spatial Planning and Land Use Management Act ("SPLUMA") for rezoning and ancillary property development consents.

MESSAGE FROM THE SAPOA CEO



Our founding papers in this matter engage serious concerns about the illegality of the Policy. If implemented, it will effectively enable the COJ to levy charges which have the effect of compelling developers to cross-subsidise developments which are unrelated to their applications. This is unprecedented and SAPOA has made out a cogent case in its founding papers that the COJ's Policy is not authorised by any national legislation and is unlawful.

The CoJ attorneys submitted their Heads of Argument on 31 January 2023. The High Court held the hearing on 24 April 2023.

We are awaiting the court judgement.

LOAD SHEDDING

We are cognisant of the ever-increasing challenges being faced by the industry regarding the electricity crisis.

We have been in discussion with the Presidency and the DMRE on the issue.

Further to this, we engaged with the BUSA CEO, Mr. Cas Coovadia on 8 November 2022 to understand the context of how BUSA is currently engaging on these matters on behalf of the various sectors of our economy with Government.

An overview of the challenges being faced by the property industry, namely, the energy crisis, EPC's, a highly regulated environment, dysfunctional municipalities etc and proposed that where our industry has the capacity and resources, we are happy to assist in involving ourselves in the current structures so as not to re-invent the wheel.

The BUSA CEO informed us that they are currently using the B4SA platform, which emanated during the covid period and worked well as it has a strong project management component with quick turnaround times, to resolve problems on the following workstreams:

- Infrastructure
- Law and Order
- Logistics
- Energy
- Communication
- Water

SAPOA has submitted names of representatives to serve on these workstreams on behalf of the industry.

We also presented our sector challenges and possible solutions to Minister Gordhan on 9 February 2023.

RESEARCH

CID's

We are undertaking research on precinct management nationally to gain holistic understanding what contribution the industry is making towards the effective delivery of services at municipal level.

The report will focus on gathering information pertaining to the type of contribution made by CID in terms of:

- Additional public safety measures
- Cleansing services
- Maintenance of infrastructure
- Environment upgrades
- Social services

MESSAGE FROM THE SAPOA CEO

KEY MUNICIPAL UTILITY FEATURES

We are undertaking research on the following key items at municipal level:

Electricity:

1. Bulk vs Resellers tariff comparison
2. Eskom costs to municipal cost relationship – Urban vs Rural
3. Demand charges and breaker charges per municipality
4. Security of supply due to failing infrastructure (is the municipality under financial constraints or not?)
5. Municipal amend dept to debt
6. Verify the availability of wheeling tariffs and compare tariff per municipality
7. PV feed-in tariffs and net metering per municipality
8. Average lead time of application and approval time for embedded generation per municipality
9. What are the limitations on embedded generation capacity and connection requirements per municipality
10. Municipal deposits and requirements
11. What type of billing system exists (e.g. are municipal meters available online – assess per municipality)

Water:

Compare water tariffs per municipality

12. Assess the security of water supply and local reservoirs
13. Is the fire water pressure supply from council adequate?

Wheeling tariffs

Sewage and other related costs structures

ESG Guideline for SMME's

We are busy developing an ESG and Sustainability guideline for smaller property companies, developers and unlisted companies who may at times have difficulty navigating these critical issues.

IREM CHAPTER ESTABLISHMENT

We are collaborating with the institute of Real Estate Management USA (IREM) to assist members with obtaining professional designations that would be internationally recognised and accepted.

An information session was held with members on the 1st of March 2023.

Our first meeting took place in Polokwane on 19th of July to launch of the local Chapter of IREM.

An MoU to govern our relationship with IREM SA has been sent to them for signature.

SAPOA BURSARY FUND

The SAPOA Bursary Fund continues to perform exceptionally well. The support of the members is highly appreciated.

In 2022 – 70 student bursaries were granted to the value of R9,4m

In 2023 - 83 bursaries we granted to the value of R12m

MESSAGE FROM THE SAPOA CEO



SASRIA

SASRIA has recently amended certain terms of cover in respect of their policies, including an amendment to the definition of a policy holder as well as a reduction in the limit of cover to only R500million.

