THE GREEN BUILDING COUNCIL OF SOUTH AFRICA NPC
(Registration number 2007/029477/08)
AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Promotion of green building, particularly the facilitation of energy efficient, resource efficient and environmentally responsible building practices.
Directors	F Jacobs L D Modise N A Gopal M Macagnano K James S Elliott-Wetmore A Stroebel N Manzana L M Xulu Ka Dlamini B Unsted A Theys I Swanepoel H Rauff P Mutasa
Business address	2nd Floor, The Old Warehouse Building Black River Office Park 2 Fir Street Observatory 7925
Auditor	Ernst & Young Inc. Registered Auditor
Secretary	Jacqueline Harrison
Company registration number	2007/029477/08
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: Ruan van der Burgh Chartered Accountant (SA) VDB Chartered Accountants Proprietary Limited
Published	28 June 2019

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(Registration number 2007/029477/08)
Annual Financial Statements for the year ended 31 December 2018
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VDB CHARTERED ACCOUNTANTS

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INDEPENDENT COMPILER'S REPORT

To the Members of The Green Building Council of South Africa NPC

On the basis of information provided by the directors, we have compiled the annual financial statements of The Green Building Council of South Africa NPC for the year ended 31 December 2018 in accordance with the International Standards on Related Services (ISRS) 4410 (Revised), International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, as set out on pages 11 to 42. These annual financial statements comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' report. The directors are ultimately responsible for the accuracy and completeness of the information used to compile these annual financial statements.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided by the directors to us to compile these annual financial statements. Accordingly, we do not express an assurance opinion on these annual financial statements.

The financial statements have been prepared externally and independently by us per the requirements of the Companies Act of South Africa.

R van der Burgh
Chartered Accountant (SA)
VDB Chartered Accountants Proprietary Limited

28 June 2019
Cape Town

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Independent Auditor's Report

To the Members of the Green Building Council of South Africa NPC
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Green Building Council of South Africa NPC ('the company') set out on pages 12 to 40, which comprise the statement of financial position as at 31 December 2018, the statement of 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 The Green Building Council of South Africa NPC as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards 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 Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements of the company and in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the company and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 21 in the financial statements, which indicates that as 31 December 2018, the Company's total liabilities exceeded its total assets by R4,982,136 (2017: R5,656,753). As stated in Note 21, these events or conditions, along with other matters as set forth in Note 21, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 42-page document titled "The Green Building Council of South Africa NPC Audited Annual Financial Statements for the year ended 31 December 2018", which includes the Certificate of Company Secretary, Audit Committee Report and the Directors' Report as required by the Companies Act of South Africa on pages 6 - 10, as well as the Independent Compiler's Report and supplementary information on pages 3 and 41 - 42 respectively. 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 Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Ernst & Young Inc.

Ernst & Young Inc.
Director: Lucian Rolleston
Registered Auditor
Chartered Accountant (SA)
28 June 2019
Cape Town

A member firm of Ernst & Young Global Limited
A full list of Directors is available at http://www.ey.com/za/en/home/contact-us--sa-directors
Chief Executive: Ajen Sita

Report for the Governance, Audit, Social and Ethics Committee

The Committee provides oversight duties on behalf of the Board and in terms of the Companies Act 71 of 2008, which primarily relate to the external auditors, internal controls and financial statements. This report sets out how it has fulfilled these duties during the year and, in relation to the financial statements, the significant issues it addressed.

Governance, Audit, Social and Ethics Committee Mandate

The committee regulated its affairs as set out in the terms of reference that are reviewed and approved by the Board on an annual basis.

Key Functions

The committee performed the following duties during the period:

- nominated, for appointment as auditor of the company under section 90 of the Companies Act 71 of 2008, a registered auditor who, in the opinion of the audit committee, is independent of the company;
- ensured that the appointment of the auditor complies with the provisions of the Companies Act 71 of 2008 and any other legislation relating to the appointment of auditors;
- satisfied itself with the company's internal controls;
- reviewed expertise and experience of the Managing Executive Finance & Operations and the finance function;
- considered and nominated the external auditors Ernst & Young Inc. for appointment at the Annual General Meeting;
- determined the fees to be paid to the auditors and the auditors' terms of engagement;
- determined the nature and extent of any non-audit services;
- pre-approved any proposed agreement with the auditors for the provision of non-audit services;
- prepared a report to be included in the Annual Financial Statements for the financial year;
- made submissions to the Board on any matter concerning the company's accounting policies, financial controls, records and reporting; and
- performed other functions determined by the Board.

