

CHARTERED FINANCIAL ANALYST SOCIETY OF SOUTH AFRICA

(NON PROFIT COMPANY)

(Registration Number 2011/011107/08)

**Final Annual Financial Statements
for the year ended 31 August 2020**

Audited Financial Statements

in compliance with Companies Act 71 of 2008

Prepared by: JA Barnard (CA)SA

CHARTERED FINANCIAL ANALYST SOCIETY OF SOUTH AFRICA

(Registration Number 2011/011107/08)

Annual Financial Statements for the year ended 31 August 2020

Index

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

General Information	2
Independent Auditors' Report	3 - 5
Directors' Responsibilities and Approval	6
Directors' Report	7 - 8
Statement of Financial Position	9
Statement of Comprehensive Income	10
Statement of Changes in Reserves	11
Statement of Cash Flows	12
Accounting Policies	13
Notes to the Annual Financial Statements	14 - 15
The supplementary information presented does not form part of the financial statements and is not audited: Detailed Income Statement	16

CHARTERED FINANCIAL ANALYST SOCIETY OF SOUTH AFRICA

(Registration Number 2011/011107/08)

Annual Financial Statements for the year ended 31 August 2020

General Information

Country of Incorporation and Domicile

South Africa

Nature of Business and Principal Activities

Serves investment management professionals with educational, ethical and certification programs

Directors

N. Visser (President)
M. Du Plessis (Vice President)
D.L. Morkel
J.S. Henry
D. Semwayo (Treasurer)
T. Mashigo
L. Luvuno
C.B. Cremen (Secretary)
R. Ganie
J.D. Van Wyk
D. Govender
L. Moni (Appointed 1 September 2020)
R. Howarth (Resigned 1 September 2020)

Executive Officer

L. Hawkins

Business Address

The Pivot
Block E, 1st Floor
Montecasino Boulevard
Fourways
2191

Bankers

Bidvest Bank Limited

Independent Auditors

Ransome Russouw Incorporated
1 Mowbray Road
Greenside
Johannesburg
2193

Company Secretary

C.B. Cremen
The Pivot
Block E, 1st Floor
Montecasino Boulevard
Fourways
2191

Independent Auditors' Report

To the Members of Chartered Financial Analyst Society of South Africa

Opinion

We have audited the financial statements of Chartered Financial Analyst Society of South Africa set out on pages 9 to 15, which comprise the statement of financial position as at 31 August 2020, and the statement of comprehensive income, the statement of changes in reserves and the 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 Chartered Financial Analyst Society of South Africa as at 31 August 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Consideration of going concern

In terms of IFRS for Small and Medium-sized Entities and International Standards on Auditing, management shall make an assessment of an entity's ability to continue as a going concern. The going concern assessment made by management is a fundamental part of the audit, especially now due to the global spread of the COVID-19 Virus which has been classified as a pandemic by the World Health Organisation during the year under review. Under this classification South Africa entered into a nationwide lock-down during March 2020. The pandemic and resulting nationwide lock-down has negatively impacted the South African economy and the economic outlook of the country. Management will be required to apply their professional judgement and knowledge of the industry in which the company operates, when assessing the impact of this pandemic on the company, as well as on the going concern assumptions made and thus we consider this to be a key audit matter. Based on the industry in which the company operates, we do not expect the ability of the company to continue as a going concern to be affected, however the nationwide lock-down might have an impact on the annual financial statements of the company in the 2021 financial year.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Chartered Financial Analyst Society of South Africa Annual Financial Statements for the year ended 31 August 2020", which includes the Directors' Report as required by the Companies Act of South Africa, and the supplementary information set out on page 16. The other information does not include the financial statements and our auditors' 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 the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ransome Russouw Incorporated

26 November 2020

Per: H.J. Russouw CA(SA)

Director

Registered Auditor

1 Mowbray Road

Greenside

Johannesburg

2193

CHARTERED FINANCIAL ANALYST SOCIETY OF SOUTH AFRICA

(Registration Number 2011/011107/08)

Annual Financial Statements for the year ended 31 August 2020

Directors' Responsibilities and Approval

The directors are required by the South African Companies Act 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 satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The annual financial statements support the viability of the company.

