

Cape Town Regional Chamber of Commerce and Industry  
(Incorporated under Act 21 of 1891)  
Annual Financial Statements  
for the year ended 30 June 2021

# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	To act as a Chamber of Commerce and Industry for the effective voice of business in the Western Cape and to provide business support services in this region
<b>Directors</b>	J Myburgh J Moolman P Ross S P Peimer T von Zukowski J Marillier D Brigg D Boorman P Hartnady N Jappie A Khan
<b>Registered office</b>	11 Stonewood, Reservoir Street Protea Village Brackenfell Cape Town 7560
<b>Council</b>	Members of Council are elected by members of the Chamber
<b>Auditors</b>	BDO South Africa Inc. Chartered Accountants (SA) Registered Auditors
<b>Level of assurance</b>	These annual financial statements have been audited
<b>Preparer</b>	The annual financial statements were independently compiled by: Metis Advisory Services Proprietary Limited A Pangarker CA (SA)
<b>Issued</b>	28 October 2021

# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

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# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Directors' Responsibilities and Approval

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The directors are required by the Chamber's Constitution and Cape Town Chamber of Commerce Act 21 of 1891, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Cape Town Regional Chamber of Commerce and Industry ("The Chamber") as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed The Chamber's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, they are satisfied that The Chamber has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by The Chamber's external auditors and their report is presented on pages 4 - 5.

The annual financial statements set out on pages 8 - 23, which have been prepared on the going concern basis, were approved by the board of directors on 28 October 2021 and were signed on its behalf by:

### Approval of annual financial statements



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J Moolman



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P Ross

## Independent Auditor's Report

To the members of

### Cape Town Regional Chamber of Commerce and Industry

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#### Opinion

We have audited the financial statements of Cape Town Regional Chamber of Commerce and Industry (the Chamber) set out on pages 8 to 22, which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cape Town Regional Chamber of Commerce and Industry as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Constitution of the Cape Town Regional Chamber of Commerce and Industry.

#### Basis of 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 Consolidated Financial Statements* section of our report. We are independent of the Chamber 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). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled Cape Town Regional Chamber of Commerce and Industry Annual Financial Statements for the year ended 30 June 2021", which includes the Honorary Treasurer's Report as required by the Constitution of the Cape Town Regional Chamber of Commerce and Industry and the detailed income statement. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Constitution of the Cape Town Regional Chamber of Commerce and Industry, and for such internal control as the directors determines is necessary to enable the preparation of the 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 Chamber'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 intends to liquidate the Chamber 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 Chamber'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 Chamber'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 Chamber 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.

*BDO South Africa Inc.*



**BDO South Africa Incorporated**  
Registered Auditors

**Fayaz Mohamed**  
Partner  
Registered Auditor

28 October 2021

119-123 Hertzog Boulevard  
Foreshore  
Cape Town, 8001

# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Honorary Treasurer's Report

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The Honorary Treasurer has pleasure in submitting his report on the annual financial statements of Cape Town Regional Chamber of Commerce and Industry ("The Chamber") for the year ended 30 June 2021.

### 1. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Chamber's Constitution and Cape Town Chamber of Commerce Act 21 of 1891. The accounting policies have been applied consistently compared to the prior year.

#### Income Statement:

The Total Revenue and Finance Income was R 14.3m, a decrease of approximately 6.8% from the previous year (R 15.4m).

Key drivers on the various revenue streams were "Subscriptions" and "Certification Income" amounting to R13.1m, which represent approximately 92% of the Total Revenues, compared to the previous year (92%). The total number of members as per 30th June 2021 was 2 106 vs. 30th June 2020 members were 2 102. This includes approximately 450 members who are currently not in good standing and are being followed up.

The Finance Income was R 192k, a decrease of 36% on the previous year of R 301k. The Chamber recorded a loss on sale of investments amounting to R 67k vs a profit on sale of investments of R 113 k in the previous year.