External Audit Function

The committee meets independently with the external auditors to discuss matters relating to the year-end audit prior to the finalisation of the financial results.

The committee is satisfied that the external auditors, Ernst & Young Inc., are independent of the company. The external auditors confirmed that they had complied with the ethical requirements regarding independence and were considered independent with respect to the company as required by the Codes endorsed and administered by the Independent Regulatory Board for Auditors, the South Africa Institute of Chartered Accountants and the International Federation of Accountants.

The committee, in consultation with the Board, agreed the Ernst & Young Inc. letter of engagement, the audit coverage plan and the audit fees for the 2018 financial year.

Annual Financial Statements

The committee has reviewed the Annual Financial Statements of the company and is satisfied that they comply with International Financial Reporting Standards. It recommended the Annual Financial Statements for approval by the Board.

Going Concern

The committee reviewed the assessment of the going concern status of the company and recommended to the Board that the company will be a going concern for the foreseeable future. Further detail pertaining to this assessment is discussed in note 5 of the Directors Report.

Expertise and Experience of the Finance Function

The committee examines and reviews the competence of Pardon Mutasa, the Managing Executive Finance & Operations and the finance management team annually. The committee is satisfied that the Chief Financial Officer and the finance management team have the appropriate expertise and experience as required by the company. It further considered and satisfied itself of the overall appropriateness of the expertise and adequacy of resources of the company's finance function. The Annual Financial Statements were compiled by Ruan van der Burgh under the supervision of Pardon Mutasa, the Managing Executive Finance & Operations.

K James
Governance, Audit, Social and Ethics Committee Chair

Johannesburg
28 June 2019

Certificate of Company Secretary

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, I certify that The Green Building Council of South Africa NPC has lodged with the Commissioner all such returns and notices as are required by the Companies Act 71 of 2008 and that all such returns and notices are true, correct and up to date.

Jacqueline Harrison
Company Secretary

Johannesburg
28 June 2019

The directors submit their report for the year ended 31 December 2018.

1. Nature of business

The sole purpose of the Green Building Council of South Africa, as an independent public benefit organisation is the promotion of green building, and particularly the facilitation of energy efficient, resource efficient and environmentally responsible building practices in the property market, including education and training programmes relating thereto, the development and operation of an environmental rating system for buildings, research, events and conferences and general activities to raise awareness of environmentally sustainable building.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 3.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Directors

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

Directors	Office	Designation	Changes
F Jacobs		Non-executive	
L D Modise	Chief Executive Officer	Executive	
N A Gopal		Non-executive	
M Macagnano		Non-executive	
K James		Non-executive	
S Elliott-Wetmore		Non-executive	
A Stroebel		Non-executive	
N Manzana		Non-executive	
L M Xulu Ka Dlamini		Non-executive	
B Unsted		Non-executive	
A Theys		Non-executive	
I Swanepoel		Non-executive	
H Rauff		Non-executive	
P Mutasa		Executive	Appointed 01 April 2019
M Braune		Executive	Resigned 31 March 2019
R P Pienaar		Non-executive	Resigned 04 July 2018

4. Events after the reporting period

The directors are not aware of any material reportable event affecting the annual financial statements which occurred after the reporting date and up to the date of this report.

5. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis.

The directors 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.

At 31 December 2018 the company's total liabilities exceeded its total assets by R 4,982,136 (2017: R 5,656,753). The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis.