We have now had a constructive meeting with the SASRIA CEO, Mr Tyikwe. We were advised that SASRIA is now, in fact, in a better position that it was prior to the July 2021 riots, which ought to allay any concerns regarding its ability to meet future claims.

With regard to the cover for damage due to rioting resulting from grid collapse, which cover SASRIA withdrew earlier this year, and subsequently reinstated, the issue was discussed in more detail.

We were advised that only one of SASRIA's seventeen re-insurers have given them a grid-failure exclusion, with the other re-insurers keeping such cover in place. Furthermore, according to its modelling, the probability of grid collapse occurring has significantly reduced over the past months, and is set to reduce further in the next 12 to 24 months, as the result of not only more private generating capacity being added to the grid, but also the improvement in certain generating plants, such as Koeberg and Kusile. We were advised that SASRIA representatives will be meeting their re-insurers during the next month where any remaining concerns by such re-insurers may be raised and discussed.

Accordingly, SASRIA is of the view that cover for damages due to grid collapse will remain in place with little to no likelihood of same being cancelled in the future.

The next point of discussion was SASRIA's decision to cap claims at R500 million. SASRIA indicated that historically, its cap had been R500 million, but same was only increased in 2010 for purposes of the FIFA World Cup, but never subsequently reduced due to an oversight. Pursuant to the riots in July 2021, SASRIA had to pay out claims amounting to R2,1 billion, with the result that its re-insurers made re-insurance more expensive.

As a result thereof, the decision was made to reduce the cap back to R500 million, as it previously was.

It was further pointed out that SASRIA has already engaged National Treasury for plans on how to increase the claims cap to R1 billion. Various options are currently being explored which, if they come to fruition, will result in claims cap being increased to R1 billion in the future.

We trust that the above sufficiently addresses the concerns raised by members.

CERTIFICATES OF OCCUPANCY

We have engaged with the Department of Trade, Industry and Competition ("DTIC") with regard to the Certificates of Occupancy, whereafter a meeting was held on 24 May 2023 between ourselves, GVS Law and the representatives from the DTIC.

During the meeting, we were advised that DTIC is busy with a comprehensive review of the applicable legislation and regulations. They furthermore indicated that the proposals on the amendments will be published during the current financial year.

ENERGY PERFORMANCE CERTIFICATES

As previously communicated the deadline for the submission of Energy Performance Certificates have been extended to December 2025. Draft regulations were published to make provision for the fact that energy performance figures had to be uploaded to the website of SANEDI by a certain date. The final regulations in this regard have not yet been published. We have noted that SANEDI's portal for the logging of energy performance data is not yet operational. Should the need arise, we will take up the matter with SANEDI, in the event of regulations being published to that effect.

MESSAGE FROM THE SAPOA CEO

WATER PRESSURE AND FIRE REGULATIONS ISSUES

We have received communication from members to the effect that certain municipalities are no longer able to guarantee sufficient water pressure for the fire control systems to be operational at their buildings. This results in owners having to incur capital expenditure for water storage and pumping facilities in order to keep their fire control systems operational.

A survey of the industry has been conducted, and the feedback received was collated and sent to the relevant authorities in order to find a resolution to the problem.

MUNICIPAL RATES & TAXES

SAPOA has been involved in the issue of municipal rates and taxes for a substantial period of time, and its effort in this regard are gaining momentum.

Firstly, SAPOA is engaging the City of eThekweni regarding the doubling of rates on vacant land during 2022, as well as the city's subsequent refusal to negate the effect of this increase, contrary to the undertakings that were previously provided.

SAPOA has also engaged the City of Johannesburg regarding the proposed substantial increases in property rates set out in the draft budget for the 2023/24 financial year which, coupled with the new valuation roll that was published earlier this year, means an effective increase in property rates for commercial and business properties of 17,9%. In this regard, in order to keep the effective increases in rates and taxes below the inflation rate of 6,8%, as set out in the guidelines issued by National Treasury, we have recommended to the City of Johannesburg that rates be reduced by 2,2% for the new financial year.