The Total Expenditure of R 13.8m reflects a decrease of 9.7% compared to the previous year. The Salaries of R 9.7m increased by 7.6% vs previous year (R 9m) and this represents 71% of the total expenditure. The staff of the chamber decreased to 23 (26 during 2020). Expenditure decreased by R 1.59m from the prior year.

This year the Chamber has achieved a net surplus of R 748k vs. last year's R 533k.

#### Balance Sheet:

Total Assets amounted to R 30.8m compared to R 27.6m the previous year.

The Equity increased by 16% from R 23.9m to R 27.7m and consists of accumulated funds and unrealised gains on investments.

Current Liabilities decreased by 17% from R 3.3m to R 2.7m and consist of Trade and other Payables, Certification Deposits and Deferred Revenue.

The Chamber has a stable balance sheet at reporting date.

### 2. Directors

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

<b>Directors</b>		<b>Changes</b>
J Myburgh	Past President	Appointed 01 October 2020
G Jacobs	Past President	Resigned 01 October 2020
J Moolman	President	
P Ross	Honorary Treasurer	
S P Peimer	Executive director	
D Goliath	Non-executive	Resigned 10 December 2020
R Gounden	Non-executive	Resigned 21 October 2020
R Samsodien	Non-executive	Resigned 30 October 2020
T von Zukowski	Non-executive	
J Marillier	Non-executive	
D Brigg	Deputy President	
D Boorman	Non-executive	Appointed 25 February 2021
P Hartnady	Non-executive	Appointed 25 February 2021
N Jappie	Non-executive	Appointed 25 February 2021
A Khan	Non-executive	Appointed 25 February 2021

# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Honorary Treasurer's Report

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### 3. Going concern

The effects of the COVID-19 pandemic on the ongoing operations of the Chamber have, and will be continuously assessed. A number of our members are experiencing extreme hardship or, in some cases, are no longer operating as a result of the pandemic.

The pandemic has negatively impacted both the Chamber's subscription and certification fee income during the past financial year. This has resulted in the Chamber's profitability and cash flows being detrimentally affected.

The board believes that the risk to the ongoing operation is contained and that sufficient actions have and will be taken to mitigate and contain such risk. Remedies will include a greater focus on risk management and increasing the number of revenue streams to the Chamber.

Taking account the foregoing, the board has assessed the ability of the Chamber to continue as a going concern, and have no reason to believe that the entity will not be a going concern in the year ahead.

### 4. Events after the reporting period

There have been no facts or circumstances of a material nature that have occurred between the reporting data and date of this report that have a material impact on the financial position of The Chamber at 30 June 2021.

### 5. Auditors

BDO South Africa Inc. continued in office as auditors for the Chamber for 2021.

### 6. General

The Chamber's secretariat and accounting staff is responsible for managing the financial affairs of the Chamber and sufficient controls are in place. The Chamber's main income is derived from members' subscription fees and certification income. The accrual method is used to account for membership subscription fees, and with this provisions for impairment of subscription debtors have been applied, all of this in line with international best practice.

The Chamber's services to members include the organising of events such as workshops, seminars, training sessions, development programmes and the issue of certificates. Income is also derived from advertising. Income derived and Expenditure incurred in the activities of the Chamber is reflected in the Income Statement and it meets the IFRS for SME's Standard.

The audited Financial Statements clearly set out the results of the year with accompanying notes and explanations.



# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Statement of Comprehensive Income

Figures in Rand	Notes	2021	2020
Revenue	2	14 322 689	15 372 086
Other income	3	1 661	113 046
Operating expenses		(13 768 438)	(15 254 004)
<b>Operating surplus</b>	4	<b>555 912</b>	<b>231 128</b>
Finance income	5	192 229	301 255
<b>Surplus for the year</b>		<b>748 141</b>	<b>532 383</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Available for sale financial assets – net change in fair value		3 048 515	(80 000)
<b>Other comprehensive income (loss) for the year</b>		<b>3 048 515</b>	<b>(80 000)</b>
<b>Total comprehensive income for the year</b>		<b>3 796 656</b>	<b>452 383</b>

# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Statement of Financial Position as at 30 June 2021

Figures in Rand	Notes	2021	2020
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	8	272 480	536 365
Investments	10	28 373 768	25 316 758
		<b>28 646 248</b>	<b>25 853 123</b>
<b>Current Assets</b>			
Trade and other receivables	11	287 184	192 652
Cash and cash equivalents	12	1 888 090	1 535 708
		<b>2 175 274</b>	<b>1 728 360</b>
<b>Total Assets</b>		<b>30 821 522</b>	<b>27 581 483</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Available-for-sale investments reserve		6 896 018	3 847 503
Accumulated funds		20 828 627	20 080 486
		<b>27 724 645</b>	<b>23 927 989</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Employee benefit accrual	13	338 025	364 262
<b>Current Liabilities</b>			
Employee benefit accrual	13	42 495	42 953
Trade and other payables	14	1 297 205	2 318 642
Deferred revenue	15	662 589	456 840
Certification deposits	15	756 563	470 797
		<b>2 758 852</b>	<b>3 289 232</b>
<b>Total Liabilities</b>		<b>3 096 877</b>	<b>3 653 494</b>
<b>Total Equity and Liabilities</b>		<b>30 821 522</b>	<b>27 581 483</b>

# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Statement of Changes in Equity

	Available-for-sale investments reserve	Accumulated funds	Total
Figures in Rand			
<b>Balance at 01 July 2019</b>	<b>3 927 503</b>	<b>19 548 103</b>	<b>23 475 606</b>
Surplus for the year	-	532 383	532 383
Other comprehensive income	(80 000)	-	(80 000)
<b>Total comprehensive income for the year</b>	<b>(80 000)</b>	<b>532 383</b>	<b>452 383</b>
<b>Balance at 01 July 2020</b>	<b>3 847 503</b>	<b>20 080 486</b>	<b>23 927 989</b>
Surplus for the year	-	748 141	748 141
Other comprehensive income	3 048 515	-	3 048 515
<b>Total comprehensive income for the year</b>	<b>3 048 515</b>	<b>748 141</b>	<b>3 796 656</b>
<b>Balance at 30 June 2021</b>	<b>6 896 018</b>	<b>20 828 627</b>	<b>27 724 645</b>

# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Statement of Cash Flows

Figures in Rand	Notes	2021	2020
<b>Cash flows from operating activities</b>			
Cash generated from (used in) operations	16	348 527	(109 386)
Interest income		102 437	126 559
REIT income		6 261	26 761
Dividend income		83 532	147 935
<b>Net cash from operating activities</b>		<b>540 757</b>	<b>191 869</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment and intangible assets	8	(99 687)	(442 457)
Acquisition of investments		(181 739)	(748 458)
Proceeds from sale of investments		93 051	1 691 455
<b>Net cash (used in) from investing activities</b>		<b>(188 375)</b>	<b>500 540</b>
<b>Total cash movement for the year</b>		<b>352 382</b>	<b>692 409</b>
Cash at the beginning of the year		1 535 708	843 299
<b>Total cash at end of the year</b>	12	<b>1 888 090</b>	<b>1 535 708</b>

# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### General information

The Cape Town Regional Chamber of Commerce and Industry (The "Chamber") is domiciled in South Africa. The address of the Chamber's registered office is 11 Stonewood, Reservoir Street, Protea Village, Brackenfell, Cape Town, 7560. The Chamber is a non-profit association created in terms of the Cape Town Chamber of Commerce Act 21 of 1891.

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

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. The annual financial statements have been prepared on the historical cost basis except where otherwise noted, 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 Property, plant and equipment

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

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Chamber and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

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

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

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

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Item	Depreciation method	Average useful life
Furniture and fittings	Straight line	10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	10 years
Computer equipment	Straight line	3 years
Leasehold improvements	Straight line	over the lease term

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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

# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.2 Intangible assets

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.