The company continues to build and develop sustainable income streams (education, certification, sponsorship and membership fees) in conjunction with contained operating expenditure to be able to return the company to a surplus position. These conditions imply the existence of a material uncertainty related to going concern which may cast significant doubt on the company's ability to continue as a going concern and as a result the company may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

To mitigate this uncertainty, the directors and management have embarked on a turnaround plan which includes a review of the organisational structure which is fit for purpose and cost efficient, enhanced stakeholder engagement and broadening the current service offerings in order to create greater value for members. The financial statements are therefore prepared on a going concern basis of accounting. This basis presumes that assets will realise and liabilities be discharged in the ordinary course of business.

6. Auditor

Ernst & Young Inc. will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

7. Secretary

The company secretary is Jacqueline Harrison.

Business address:

2nd Floor, The Old Warehouse Building
Black River Office Park
2 Fir Street
Observatory
7925

8. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on 28 June 2019. No authority was given to anyone to amend the annual financial statements after the date of issue.

9. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008, of which the outcome was satisfactory.

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 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 company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standards and the Companies Act of 2008. 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 Standards and the Companies Act of 2008 are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

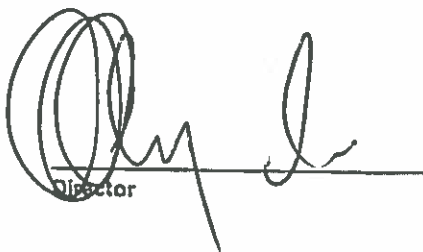
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal 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 directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have reviewed the company's cash flow forecast for the 12 months ending 31 December 2019 and, in light of this review and the current financial position, they are confident that the company is a going concern.

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

The annual financial statements and supplementary information set out on pages 12 to 42, which have been prepared on the going concern basis, were approved by the board on 28 June 2019 and were signed on its behalf by:



Director

Director

Statement of Financial Position

Figures in Rand	Notes	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	4	635,933	366,598
Deposits	5	356,774	356,774
		992,707	**723,372**
Current Assets			
Trade and other receivables	6	1,079,516	1,023,570
Cash and cash equivalents	7	7,383,392	8,347,570
		8,462,908	**9,371,140**
Total Assets		**9,455,615**	**10,094,512**
Equity and Liabilities			
Equity			
Accumulated loss		(4,982,136)	(5,656,753)
Liabilities			
Current Liabilities			
Straight lining lease accrual	8	212,886	179,422
Trade and other payables	9	2,364,147	1,678,674
Income received in advance	10	2,589,902	2,073,438
Deferred income	10	9,270,816	11,819,731
		14,437,751	**15,751,265**
Total Equity and Liabilities		**9,455,615**	**10,094,512**

Statement of Comprehensive Income

Figures in Rand	Notes	2018	2017
Revenue	11	27,015,998	27,633,645
Other operating income	12	254,493	437,493
Other operating expenses		(27,001,485)	(28,619,137)
Operating profit (loss)	13	**269,006**	**(547,999)**
Investment revenue	14	405,624	410,988
Finance costs paid	15	(13)	(123)
Profit (loss) for the year		**674,617**	**(137,134)**
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		**674,617**	**(137,134)**

Statement of Changes in Equity

Figures in Rand	Accumulated loss	Total equity
Balance at 01 January 2017	**(5,519,619)**	**(5,519,619)**
Loss for the year	(137,134)	(137,134)
Total comprehensive loss for the year	**(137,134)**	**(137,134)**
Balance at 01 January 2018	**(5,656,753)**	**(5,656,753)**
Profit for the year	674,617	674,617
Total comprehensive income for the year	**674,617**	**674,617**
Balance at 31 December 2018	**(4,982,136)**	**(4,982,136)**

Statement of Cash Flows

Figures in Rand	Notes	2018	2017
Cash flows from/(used in) operating activities			
Cash used in operations	16	(849,684)	(2,035,742)
Interest income received		405,624	410,988
Finance costs paid		(13)	(123)
Net cash from/(used in) operating activities		**(444,073)**	**(1,624,877)**
Cash flows used in investing activities			
Purchase of property, plant and equipment	4	(520,105)	(145,542)
Payment of lease deposit		-	(356,774)
Net cash used in investing activities		**(520,105)**	**(502,316)**
Total cash movement for the year		**(964,178)**	**(2,127,193)**
Cash at the beginning of the year		8,347,570	10,474,763
Total cash at end of the year	7	**7,383,392**	**8,347,570**

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, the IFRS Interpretations Committee interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act 71 of 2008.