SAPOA has furthermore previously commissioned Oxford Economics to conduct a study on the socio-economic impact of rates and taxes across various municipalities in the country.

The conclusion of the report was that the continuously excessive increases of rates and taxes by the major metropolitan municipalities over the period from 2010 until 2021 is unlawful and unconstitutional. Based on the findings of this study, SAPOA has addressed correspondence to the cities of Cape Town, Johannesburg, Tshwane, eThekweni and Nelson Mandela Bay to start the consultation process required by the applicable legislation. The South African Local Government Association ("SALGA"), as well as the Ministers of Finance and Co-operative Governance and Traditional Affairs were also made aware of the correspondence sent to the municipalities. At this stage, the City of Cape Town has already indicated a willingness to engage with SAPOA on the issues raised, and we have been advised that they are in the process of collating the requisite information in order to commence the consultation process.

NATIONAL HOME BUILDERS' REGISTRATION COUNCIL (NHBRC)

Correspondence has been addressed to the NHBRC regarding a number of issues experienced by members, including warranty deposits and the administration involved in obtaining refunds in respect thereof. Initially, no response was received, resulting in following up with the Minister of Human Settlements. Subsequently, a meeting was held with representatives of NHBRC, who undertook to revert with further information. Should the information not be received timeously, we will follow up with them again.

ELECTRONIC SIGNATURES

Concerns have been raised by members regarding the use of electronic signatures on certain agreements, and specifically the legal prohibition against using electronic signatures in deeds of sale and deeds of suretyship. Correspondence has now been addressed to the responsible Ministers to start the lobbying process for legislative changes to allow the use of electronic signatures on these.



eTHEKWINI MUNICIPALITY – 100% INCREASE ON RATES ON VACANT LAND LITIGATION

In the 2022/2023 budget, the City of eThekwini doubled the rates randage on vacant land. SAPOA, and other organisations, immediately commenced engagement with the municipality thereon, and were repeatedly advised that the budget could no longer be amended, but that the situation would be rectified in the 2023/2024 budget. When the 2023/2024 budget was published, however, the situation had indeed not been rectified.

SAPOA has therefore instituted legal action against the city to not only interdict the enforcement of the high rates on vacant land, but also to review and set aside the decision to double the rates randage. The first part of the relief sought is enrolled for hearing on 29 August 2023.

eTHEKWINI MUNICIPALITY - ADOPTION OF THE DEVELOPMENT CHARGES POLICY 2023/2024

The Executive Committee of the eThekwini Municipality adopted the 2023/2024 eThekwini Municipality Development Charges Policy, for implementation in the 2023/2024 financial year.

Members may or may not be aware that SAPOA launched legal proceedings in the Gauteng High Court in which it challenged the legality of the adoption of the City of Johannesburg's Development Contributions Policy.

The case was heard on 24th April 2023. We are awaiting the judgment of the Court in this matter.

The features of the COJ Development Contributions Policy, which are the subject of SAPOA's court challenge, are essentially the same as those contained in the eThekwini Policy, and are in the view of SAPOA, susceptible to the same challenge and unlawful on the same grounds.

Consequently, we have been advised that the Judgment in the Gauteng High Court will apply with equal force to the implementation of the essential features eThekwini Development Charges Policy.

In the light thereof, we have called upon the eThekwini Municipality to withhold the implementation of its Policy until the judgment of the Gauteng High Court is announced.

Should eThekwini Municipality choose, however, to implement the Policy prior to the decision of the High Court, SAPOA may be forced to launch a separate review of the eThekwini Policy.