Research and development costs are recognised as an expense in the period incurred.

Amortisation is provided to write down the intangible assets, on a straight-line basis, as follows:

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Item	Depreciation method	Average useful life
Website	Straight line	3 years
CRM system	Straight line	3 years

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The residual value, amortisation period and amortisation method for intangible assets are reassessed when there is an indication that there is a change from the previous estimate.

### 1.3 Financial instruments

#### Measurement

Non-derivative financial instruments are initially recognised at fair value plus directly attributable transaction costs except for financial instruments that are classified as being carried at fair value through profit or loss. Subsequent to initial recognition, these instruments are classified according to their nature.

The Chamber has non-derivative financial instruments, as set out below. The subsequent measurement of each financial instrument is explained in more detail below.

#### Trade and other receivables

Trade and other receivables are categorised as loans and receivables. These financial assets originate by the Chamber providing services directly to a debtor and are, subsequent to initial recognition, measured at amortised cost using the effective interest method less any accumulated impairment losses. If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

#### Cash and cash equivalents

Cash and cash equivalents are categorised in the statement of financial position as loans and receivables and subsequent to initial recognition measured at amortised cost.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the Chamber unless otherwise stated.

#### Investments

Available-for-sale financial assets are non-derivative financial assets that are designated as investments. Investments are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in and presented in the profit and loss.

Investments comprise equity securities and investment portfolios.

#### Trade and other payables

Trade and other payable are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.3 Financial instruments (continued)

#### Derecognition

##### Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

##### Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the Chamber has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 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 Impairment of assets

#### Non-financial assets

The carrying amounts of the Chamber's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such an indication exists, the asset's recoverable amount is estimated.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

#### Financial assets

At the reporting date, an assessment is made as to whether objective evidence exists that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.6 Employee benefits

#### Short-term employee benefits

The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service.

Accruals for employee entitlements to wages, salaries, bonuses, annual and sick leave represent the amount which the Chamber has a present obligation to pay as a result of employees' services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

#### Long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension fund is recognised as an employee benefit expense in profit or loss when the related service is provided.

### 1.7 Revenue

Revenue is recognised to the extent that the Chamber has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the Chamber. Revenue is measured at the fair value of the consideration received or receivable.

#### Subscription income

Membership subscriptions are invoiced in line with The Chambers financial year, renewal invoices are sent to members in the first month of the new financial year, and recognised over a 12 month period.

Membership subscriptions received in advance are recorded as deferred revenue liabilities and recognised systematically in profit or loss over the period to which they relate.

#### Certification fees

Revenue earned from certification fees is recognised when the service is rendered in profit or loss.

#### Functions and seminars

Revenue from functions and seminars is recognised once the related function or seminar has taken place.

#### Other revenue streams

Revenue derive from other sources is recognised on the accrual basis.

### 1.8 Finance income

Finance income comprises interest income and dividend income. Interest income is recognised in profit or loss on a time proportion basis, taking account of the principal outstanding and the effective interest rate over the period to maturity, when it is probable that such income will accrue to the Chamber. Dividend income from investments is recognised when the right to receive payment is established.

### 1.9 Determination of fair values

The Chamber's accounting policies and disclosures require the determination of fair value, for financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the following method. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset.

#### *Equity securities - Investments*

The fair value of investments in equity is determined with reference to their quoted closing bid price at the measurement date, or if unquoted, determined using a valuation technique.



# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>2. Revenue</b>		
Advertising	36 296	130 452
Certification fees	6 668 372	6 824 605
Functions and seminars	1 054 269	870 114
Letting of public rooms	-	99 432
Subscription income	6 465 278	7 340 807
Sundry revenue	98 474	106 676
	<b>14 322 689</b>	<b>15 372 086</b>
<b>3. Other income</b>		
Realised gain on investment	-	113 046
Gain on exchange differences	1 661	-
	<b>1 661</b>	<b>113 046</b>
<b>4. Operating surplus</b>		
Operating surplus for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Lease rentals		
• Contingent and contractual amounts	338 273	1 927 837
Amortisation on intangible assets	-	45 694
Bad debts	609 715	193 424
Consulting fees	119 576	175 025
Depreciation on property, plant and equipment	376 531	712 287
Employee costs	9 736 707	9 049 303
(Gain) loss on exchange differences	(1 661)	16 084
Loss on sale of property, plant and equipment	-	412 665
Realised losses (gains) on investments	67 234	(113 046)
<b>5. Finance income</b>		
Dividend income	83 532	147 935
Interest income	102 437	126 559
REIT income	6 260	26 761
	<b>192 229</b>	<b>301 255</b>

## 6. Taxation

The Chamber is exempt from South African Income Tax in terms of Section 10(1)(d)(iii) of the Income Tax Act of 1962 as amended.

## 7. Retirement benefit obligations

### Defined contribution fund

All permanent employees are members of the Liberty Corporate Pension Fund, a Defined Contribution Fund. Contributions to the Defined Contribution Fund are recognised as an expense. The pension fund was changed from the Chamber of Commerce fund to the Liberty Corporate Pension Fund on 1 September 2014. The fund is governed by the Pension fund Act of 1956. Contributions to the fund for the year ended 30 June 2021 amount to R 1 331 064 (2020: R 1 342 042).

# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

### 8. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer equipment	336 833	(209 246)	127 587	635 633	(293 675)	341 958
Furniture and fittings	258 093	(196 661)	61 432	311 825	(226 273)	85 552
Motor vehicles	137 417	(75 579)	61 838	262 202	(172 879)	89 323
Office equipment	170 083	(148 460)	21 623	213 480	(193 948)	19 532
<b>Total</b>	<b>902 426</b>	<b>(629 946)</b>	<b>272 480</b>	<b>1 423 140</b>	<b>(886 775)</b>	<b>536 365</b>

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

	Opening balance	Additions	Depreciation	Closing balance
Computer equipment	341 958	87 692	(302 063)	127 587
Furniture and fittings	85 552	-	(24 120)	61 432
Motor vehicles	89 323	-	(27 485)	61 838
Office equipment	19 532	24 954	(22 863)	21 623
	<b>536 365</b>	<b>112 646</b>	<b>(376 531)</b>	<b>272 480</b>

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

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Computer equipment	44 557	372 881	-	(75 480)	341 958
Furniture and fittings	110 256	-	-	(24 704)	85 552
Leasehold improvements	879 537	-	(317 847)	(561 690)	-
Motor vehicles	116 805	-	-	(27 482)	89 323
Office equipment	27 887	14 576	-	(22 931)	19 532
	<b>1 179 042</b>	<b>387 457</b>	<b>(317 847)</b>	<b>(712 287)</b>	<b>536 365</b>

Fully depreciated assets on the fixed asset register have a cost of R 282 966 (2020: R 294 728).

### 9. Intangible assets

#### Reconciliation of intangible assets - 2020

	Opening balance	Additions	Scrapped	Amortisation	Total
Website	85 511	24 489	(64 306)	(45 694)	-

#### Other information

During the prior year, the development of the website was scrapped in favour of a CRM system which was brought into use in June 2020. The CRM system had a website bundled in the package.

# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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### 10. Investments

#### At fair value

Equity securities and unit trust portfolios	28 373 768	25 316 758
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The above investments are classified as available-for-sale investments. A register of all investments is maintained at the registered office of the Chamber and is available for inspection.

#### Non-current assets

At fair value	28 373 768	25 316 758
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### 11. Trade and other receivables

Net subscriptions receivable	140 255	164 704
Prepayments	146 929	21 328
Sundry receivables	-	60
Staff loans	-	6 560
	<b>287 184</b>	<b>192 652</b>

Net subscriptions receivable is made up of gross subscriptions receivable amounting to R 905 788 (2020: R 2 074 890) and a provision for impairment of subscriptions receivable amounting to R 765 533 (2020: R 1 910 186).