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the going concern and historical cost basis, except as indicated otherwise, 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, except for the adoption of new or revised standards as detailed in note 3.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Revenue recognition - deferred income

Identifying performance obligations for certifications:

The Green Building Council of South Africa NPC certifies projects/buildings according to the commercial and residential rating tools specifications. The performance obligation is the provision of a certification process, being a contractively agreed task. The activities involved in assessing the green status of the building are not purely administrative in nature but rather result in a creation of a deliverable (the green certificate).

Customers are invoiced upfront for the certification of projects. Each stage represents a milestone in a project and the estimation of completion of the project requires management estimation.

The company concluded that revenue for certifications is to be recognised over time because the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.

Determining the timing of satisfaction of certification:

Commercial - Revenue from the certification of projects is recognised over time by measuring the progress towards complete satisfaction of that performance obligation. The progress is measured with reference to three stages as identified by management during the course of a project, namely Registration, Round One and Round Two, applying ratio's of 70%, 15% and 15% (2017: 70%, 15% and 15%) respectively.

Residential - Revenue from the certification of projects is recognised over time by measuring the progress towards complete satisfaction of that performance obligation. The progress is measured with reference to three stages as identified by management during the course of a project, namely Registration, Round One (two stages) and Round Two (two stages), applying ratio's of 70%, 7.5%, 7.5%, 7.5% and 7.5% (2017: 70%, 7.5%, 7.5%, 7.5% and 7.5%) respectively.

These estimates are based on the actual expenditure anticipated to be incurred on an input basis and represent a percentage of work performed as part of the certification process. As at 31 December 2018, the estimated liability for deferred income amounted to R 9,270,816 (2017: R 11,819,731). Refer to note 10.

1.1 Significant judgements and sources of estimation uncertainty (continued)

Trade receivables

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's historic credit losses, existing market conditions as well as forward-looking estimates at the end of each reporting period. Refer to note 6.

Property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis over its estimated useful life to residual value. Residual values and useful lives are based on management's best estimates and actual future outcomes may differ from these estimates. Refer to note 4.

The residual values, useful lives and depreciation methods applied to property, plant and equipment are reviewed by management on an annual basis, taking into account market conditions as well as historical trends.

1.2 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently, if it meets the recognition criteria, 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.

Property, plant and equipment is depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is subsequently carried at cost less accumulated depreciation and any impairment losses. Refer to note 4.

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

Item		Average useful life
Computer equipment and computer software	Straight line	3-5 years
Furniture and fixtures	Straight line	6 years
Leasehold improvements	Straight line	3-5 years
Office equipment	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Financial instruments (Applicable from 1 January 2018)

The adoption of IFRS 9 changed the accounting for impairments of financial assets from the IAS 39 incurred loss model to the expected credit loss (ECL) model.

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 *Financial Instruments.*

The company classifies its financial assets and financial liabilities into the following categories:
- Financial assets measured at amortised cost; and
- Financial liabilities measured at amortised cost.

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. Financial assets held at amortised cost are measured initially at fair value including transaction costs, except for trade receivables that do not contain a significant financing component which are measured at the transaction price determined under IFRS 15. Financial assets/liabilities held at fair value through profit and loss are measured at fair value excluding transaction costs. Financial liabilities at amortised cost are recognised initially at fair value.

Subsequent measurement

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Financial assets/liabilities at fair value through profit or loss are subsequently measured at fair value with net changes in fair value recognised in the statement of profit or loss. Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Impairment of financial assets

The company recognises an allowance for expected credit losses (ECLs) for all financial assets held at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

1.3 Financial instruments (Applicable from 1 January 2018) (continued)

Specific financial instruments:

Note 20 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Trade and other receivables

Trade and other receivables are classified as financial assets measured at amortised cost (Refer to note 6).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Trade and other payables

Trade and other payables (refer to note 9) are classified as financial liabilities measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances and are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. Cash and cash equivalents are classified as financial assets subsequently measured at amortised cost.