NEIL GOPAL
Chief Executive Officer and Public Officer

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 Report
- Office Vacancy Report
- Operating Cost Report
- Global Property Trends Report
- Valuation Report
- SA Property Performance Report

INDUSTRY AFFILIATES



AFRES The African Real Estate Society	KLCBT Kruger Lowveld Chamber of Business	SACN SA Cities Networks
ASAQS The Association of South African Quantity Surveyors	MSCI Morgan Stanley Capital International	SACPLAN South African Council for Planners
BCA Black Conveyancing Association	NAFCOC Polokwane	SAFMA The South African Facilities Management Association
BCO British Council of Offices	NARIET National Association of Real Estate Investment Trusts	SAIV The South African Institute of Valuers
BOMA Building Owners and Managers Association (USA)	NBI National Business Initiative	SAIBPP South African Institution of Black Property Practitioners
BPF British Property Federation	NMBBC The Nelson Mandela Bay Business Chamber	SAPI South African Planning Institute
BUSA Business Unity South Africa	NPPC National Property Practitioners Council	SAPVIA South African Photovoltaic Industry Association
CESA Consulting Engineers South Africa	PCA Property Council of Australia	SAREIT South African Real Estate Investment Trust
CTP Cape Town Partnership	PCNZ Property Council of New Zealand	SHF Social Housing Foundation Association
IREM Institute of Real Estate Management	PPA Property Protection Association	TUHF Trust Urban Housing Finance
GBCSA Green Building Council of South Africa	PPRA Property Practitioners Regulatory Authority	ULI Urban Land Institute
GPF Gauteng Partnership Fund	PSCC The Property Sector Charter Council	WPN Women's Property Network
JHC Johannesburg Housing Company	RICS Royal Institution of Chartered Surveyors	
JPOMA Johannesburg Property Owners and Managers Association	SACSC South African Council of Shopping Centres	

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 - www.SAPOA.org.za - EDUCATION





Investing in the future of property leaders

SAPOA is committed to searching for the most talented people who will add value to our members and the industry in its entirety, by providing property tertiary educational support through the SAPOA Bursary Scheme

Established in late 2009, with the first cohort in 2010, the Bursary Fund mandate is to champion transformation, empower young people through education, raise awareness of the property industry as a career of choice and change the landscape of Skills Development for the better while empowering the youth with much needed skills for the benefit of our industry. The Bursary Fund aims to provide qualifying students pursuing industry related qualifications with bursaries to help them reach their potential.

The SAPOA Bursary Fund is funded primarily by SAPOA members. However, we welcome external funding from any non-member companies and/or government as it will assist in transforming the Commercial Property Industry and up-skill the nation.

Together we will make a meaningful impact to the lives of these future industry pioneers.



131

student graduated
to date



57%

of them are
female



85%

are employed on
completion of
studies



R31.6m

bursaries granted



72%

is absorbed by
the industry

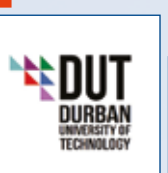


91%

pass rate

SAPOA BURSARY FUND TRUST

PARTNERING WITH THE FOLLOWING UNIVERSITIES



QUALIFICATIONS

The qualifications sponsored by the bursary fund.

Postgraduate
Diploma in
property
Development and
Management
(PGDipPDM)

BSc. Construction
Studies

BSc. Property
Studies

BSc. Quantity
Surveying

BSc. Architectural
Studies

BSc. Real Estate

BCom. Property
Valuation and
Management

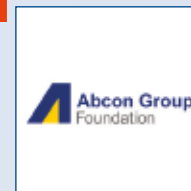
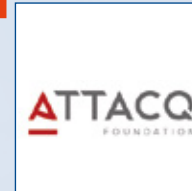
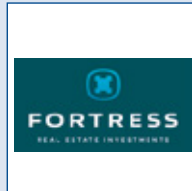
Bachelor of Urban/
Town and Regional
Planning

Masters
Programmes
(Property Related)

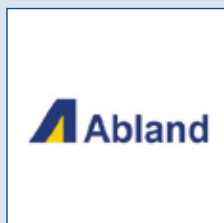
PhD Programmes
(Property Related)



BURSARY FUND SPONSORS



GRADUATE EMPLOYERS





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

The national office 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 concerted effort by both the national office and provincial regions to establish and maintain working relationship with government at all levels. Government accepts that SAPOA members, being major stakeholders is vital to the economy of the country.

Financial Statements





Index

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

Page

26 -27	Directors' Responsibilities and Approval
28 - 29	Directors' Report
30-32	Independent Auditor's Report
33	Statement of Financial Position
34	Statement of Comprehensive Income
35	Statement of Changes in Equity
36	Statement of Cash Flows
37-40	Accounting Policies
41-46	Notes to the Financial Statements

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

47-48	Detailed Income Statement
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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 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 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 2023 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external 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 30 to 32.