The following indicate the actual write-offs incurred:

Opening balance	1 910 186	1 356 245
Increase in provision	-	799 980
Provision utilised	(1 144 653)	(246 039)
<b>Closing balance</b>	<b>765 533</b>	<b>1 910 186</b>

The evaluation of the provision of doubtful debts is inherently judgemental and requires significant assumptions about expected subscriber default amounts that may be susceptible to changes. The Chamber establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Debtors older than 90 days are provided for at year end.

### 12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 267	1 267
Call accounts	18 725	23 583
Current accounts	1 868 098	1 510 858
	<b>1 888 090</b>	<b>1 535 708</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Chamber, and earn interest at the respective short-term deposit rates.

# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>13. Employee benefit accrual</b>		
<b>Post-retirement medical aid benefit</b>		
Balance at 30 June 2019		791 218
Post-retirement benefit reversed during the year		(384 003)
Post-retirement benefit raised during the year - Non-Current liability		-
Post-retirement benefit raised during the year - Current liability		-
<b>Balance at 30 June 2020</b>		<b>407 215</b>
<b>Post-retirement medical aid benefit</b>		
Balance at 30 June 2020		407 215
Post-retirement benefit reversed during the year		(26 695)
Post-retirement benefit raised during the year - Non-Current liability		-
Post-retirement benefit raised during the year - Current liability		-
<b>Balance at 30 June 2021</b>		<b>380 520</b>
Non-Current liability		338 025
Current liability		42 495
		<b>380 520</b>

### Post-retirement medical aid benefit

The Chamber provides post-employment medical benefits to employees who retire after 15 years of service. The degree of benefits range from 50% to 30% of the employee's medical aid depending on the number of years' service. The benefit ceases after a period of 5 years after retirement. The benefits are unfunded. The liability has been determined for 4 employees employed by the Chamber for more than 15 years and who are expected to retire within the next 10 years. The estimated liability to the Chamber of providing for this benefit at 30 June 2021 is R 380 520 (2020: R 407 215), which has been determined using the present value of current contributions to the medical aid at a growth rate of 5%.

### 14. Trade and other payables

Bonus accrual	254 400	252 142
Leave pay accrual	479 028	387 228
Payroll accruals	-	92 970
Trade payables	375 366	1 437 971
Valued added tax	188 411	148 331
	<b>1 297 205</b>	<b>2 318 642</b>

### 15. Deferred revenue

Certification deposits held	756 563	470 799
Membership subscriptions	662 589	456 840
	<b>1 419 152</b>	<b>927 639</b>

# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>16. Cash generated from (used in) operations</b>		
Surplus for the year	748 141	532 383
<b>Adjustments for:</b>		
Depreciation and amortisation	376 531	757 981
Loss on sale of investments	-	299 619
Dividends received	(102 437)	(126 559)
REIT income	(6 261)	(26 761)
Dividend income	(83 532)	(147 935)
Movement in employee benefits	(26 695)	(384 002)
Realised loss on investments	67 234	104 959
Unrealised gain on investments	-	(80 000)
Movement in lease accrual	-	(1 071 683)
Movement in deferred revenue and deposits owing	491 515	(934 514)
<b>Changes in working capital:</b>		
Trade and other receivables	(94 532)	6 629
Trade and other payables	(1 021 437)	960 497
	<b>348 527</b>	<b>(109 386)</b>

## 17. Commitments

### Authorised capital expenditure

Capital commitments forecast for the 2021 financial year amounted to R 20 million for the purchase of Property.

## 18. Related parties

### Relationships

Non-Executive Director: Tilman von Zukowski

Mr von Zukowski is an Independent Wealth Advisor with the Efficient Group, a member organization of the Chamber.

Non-Executive Director: Peter Ross

Mr Ross is a Member at ActivPro Business Solutions, a member organization of the Chamber.

