

**Cape Town Regional Chamber of
Commerce and Industry**
Incorporated under Act 21 of 1891
Annual Financial Statements
for the year ended 30 June 2022

Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2022

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	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
Directors	J Myburgh J Moolman P Ross D Brigg P Hartnady N Jappie T Mabena
Registered office	1 Canal Close Century City Cape Town 7441
Council	Members of Council are elected by members of the Chamber
Auditors	BDO South Africa Inc. Chartered Accountants (SA) Registered Auditors
Level of assurance	These annual financial statements have been audited
Preparer	The annual financial statements were independently compiled by: Metis Advisory Services Proprietary Limited A Pangarker CA (SA)
Issued	27 October 2022

Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2022

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Cape Town Regional Chamber of Commerce and Industry

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Directors' Responsibilities and Approval

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 Chamber. 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 2023 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 Chamber'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 27 October 2022 and were signed on its behalf by:

Approval of annual financial statements



J Moolman



P Ross

Independent Auditor's Report

To the members of

Cape Town Regional Chamber of Commerce and Industry

Opinion

We have audited the financial statements of Cape Town Regional Chamber of Commerce and Industry (the Chamber) set out on pages 8 to 23, which comprise the statement of financial position as at 30 June 2022, 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 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 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 2022, which includes the Honorary Treasurer's Report as required by the Constitution of the Cape Town Regional Chamber of Commerce and Industry. 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 Inc. (Nov 18, 2022 10:01 GMT+2)

BDO South Africa Incorporated
Registered Auditors

Fayaz Mohamed
Partner
Registered Auditor

18 November 2022

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 2022

Honorary Treasurer's Report

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 2022.

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 R16.1m, a increase of approximately 11% from the previous year (R14.5m).

Key drivers on the various revenue streams were "Subscriptions" and "Certification Income" amounting to R13.9m, which represent approximately 89% of the Total Revenues, compared to the previous year (92%). The total number of members as at 30th June 2022 was 1,124 compared to the reported members as at 30th June 2021 amounting to 2,106. (My report last year mentioned that the latter figure included in the figure of 2,106 were approximately 450 members who were not in good standing). It was decided earlier this year that members who have defaulted on payment for more than 3 months should not be recognised as such and that our membership statistics should be amended accordingly. The membership figure has also been thoroughly reconciled during recent months. It is reassuring that membership is on an upward trajectory once more with paid-up members increasing from 1,124 at the end of June, 2022 to 1,284 at the end of August, 2022.

The Finance Income was R350k, an increase of 82% on the previous year's figure of R192k.

The Total Expenditure of R15.6m reflects an increase of 13% compared to the previous year. Employee costs amounted to R10.8m an increase of about 11.4% on last year's figure of R9.7m. This represents about 70% of total expenditure. The staff compliment of 23 remained the same compared to the previous year.

This year the Chamber has achieved a surplus of R486k vs. last year's R748k.

Balance Sheet:

Total Assets amounted to R32.5m compared to R30.8m in the previous year.

The Equity increased by 4% from R27.7m to R28.9m and consists of accumulated funds and available for sale reserves.

Current Liabilities increased by 16% from R2.8m to R3.2m and consist of Trade and other Payables, Certification Deposits, Deferred Revenue and Provisions.

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:

Directors		Changes
J Myburgh	Past President	
J Moolman	President	
P Ross	Honorary Treasurer	
S P Peimer	Executive director	Resigned 04 February 2022
T von Zukowski	Non-executive	Resigned 27 October 2021
J Marillier	Non-executive	Resigned 27 October 2021
D Brigg	Deputy President	
D Boorman	Non-executive	Resigned 04 February 2022
P Hartnady	Non-executive	
N Jappie	Non-executive	
A Khan	Non-executive	Resigned 27 October 2021
T Mabena	Non-executive	Appointed 02 February 2022

Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2022

Honorary Treasurer's Report

3. Going concern

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 2022.

5. Auditors

BDO South Africa Inc. continued in office as auditors for the Chamber for 2022.

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 the IFRS for SME's Standard.

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 Statement of Comprehensive Income as it meets the requirements of 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 2022

Statement of Comprehensive Income

Figures in Rand	Notes	2022	2021
Revenue	2	15 290 342	14 322 689
Other income	3	407 494	1 661
Operating expenses		(15 562 231)	(13 768 438)
Operating surplus	4	135 605	555 912
Finance income	5	350 090	192 229
Surplus for the year		485 695	748 141
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Available for sale financial assets – net change in fair value		695 518	3 048 515
Other comprehensive income for the year		695 518	3 048 515
Total comprehensive income for the year		1 181 213	3 796 656

Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Position as at 30 June 2022

Figures in Rand	Notes	2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment	8	258 393	272 480
Investments	9	29 311 533	28 373 768
		29 569 926	28 646 248
Current Assets			
Trade and other receivables	10	274 340	287 184
Cash and cash equivalents	11	2 611 670	1 888 090
		2 886 010	2 175 274
Total Assets		32 455 936	30 821 522
Equity and Liabilities			
Equity			
Available-for-sale investments reserve		7 591 536	6 896 018
Accumulated funds		21 314 322	20 828 627
		28 905 858	27 724 645
Liabilities			
Non-Current Liabilities			
Employee benefit accrual	12	353 520	338 025
Current Liabilities			
Employee benefit accrual	12	23 522	42 495
Trade and other payables	13	1 314 375	1 297 205
Deferred revenue	14	755 794	662 589
Certification deposits	14	855 441	756 563
Provisions	15	247 426	-
		3 196 558	2 758 852
Total Liabilities		3 550 078	3 096 877
Total Equity and Liabilities		32 455 936	30 821 522

Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2022

Statement of Changes in Equity

	Available-for-sale investments reserve	Accumulated funds	Total
Figures in Rand			
Balance at 01 July 2020	3 847 503	20 080 486	23 927 989
Surplus for the year	-	748 141	748 141
Other comprehensive income	3 048 515	-	3 048 515
Total comprehensive income for the year	3 048 515	748 141	3 796 656
Balance at 01 July 2021	6 896 018	20 828 627	27 724 645
Surplus for the year	-	485 695	485 695
Other comprehensive income	695 518	-	695 518
Total comprehensive income for the year	695 518	485 695	1 181 213
Balance at 30 June 2022	7 591 536	21 314 322	28 905 858

Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2022

Statement of Cash Flows

Figures in Rand	Notes	2022	2021
Cash flows from operating activities			
Cash generated from operations	16	507 561	348 527
Interest income		154 218	102 437
REIT income		22 396	6 261
Dividend income		173 476	83 532
Net cash from operating activities		857 651	540 757
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(202 615)	(99 687)
Proceeds from sale of property, plant and equipment	8	19 391	-
Acquisition of investments		(789 641)	(181 739)
Proceeds from sale of investments		838 794	93 051
Net cash (used in) from investing activities		(134 071)	(188 375)
Total cash movement for the year		723 580	352 382
Cash at the beginning of the year		1 888 090	1 535 708
Total cash at end of the year	11	2 611 670	1 888 090

Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

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:

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 2022

Accounting Policies

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:

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

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 2022

Accounting Policies

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 2022

Accounting Policies

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 Provisions and contingencies

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

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.8 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.

1.9 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.

Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.10 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 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
2. Revenue		
Advertising	47 158	36 296
Certification fees	7 572 376	6 668 372
Development projects	524 646	-
Functions and seminars	649 348	1 054 269
Subscription income	6 359 542	6 465 278
Sundry revenue	137 272	98 474
	15 290 342	14 322 689
3. Other income		
Realised gain on investments	299 144	-
Gain on exchange differences	-	1 661
Bad debts recovered	108 350	-
	407 494	1 661
4. Operating surplus		
Operating surplus for the year is stated after accounting for the following:		
Operating lease charges		
Lease rentals		
• Contingent and contractual amounts	449 732	338 273
Bad debts	289 024	609 715
Consulting fees	397 919	119 576
Depreciation on property, plant and equipment	104 420	376 531
Employee costs	10 847 109	9 736 707
Loss on exchange differences	27 649	-
Loss on sale of property, plant and equipment	44 388	-
Realised loss on investments	-	67 234
5. Finance income		
Dividend income	173 476	83 532
Interest income	154 218	102 437
REIT income	22 396	6 260
	350 090	192 229

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 2022 amount to R 1 338 237 (2021: R 1 331 064).

Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

8. Property, plant and equipment

	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer equipment	349 501	(193 234)	156 267	336 833	(209 246)	127 587
Furniture and fittings	70 784	(3 022)	67 762	258 093	(196 661)	61 432
Motor vehicles	137 417	(103 062)	34 355	137 417	(75 579)	61 838
Office equipment	109 483	(109 474)	9	170 083	(148 460)	21 623
Total	667 185	(408 792)	258 393	902 426	(629 946)	272 480

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Computer equipment	127 587	127 296	(29 223)	(69 393)	156 267
Furniture and fittings	61 432	70 798	(61 446)	(3 022)	67 762
Motor vehicles	61 838	-	-	(27 483)	34 355
Office equipment	21 623	4 521	(21 613)	(4 522)	9
	272 480	202 615	(112 282)	(104 420)	258 393

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
	536 365	112 646	(376 531)	272 480

Fully depreciated assets on the fixed asset register have a cost of R 220 456 (2021: R 282 966).

Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand 2022 2021

9. Investments

At fair value

Equity securities and unit trust portfolios 29 311 533 28 373 768

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 29 311 533 28 373 768

10. Trade and other receivables

Net subscriptions receivable	28 412	140 255
Prepayments	175 928	146 929
Deposits	70 000	-
	274 340	287 184

Net subscriptions receivable is made up of gross subscriptions receivable amounting to R 31 460 (2021: R 905 788) and a provision for impairment of subscriptions receivable amounting to R Nil (2021: R 765 533).

The following indicate the actual write-offs incurred:

Opening balance	765 533	1 910 186
Increase in provision	-	-
Provision utilised / reversed	(765 533)	(1 144 653)
Closing balance	-	765 533

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.