DIRECTORS' RESPONSIBILITIES AND APPROVAL



The directors report set out on pages 28 to 29, the financial statements set out on pages 33 to 46 and additional schedules on pages 47 to 48 which have been prepared on the going concern basis, were approved by the board of directors on 17 May 2023 and were signed on its behalf by:

Approval of financial statements

Malose Frans Kekana
(President)

Nilesh Ambaram Gopal
(Chief Executive Officer)

DIRECTORS' REPORT

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 2022.

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

Nilesh Ambaram Gopal (Chief Executive Officer)

Malose Frans Kekana (President)

Jacqueline Rouxanne van Niekerk (President elect)

Andrew Joseph König

David James Green

Peter Aston Levett

Itumeleng Unathi Mothibeli

Steven Brown

Thanduxolo Selby Sishuba

There have been no 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 Public Officer is NA Gopal of:

Postal address	PO Box 78544 Sandton 2146
Business address	WeWork Office The Link 173 Oxford Road Rosebank 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.

Audit to insert

PricewaterhouseCoopers Inc.

Partner's name

Partner

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 2022, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

What we have audited

South African Property Owners Association NPC's financial statements set out on pages 33 to 46 comprise:

- the statement of financial position as at 31 December 2022;
- 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 2022", 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, 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.

INDEPENDENT AUDITOR'S REPORT



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.

INDEPENDENT AUDITOR'S REPORT

- 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: Saaleha Akoojee

Registered Auditor

Johannesburg, South Africa

22 May 2023

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022



	Notes(s)	2022 R	2021 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	38 135	172 462
Current Assets			
Inventories	3	35 504	44 971
Trade and other receivables	4	2 465 529	3 075 693
Cash and cash equivalents	5	24 876 710	19 027 738
		27 377 743	22 148 402
Total Assets		27 415 878	22 320 864
Equity and Liabilities			
Equity			
Retained income		18 317 728	13 291 284
Liabilities			
Current Liabilities			
Trade and other payables	6	3 284 727	2 977 217
Deferred income		5 813 423	6 052 363
		9 098 150	9 029 580
Total Equity and Liabilities		27 415 878	22 320 864

STATEMENT OF COMPREHENSIVE INCOME

	Notes(s)	2022 R	2021 R
Revenue	8	31 550 934	16 482 995
Direct cost of revenue income	9	(14 755 469)	(3 799 397)
Gross profit		16 795 465	12 683 598
Other income	10	15 715	701 816
Operating expenses	11	(12 931 149)	(12 101 980)
Operating profit		3 880 031	1 283 434
Investment revenue	13	1 104 761	643 535
Profit and loss on investment		41 652	139 929
Profit for the year		5 026 444	2 066 898
Other comprehensive income		-	-
Total comprehensive income for the year		5 026 444	2 066 898

STATEMENT OF CHANGES IN EQUITY



	Retained income R	Total equity R
Balance at 01 January 2021	11 224 386	11 224 386
Profit for the year	2 066 898	2 066 898
Other comprehensive income	-	-
Total comprehensive income for the year	2 066 898	2 066 898
Balance at 01 January 2022	13 291 284	13 291 284
Profit for the year	5 026 444	5 026 444
Other comprehensive income	-	-
Total comprehensive income for the year	5 026 444	5 026 444
Balance at 31 December 2022	18 317 728	18 317 728

STATEMENT OF CASH FLOWS

	Notes(s)	2022 R	2021 R
Cash flows from operating activities			
Cash generated from operations	15	4 722 217	2 173 869
Interest recieved	13	1 104 761	643 535
Net cash from operating activities		5 826 978	2 817 404
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(19 658)	-
Sale of property, plant and equipment	2	-	56 328
Profit and loss on investment		41 652	139 929
Net cash from investing activities		21 994	196 257
Total cash and cash equivalents movement for the year		5 848 972	3 013 661
Cash and cash equivalents at the beginning of the year		19 027 738	16 014 077
Total cash and cash equivalents at end of the year	5	24 876 710	19 027 738



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

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
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

ACCOUNTING POLICIES

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, cash and cash equivalents 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:

- 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 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 non-financial 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.