Derecognition

Financial assets and liabilities

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating the interest on that instrument over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the amortised cost of a financial instrument.

1.3 Financial instruments (Applicable from 1 January 2018) (continued)

Reclassification

Financial assets and liabilities

The company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities are not reclassified.

1.4 Tax

Income and deferred tax

The company is a non-profit company and as such not liable for income tax. No provision has therefore been made for either income or deferred taxes.

1.5 Leases

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

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability (in the event that the contractual payments are less than the straight-lined expense amount). This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

In instances where the lessor provides lease incentives, including in the form of reimbursement of costs incurred by the company on leasehold improvements, the company recognises the lease incentive as a reduction of rental expense over the lease term, on a straight-line basis.

1.6 Impairment of non-financial assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

1.6 Impairment of non-financial assets (continued)

The company assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation is recognised immediately in profit or loss.

1.7 Revenue from contracts with customers (applicable on and after 1 January 2018)

Revenue is recognised to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the company is entitled in exchange for those goods or services.

The company recognises revenue from the following major sources:

- Annual membership fees and sponsorship income;
- Course and convention income;
- Publication sales; and
- Certification fees.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when income is recognised. It replaced IAS 18 Revenue and related interpretations. Under IFRS 15, income is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer. Income is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises income when it transfers control over a product or services to a customer.

Measurement of progress is determined with reference to the services performed to date as a percentage of total services to be performed.

The company adopted the standard using the modified retrospective approach. No adjustments were required to be recognised to the retained earnings opening balance (or other components of equity) at the date of initial application. The comparative information was not restated and continues to be reported under IAS 18 and related Interpretations. The application of this standard in the current financial reporting period has been assessed and there was no significant impact on the company's reported results, financial position and cash flows.

Annual membership fees and sponsorship income

Annual membership fees and sponsorship income are recorded in income received in advance and deferred income respectively and subsequently recognised in revenue over time.

Course income

Course income is recognised in the accounting period in which the services are rendered, over time.

Publication sales

Publication sales are recognised as the risk and rewards of ownership transfers to the buyer. A receivable is recognised by the company when the goods are provided to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

1.7 Revenue from contracts with customers (applicable on and after 1 January 2018) (continued)

Certification fees

Certification fees are recognised completion over time as the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date. When the project outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are to be recovered.

The company measures the assessment of its performance obligations with reference to the underlying costs incurred to render the services

Convention income

Convention income is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration which the company expects to be entitled to in exchange for those goods or services.

Sponsorship Income

There are a number of performance obligations relating to the Green Building Leader Network which include the branding of sponsors logo's at GBCSA events and marketing activities, as well as tickets to the annual conventions. As the conventions happen annually, the consideration relating to these conventions are recognised at a point in time. The remaining performance obligations are ongoing throughout the agreement and have been assessed as recognised over time on the basis of paragraph 35(a) in IFRS 15. GBCSA provides visibility of the sponsor's logo at various events during the year as well as on the company's website.

1.8 Investment revenue

Interest income is recognised, in profit or loss, using the effective interest method.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the service is rendered, such as paid vacation leave and sick leave, bonuses, and pension contributions), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are governed by the Pension Fund Act and are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.10 Deferred income

Deferred income is in respect of certification and sponsorship revenue.

Where income has been received and the company has not yet provided the service, deferred income is recognised as a liability in the statement of financial position. Deferred income relates to money received where the service has not been provided.

Subsequently the deferred income is released to the income statement and recognised as revenue over time with reference to the performance obligation (refer note 1.1 Revenue recognition - deferred income).

1.11 Income received in advance

Income received in advance is initially recognised at the amount of consideration received and subsequently released to the statement of comprehensive income in accordance with the delivery of the related services. Income received in advance mainly relates to membership fees received in the current financial period which relates to the following financial period. Income received in advance and deferred income are contract liabilities.

1.12 Related parties

Individuals or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. The directors of the company are considered to be key management and consequently as related parties. Related party transactions and balances are disclosed in note 17.