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	-	1 267
Call accounts	43 130	18 725
Current accounts	2 568 540	1 868 098
	2 611 670	1 888 090

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 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
12. Employee benefit accrual		
Post-retirement medical aid benefit		
Balance at beginning of the year	380 520	407 215
Post-retirement benefit reversed during the year	(3 478)	(26 695)
Post-retirement benefit raised during the year - Non-Current liability	-	-
Post-retirement benefit raised during the year - Current liability	-	-
Balance at end of the year	377 042	380 520
Non-Current liability	353 520	338 025
Current liability	23 522	42 495
	377 042	380 520

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 2022 is R 377 042 (2021: R 380 520), which has been determined using the present value of current contributions to the medical aid at a growth rate of 5%.

13. Trade and other payables

Accrued audit fees	200 965	189 590
Bonus accrual	320 800	254 400
Leave pay accrual	576 962	479 028
Trade payables	115 339	185 776
Valued added tax	100 309	188 411
	1 314 375	1 297 205

14. Deferred revenue

Certification deposits held	855 441	756 563
Membership subscriptions	755 794	662 589
	1 611 235	1 419 152

15. Provisions

Reconciliation of provisions - 2022

	Opening balance	Additions	Total
Provision for retrenchments	-	247 426	247 426

The Chamber embarked on a Section 189 Retrenchment process in terms of the Labour Relations Act during May 2022 and identified 2 employees to be retrenched. Ongoing negotiations with ICHAWU delayed the process however it is reasonably expected to conclude the process within the next two months following 30 June 2022.

Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
16. Cash generated from operations		
Surplus for the year	485 695	748 141
Adjustments for:		
Depreciation and amortisation	104 420	376 531
Loss on sale of property, plant and equipment	105 265	-
Interest income	(154 218)	(102 437)
REIT income	(22 396)	(6 261)
Dividend income	(173 476)	(83 532)
Movements in provisions	247 426	-
Movement in employee benefits	(3 479)	(26 695)
Realised (gain) loss on investments	(299 144)	67 234
Movement in deferred revenue and deposits owing	194 313	491 515
Changes in working capital:		
Trade and other receivables	(34 447)	(94 532)
Trade and other payables	57 602	(1 021 437)
	507 561	348 527

17. Commitments

Authorised capital expenditure

There were no commitments to purchase property or large capital assets for the 2023 financial year.

18. Related parties

Relationships

Former 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
ActivPro – BBBEE Consulting	12 500	12 500

Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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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

2022

Directors' emoluments	Remuneration	Total
Key management		
Total	1 047 265	1 047 265

2021

Directors' emoluments	Remuneration	Total
Key management		
Total	1 148 869	1 148 869

20. Categories of financial instruments

Financial assets at fair value through profit or loss

Investments	29 311 533	28 373 768
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Debt instruments at amortised cost

Trade and other receivables	98 412	140 255
Cash and cash equivalents	2 611 670	1 888 090
	2 710 082	2 028 345

Financial liabilities at amortised cost

Trade and other payables	1 214 066	1 108 794
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Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

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 2022.

Cape Town Regional Chamber of Commerce and Industry

Annual Financial Statements for the year ended 30 June 2022

Detailed Income Statement

Figures in Rand	Notes	2022	2021
Revenue			
Advertising		47 158	36 296
Certification fees		7 572 376	6 668 372
Development projects		524 646	-
Functions and seminars		649 348	1 054 269
Subscription income		6 359 542	6 465 278
Sundry revenue		137 272	98 474
	2	15 290 342	14 322 689
Other income			
Bad debts recovered		108 350	-
Realised gains on investments		299 144	-
Gains on exchange differences		-	1 661
		407 494	1 661
Operating expenses			
Administration expenses		(158 989)	(170 462)
Assets written off		(41 485)	-
Auditors remuneration		(200 965)	(242 150)
Bad debts		(289 024)	(622 693)
Bank charges		(54 941)	(55 726)
Books, periodicals and other publications		(38 147)	(41 312)
Chamber projects		(121 739)	(80 665)
Commission paid		(95 665)	-
Consulting fees		(397 919)	(119 576)
Depreciation and amortisation		(104 420)	(376 531)
Donations		(1 304)	-
Employee costs		(10 847 109)	(9 736 707)
Insurance		(57 718)	(47 348)
Loss on exchange differences		(27 649)	-
Loss on sale of property, plant and equipment		(44 388)	-
Marketing expenses		(88 155)	(81 386)
Meeting expenses		(86 933)	(94 473)
Membership recruitment cost		(337)	(78 393)
Postage and telephone		(311 786)	(334 572)
Printing, stationery and office supplies		(43 213)	(47 131)
Realised loss on investments		-	(67 234)
Recruitment fees		(10 565)	-
Rent expense		(449 732)	(338 273)
Repairs and maintenance		(691 592)	(307 543)
Seminar and function costs		(1 331 649)	(898 092)
Services rendered costs		(17 558)	-
Sundry expenses		-	(3 935)
Travel		(49 249)	(24 236)
		(15 562 231)	(13 768 438)
Operating surplus	4	135 605	555 912
Finance income	5	350 090	192 229
Surplus for the year		485 695	748 141