### Related party balances and transactions with related parties

#### Related party transactions

##### Expense transactions with related parties

Efficient Group – Financial Advisory services	49 895	36 822
ActivPro – BBBEE Consulting	12 500	10 000

# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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### 19. Transactions with key management

Key management personnel are those persons having authority for planning, directing and controlling activities directly or indirectly. The Chamber considers its Executive Director (Sidney Peimer) to be key management personnel.

#### Key management personnel

##### 2021

	Remuneration	Total
<b>Key management</b>		
Total	1 148 869	1 148 869

##### 2020

	Remuneration	Total
<b>Key management</b>		
Total	926 549	926 549

### 20. Categories of financial instruments

#### Financial assets at fair value through profit or loss

Investments	28 373 768	25 316 758
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#### Debt instruments at amortised cost

Trade and other receivables	140 255	171 324
Cash and cash equivalents	1 888 090	1 535 708
	<b>2 028 345</b>	<b>1 707 032</b>

#### Financial liabilities at amortised cost

Trade and other payables	1 108 791	2 170 307
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# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

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### 21. Going concern

The effects of the COVID-19 pandemic on the ongoing operations of the Chamber have and will be continuously assessed.

The pandemic has negatively impacted both its subscription and certification fee income during the financial year. This has resulted in the Chamber's profitability and cash flows being detrimentally affected.

The board believes that the risk to the ongoing operation is contained and that sufficient actions have and will be taken to mitigate and contain such risk.

Taking account the foregoing, the board has assessed the ability of the Chamber to continue as a going concern, and have no reason to believe that the entity will not be a going concern in the year ahead.

### 22. Events after the reporting period

There have been no facts or circumstances of a material nature that have occurred between the reporting date and date of this report that have a material impact on the financial position of the Chamber at 30 June 2021.

# Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2021

## Detailed Income Statement

Figures in Rand	Notes	2021	2020
<b>Revenue</b>			
Advertising		36 296	130 452
Certification fees		6 668 372	6 824 605
Functions and seminars		1 054 269	870 114
Letting of public rooms		-	99 432
Subscription income		6 465 278	7 340 807
Sundry revenue		98 474	106 676
	2	<b>14 322 689</b>	<b>15 372 086</b>
<b>Other income</b>			
Realised gains on investments		-	113 046
Gains on exchange differences		1 661	-
		<b>1 661</b>	<b>113 046</b>
<b>Operating expenses</b>			
Administration expenses		(170 462)	(202 834)
Auditors remuneration		(242 150)	(219 300)
Bad debts		(622 693)	(193 424)
Bank charges		(55 726)	(67 237)
Books, periodicals and other publications		(41 312)	(25 261)
Chamber projects		(80 665)	(124 360)
Consulting fees		(119 576)	(175 025)
Depreciation and amortisation		(376 531)	(757 981)
Donations		-	(4 831)
Employee costs		(9 736 707)	(9 049 303)
Insurance		(47 348)	(51 818)
Loss on exchange differences		-	(16 084)
Loss on sale of property, plant and equipment		-	(412 665)
Marketing expenses		(81 386)	(37 226)
Meeting expenses		(94 473)	(59 783)
Membership recruitment cost		(78 393)	(144 811)
Postage and telephone		(334 572)	(228 712)
Printing, stationery and office supplies		(47 131)	(51 414)
Realised loss on investments		(67 234)	-
Rent expense		(338 273)	(1 927 837)
Repairs and maintenance		(307 543)	(382 475)
Seminar and function costs		(898 092)	(967 523)
Services rendered costs		-	(131 519)
Sundry expenses		(3 935)	(10 693)
Travel		(24 236)	(11 888)
		<b>(13 768 438)</b>	<b>(15 254 004)</b>
<b>Operating surplus</b>	4	<b>555 912</b>	<b>231 128</b>
Finance income	5	192 229	301 255
<b>Surplus for the year</b>		<b>748 141</b>	<b>532 383</b>