ACCOUNTING POLICIES

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.

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.

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' ("ZAR"), 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

	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	148 477	(146 803)	1 674	148 477	(135 105)	13 372
Office equipment	232 091	(215 970)	16 121	232 091	(187 966)	44 125
Computer equipment*	495 123	(474 783)	20 340	2 365 757	(2 250 792)	114 965
Regalia	40 875	(40 875)	-	40 875	(40 875)	-
Total	916 566	(878 431)	38 135	2 787 200	(2 614 738)	172 462

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Closing Balance
Furniture and fixtures	13 372	-	(11 698)	1 674
Office equipment	44 125	-	(28 004)	16 121
Computer equipment*	114 965	19 658	(114 283)	20 340
	172 462	19 658	(153 985)	38 135

*Computer equipment to the cost value of R1,890,292 and carrying value of nil was written off during the year

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
Computer equipment	558 729	(3 737)	(440 027)	114 965
Regalia	2 934	-	(2 934)	-
	694 248	(28 106)	(493 680)	172 462

The depreciation charged to the statement of comprehensive income during the year amounted to R153 985 (2021: R493 680).

3. Inventories

	2022 R	2021 R
Merchandise	35 504	44 971

Inventory amounting to R 9 467 was recognised as an expense for the year.

NOTES TO THE FINANCIAL STATEMENTS

4. Trade and other receivables

	2022 R	2021 R
Trade receivables	2 136 144	1 642 532
Prepayments	329 385	1 433 161
	2 465 529	3 075 693

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	-	324
Bank balances	4 365 850	5 051 692
Short-term deposits	20 510 860	13 975 722
	24 876 710	19 027 738

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	991 916	401 733
Amounts received in advance	19 380	19 380
Receiver of Revenue - Value Added Tax	1 790 223	2 261 362
Accrued expense	483 208	294 742
	3 284 727	2 977 217

7. Categories of financial instruments

Financial assets at amortised cost

Trade and other receivables	2 136 144	1 642 532
Cash and cash equivalents	24 876 710	19 027 738
	27 012 854	20 670 270

Financial liabilities at amortised cost

Trade and other payables	1 475 124	696 475
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NOTES TO THE FINANCIAL STATEMENTS



8. Revenue

	2022 R	2021 R
Educational and event revenue	15 829 666	2 657 011
Publication revenue	19 575	6 944
Research	929 993	523 375
Subscriptions	14 771 700	13 295 665
	31 550 934	16 482 995

9. Direct cost of revenue income

Rendering of services

Property development	1 728 713	33 500
Convention	8 111 364	-
Networking	246 147	-
Events and Webinars	909 371	1 074 139
Marketing	100 283	110 155
Other	3 659 591	2 581 603
	14 755 469	3 799 397

10. Other income

Profit on sale of assets and liabilities	-	28 222
Advocacy fund	-	659 455
Other income	15 715	14 139
	15 715	701 816

11. Expense by nature

Auditors remuneration	230 000	223 091
Depreciation	153 985	493 680
Direct cost of revenue	14 755 469	3 799 397
Employee costs	10 071 702	8 705 094
Lease rentals on operating lease	778 113	927 085
Legal expenses	54 766	68 702
Marketing	447 421	483 728
Property charter contribution	100 000	100 000
Travel	165 929	73 248
Other expenses	929 233	1 027 352
Total direct cost of revenue income, distribution costs and administrative expenses	27 686 618	15 901 377

NOTES TO THE FINANCIAL STATEMENTS

12. Employee costs

	2022 R	2021 R
Employee costs		
Basic salary	9 050 147	7 722 530
Provident Fund and other contributions	1 021 555	982 564
	10 071 702	8 705 094

13. Finance income

Interest revenue		
Interest on short term bank deposits	1 104 761	643 535

14. Taxation

No provision has been made for 2022 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.