The annual financial statements have been audited by the independent auditing firm, Ransome Russouw Incorporated, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' unqualified audit report is presented on pages 3 to 5.

The annual financial statements as set out on pages 7 to 16 were approved by the board on 26 November 2020 and were signed on its behalf by:

Director

CHARTERED FINANCIAL ANALYST SOCIETY OF SOUTH AFRICA

(Registration Number 2011/011107/08)

Annual Financial Statements for the year ended 31 August 2020

Directors' Report

The directors present their report for the year ended 31 August 2020.

1. Incorporation

The Chartered Financial Analyst Society of South Africa was incorporated in July 2001 and converted to a non profit company in 2011. It is affiliated to the CFA Institute, based in Charlottesville, Virginia. USA.

2. Review of activities

The principle activities of the company is that of leading the local investment industry in the highest standards of ethical practices and professional standards. The activities broadly fall into three categories: develop future professionals through relevant and accessible credentialing programs (incl. beyond the country borders into Southern Africa), deliver member value that accelerates members' professional success and build market integrity through industry engagement and adoption of standards that improve investor outcomes.

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

3. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

The outbreak of the corona virus disease ("COVID-19") has been declared a Public Health Emergency by the World Healthcare Organisation. The global outbreak has an effect on South Africa and hence the company. The directors do not expect the ability of the company to continue as a going concern to be affected, as the lockdown has resulted in the company not being able to host any conferences and resulted in a significant increase in the surplus for the year. Should the economy open again and the company be able to host conferences, the results for the 2021 financial year will be impacted, but will not affect the going concern of the company.

4. Events after reporting date

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

CHARTERED FINANCIAL ANALYST SOCIETY OF SOUTH AFRICA

(Registration Number 2011/011107/08)

Annual Financial Statements for the year ended 31 August 2020

Directors' Report

5. Directors and executive officer

The directors of the company during the year and to the date of this report are as follows:

N. Visser (President)
M. Du Plessis (Vice President)
D.L. Morkel
J.S. Henry
D. Semwayo (Treasurer)
T. Mashigo
L. Luvuno
C.B. Cremen (Secretary)
R. Ganie
J.D. Van Wyk
D. Govender
L. Moni (Appointed 1 September 2020)
R. Howarth (Resigned 1 September 2020)

The executive officer of the company is Ms. L. Hawkins.

6. Secretary

The company's designated secretary is C.B. Cremen.

7. Independent Auditors

Ransome Russouw Incorporated were the independent auditors for the year under review.

CHARTERED FINANCIAL ANALYST SOCIETY OF SOUTH AFRICA

(Registration Number 2011/011107/08)

Financial Statements for the year ended 31 August 2020

Statement of Financial Position

Figures in Rands	Notes	2020	2019
Assets			
Current Assets			
Trade and other receivables	3	78,814	-
Cash and cash equivalents	4	6,083,701	4,373,778
		<u>6,162,515</u>	<u>4,373,778</u>
Total Assets		<u>6,162,515</u>	<u>4,373,778</u>
Reserves and Liabilities			
Reserves			
Accumulated surplus	6	5,995,547	4,251,261
Current Liabilities			
Trade and other payables	5	166,968	122,517
Total Reserves and Liabilities		<u>6,162,515</u>	<u>4,373,778</u>

CHARTERED FINANCIAL ANALYST SOCIETY OF SOUTH AFRICA

(Registration Number 2011/011107/08)

Financial Statements for the year ended 31 August 2020

Statement of Comprehensive Income

Figures in Rands	Notes	2020	2019
Revenue		4,036,446	4,338,196
Other income		2,988,467	1,849,914
Operating costs		(5,546,725)	(6,435,791)
Operating surplus/(deficit)	7	1,478,188	(247,681)
Finance income		266,098	329,604
Surplus before tax		1,744,286	81,923
Tax expense	8	-	-
Surplus for the year		1,744,286	81,923