15. Cash generated from operations

Profit before taxation	5 026 444	2 066 898
Adjustments for:		
Depreciation	153 985	493 680
Profit on sale of assets	-	(28 222)
Profit and loss on investment	(41 652)	(139 929)
Interest received	(1 104 761)	(643 535)
Changes in working capital:		
Decrease inventories	9 467	336
Decrease/(increase) in trade and other receivables	610 164	(49 487)
Increase/(decrease) in trade and other payables	307 510	(457 581)
Decrease/(increase) in prepaid subscriptions	(238 940)	931 709
	4 722 217	2 173 869

16. Commitments

Operating leases – as lessee (expense)

	2022 R	2021 R
Minimum lease payments due		
- within one year	427 809	570 440
- in second to fifth year inclusive	465 290	95 060
	893 099	665 500

NOTES TO THE FINANCIAL STATEMENTS



A 1 year lease was signed with WeWork The Link from 1 March 2022 and renewed for 24 months to February 2025. 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.

17. Related parties

Relationships

Director with significant influence in the following entity:

Directors

SAPOA Bursary Fund Trust

DJ Green

NA Gopal

PA Levett

MF Kekana

AJ König

IU Mothibeli

JR van Niekerk

S Brown

TS Sishuba

Related party balances and transactions with other related parties

Related party transactions

Reimbursements received from related party

SAPOA Bursary Fund Trust	1 462 238	310 446
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18. Directors' and prescribed officer's remuneration

Executive

2022

Directors' emoluments	Emoluments	Bonuses and other	Pension	Total
Executive Director	2 343 655	1 399 369	419 121	4 162 145

2021

Directors' emoluments	Emoluments	Bonuses and other	Pension	Total
Executive Director	2 232 310	656 518	399 163	3 287 991

NOTES TO THE FINANCIAL STATEMENTS

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)	2022 R	2021 R
Revenue			
Educational and event revenue		15 829 666	2 657 011
Publication revenue		19 575	6 944
Research		929 993	523 375
Subscriptions		14 771 700	13 295 665
	8	31 550 934	16 482 995
Direct cost of revenue income			
Property development		(1 728 713)	(33 500)
Convention		(8 111 364)	-
Networking		(246 147)	-
Events and Webinars		(909 371)	(1 074 139)
Marketing		(100 283)	(110 155)
Other		(3 659 591)	(2 581 603)
	9	(14 755 469)	(3 799 397)
Gross profit		16 795 465	12 683 598
Other income			
Advocacy fund		-	659 455
Other income		15 715	14 139
Gains on disposal of assets		-	28 222
		15 715	701 816
Expenses (Refer to page 50)		(12 931 149)	(12 101 980)
Operating profit		3 880 031	1 283 434
Interest received	13	1 104 761	643 535
Profit and loss on investment		41 652	139 929
		1 146 413	783 464
Profit for the year		5 026 444	2 066 898

DETAILED INCOME STATEMENT

	Note(s)	2022 R	2021 R
Operating expenses			
Auditors remuneration		(230 000)	(223 091)
Bank charges		(23 319)	(22 209)
Computer expenses		(338 186)	(383 089)
Consulting and professional fees		(53 000)	(48 560)
Depreciation		(153 985)	(493 680)
Employee costs		(10 071 702)	(8 705 094)
General expense		(65 611)	(111 584)
Insurance		(69 194)	(78 277)
Internet		(26 627)	(46 806)
Lease rentals on operating lease		(778 113)	(927 085)
Legal expenses		(54 766)	(68 702)
Marketing		(447 421)	(483 728)
Postage		(6 504)	(1 945)
Printing and stationery		(14 277)	(16 570)
Property charter contribution		(100 000)	(100 000)
Public relations		(82 867)	(20 049)
Publication subscriptions		(558)	(1 787)
Staff training		(80 643)	(134 585)
Subscriptions		(102 428)	(90 153)
Telephone and fax		(53 687)	(59 115)
Travel - local		(165 929)	(73 248)
Workmen's compensation		(12 332)	(12 623)
Interest received		(12 931 149)	(12 101 980)

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Notes

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