CHARTERED FINANCIAL ANALYST SOCIETY OF SOUTH AFRICA

(Registration Number 2011/011107/08)

Financial Statements for the year ended 31 August 2020

Statement of Changes in Reserves

Figures in Rands	Accumulated surplus	Total
Balance at 1 September 2018	4,169,338	4,169,338
Total comprehensive income for the year		
Surplus for the year	81,923	81,923
Total comprehensive income for the year	81,923	81,923
Balance at 31 August 2019	4,251,261	4,251,261
Balance at 1 September 2019	4,251,261	4,251,261
Total comprehensive income for the year		
Surplus for the year	1,744,286	1,744,286
Total comprehensive income for the year	1,744,286	1,744,286
Balance at 31 August 2020	5,995,547	5,995,547
Note	6	

CHARTERED FINANCIAL ANALYST SOCIETY OF SOUTH AFRICA

(Registration Number 2011/011107/08)

Financial Statements for the year ended 31 August 2020

Statement of Cash Flows

Figures in Rands	Note(s)	2020	2019
Cash flows from operating activities			
Surplus for the year		1,744,286	81,923
<i>Adjustments for:</i>			
Investment income		(266,098)	(329,604)
Operating cash flow before working capital changes		1,478,188	(247,681)
<i>Working capital changes</i>			
Increase in trade and other receivables		(78,814)	-
Increase in trade and other payables		44,451	25,740
Net cash flows from / (used in) operations		1,443,825	(221,941)
Investment income		266,098	329,604
Net cash flows from operating activities		1,709,923	107,663
Net increase in cash and cash equivalents		1,709,923	107,663
Cash and cash equivalents at beginning of the year		4,373,778	4,266,115
Cash and cash equivalents at end of the year	4	6,083,701	4,373,778

CHARTERED FINANCIAL ANALYST SOCIETY OF SOUTH AFRICA

(Registration Number 2011/011107/08)

Financial Statements for the year ended 31 August 2020

Accounting Policies

1. General information

Chartered Financial Analyst Society of South Africa is a non-profit company incorporated in South Africa.

2. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

2.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and / or services in the ordinary course of the company's activities. Revenue is shown net of returns and discounts.

The company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and the amount can be measured reliably.

2.2 Property, plant and equipment

Property, plant and equipment is written off during the year in which it is purchased.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown under current liabilities on the statement of financial position.

2.4 Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method, if material.

CHARTERED FINANCIAL ANALYST SOCIETY OF SOUTH AFRICA

(Registration Number 2011/011107/08)

Financial Statements for the year ended 31 August 2020

Notes to the Annual Financial Statements

Figures in Rands	2020	2019
3. Trade and other receivables		
Prepaid expenses	78,814	-
4. Cash and cash equivalents		
FNB - Money market account	254	254
FNB - Current account (Education)	453	453
Bidvest - Current account	101,625	541,924
Bidvest - Call account	574,720	519,388
Bidvest - 41 day account	5,406,649	3,311,759
	<u>6,083,701</u>	<u>4,373,778</u>
5. Trade and other payables		
Sundry payables	152,704	108,253
Skills development levies	14,264	14,264
	<u>166,968</u>	<u>122,517</u>
6. Accumulated surplus		
<p>The Society is required in terms of its constitution to utilize its funds solely for the objectives for which it has been established. On winding up or liquidation it is also obliged to transfer any remaining assets to a society or association with objects similar to its own.</p>		
7. Operating surplus/(deficit)		
<p>Operating surplus/(deficit) is arrived at after taking into account the following items:</p>		
<i>Auditors' remuneration</i>		
Audit fees		
-current	24,380	19,800
-under provision in prior year	2,970	-
	<u>27,350</u>	<u>19,800</u>
<i>Directors' emoluments</i>		
Executive office		
- Basic salary	1,909,916	1,560,248
8. Income tax expense		

The Society has been registered for taxation. Receipts and accruals to the Society are exempt from income tax in terms of section 10(1)(d)(iv)(bb) of the Income Tax Act and donations by or to the Society are exempt from donations tax in terms of section 56(1)(h) of the aforementioned Act.

CHARTERED FINANCIAL ANALYST SOCIETY OF SOUTH AFRICA

(Registration Number 2011/011107/08)

Financial Statements for the year ended 31 August 2020

Notes to the Annual Financial Statements

Figures in Rands	2020	2019
9. Recoverable expenditure		
Programme and events		
- Income	(1,157,266)	-
- Expenditure	682,467	620,900
	<u>(474,799)</u>	<u>620,900</u>
Conferences		
- Income	(874,624)	(1,062,878)
- Expenditure	151,734	1,483,683
	<u>(722,890)</u>	<u>420,805</u>
Marketing and communication		
- Income	(812,077)	(650,759)
- Expenditure	1,227,927	894,842
	<u>415,850</u>	<u>244,083</u>

Refer to detailed income statement.

10. Technology

In- person programme events is a large benefit for our members however, due to the COVID-19 pandemic and subsequent lockdown the Society could not deliver on the existing offering and led to a change of focus. To support our members' continuing professional development the Society increased the frequency of professionally delivered online webinars on a weekly basis. Providing high-quality educational programmes including speaker presentations, panel discussions and more.

The increase in costs under Technology was based on the increase of online webinars and the appointment of specialists to manage and produce professional online content.

11. Going Concern

The directors believe that the company will be a going concern in the year ahead. For this reason we continue to adopt the going concern basis in preparing the annual financial statements.

The outbreak of the corona virus disease ("COVID-19") has been declared a Public Health Emergency by the World Healthcare Organisation. The global outbreak has an effect on South Africa and hence the company. The directors do not expect the ability of the company to continue as a going concern to be affected, as the lockdown has resulted in the company not being able to host any conferences and resulted in a significant increase in the surplus for the year. Should the economy open again and the company be able to host conferences, the results for the 2021 financial year will be impacted, but will not affect the going concern of the company.

12. Approval of annual financial statements

These financial statements were approved by the board of directors and authorised for issue on 26 November 2020.

CHARTERED FINANCIAL ANALYST SOCIETY OF SOUTH AFRICA

(Registration Number 2011/011107/08)

Financial Statements for the year ended 31 August 2020

Detailed Income Statement

Figures in Rands	Notes	2020	2019
Gross Revenue			
Subscriptions		1,480,310	1,874,280
Operational funding		2,556,136	2,463,916
		<u>4,036,446</u>	<u>4,338,196</u>
Other Income			
Conferences	9	874,624	1,062,878
Investment income		266,098	329,604
Marketing and communication	9	812,077	650,759
Programme and events	9	1,157,266	-
Research challenge		144,500	136,277
		<u>3,254,565</u>	<u>2,179,518</u>
		<u>7,291,011</u>	<u>6,517,714</u>
Expenditure			
Accounting fees		39,377	45,945
Auditors' remuneration		27,350	19,800
Bank charges		9,012	14,647
Board administration		82,830	331,739
Candidate preparation		255,470	597,118
Conferences	9	151,734	1,483,683
Development courses		51,160	-
Executive office - remuneration		1,909,916	1,560,248
Executive office - society expenses		7,517	101,592
Managed office expenditure		466,725	496,556
Marketing and communication	9	1,227,927	894,842
Membership survey		-	23,681
Programme and events	9	682,467	620,900
Service providers		59,937	166,216
Strategy		36,052	4,549
Subscriptions		15,480	-
Technology	10	523,036	73,305
Volunteer event		735	970
		<u>5,546,725</u>	<u>6,435,791</u>
Surplus for the year		<u>1,744,286</u>	<u>81,923</u>