1.13 Accumulated loss

Accumulated loss records the cumulative net loss made by the company after deducting distributions and other utilisations of the reserve.

1.14 Financial instruments: IAS 39 comparatives

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. Trade and receivables are classified as loans and receivables.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. Trade and other payables are classified as financial liabilities at amortised cost.

1.14 Financial instruments: IAS 39 comparatives (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating the interest on that instrument over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the instrument.

Impairment of financial assets

At each reporting date the company assesses all financial assets on an individual basis to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in bank. These are initially recorded at fair value and subsequently measured at amortised cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset where there are both an intention to settle on a net basis or realise the asset and settle the liability simultaneously and a legal right to offset exists.

1.15 Royalties

The company has a signed Greenstar certification licensing agreement with the Green Building Council Australia. The royalties are calculated as 5% of the total certification fee. Royalties are accounted for in terms of accounting policy 1.7 of these annual financial statements.

2. Changes in accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 9 Financial Instruments

The company has adopted IFRS 9: Financial Instruments with a date of transition of 1 January 2018 which resulted in changes to its accounting policies.

IFRS 9 replaces IAS 39: Financial Instruments: Recognition and Measurement. It makes changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for the impairment of financial assets.

The company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Due to the immaterial impact of the adoption to the carrying amounts of financial assets and liabilities at the date of transition, no adjustments have been recognised in the opening balance of retained earnings and other reserves of the current period. Accordingly, the information presented for 2017 reflects the requirements of IAS 39. The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held; and
- The determination of previous designations of certain financial assets and financial liabilities as measured at fair value through profit and loss mandatory.

Recognition and derecognition

Financial assets are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through Other Comprehensive Income. The classification is based on two criteria: the company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

2. Changes in accounting policies (continued)

The assessment of the company's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact to the company. The company continued to measure its financial assets at amortised cost. In the current and prior period, the company does not have any financial assets categorised as fair value through other comprehensive income or fair value through profit and loss.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs and finance income except for expected credit loss impairment of trade receivables which is presented within other expenses.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the expected credit loss (ECL) model. This replaces IAS 39's incurred loss model. Instruments within the scope of the new requirements included loans and other debt type financial assets measured at amortised cost and trade receivables measured under IFRS 15.

Recognition of credit losses is no longer dependent on the company first identifying a credit loss event. Instead the company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Measurement of the expected credit losses is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

The company applies a practical expedient in measuring the expected credit loss, using a provision matrix in determining the impairment for the lifetime expected credit losses. This matrix uses the historical credit loss, adjusted for the current and forecast conditions. Historically the company's trade receivables have reflected a sound payment history. The company makes use of a simplified approach in accounting for trade and other receivables as these do not contain a significant financing component in accordance with IFRS15 and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the company uses its payment history, historic credit loss experience, external indicators such the economic environment in which the customer operates and forward-looking information to calculate the expected credit losses using a provision matrix.

2. Changes in accounting policies (continued)

The company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics. The trade receivables have been grouped based on the credit exposure and those that are 30 days past due. The debtors terms range between 0 to 30 days and debtors falling within these categories are not considered to be at risk of default based on payment history. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the trade receivables.

At 31 December 2017, the lifetime expected loss provision for trade and other receivables had an immaterial impact.

Classification and measurement financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities and derivative financial instruments. The company financial liabilities at amortised cost include trade and other payables, borrowings, bank overdraft. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest related charges are reported in profit and loss and included within finance costs or finance income.

Application of IFRS 15 Revenue from contracts with customers

In the current year, the company has applied IFRS 15 Revenue from Contracts with Customers (as revised in April 2016) and the related consequential amendments to other IFRSs. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services.

IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Refer to the revenue accounting policy for additional details.

The company has applied IFRS 15 with an initial date of application of 01 January 2018 in accordance with the cumulative effect method, by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 01 January 2018. The comparative information has therefore not been restated.

The adoption of this standard has not resulted in any changes to the manner in which the company's revenue is recognised or measured, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 9 Financial Instruments	01 January 2018	The impact of the standard is set out in note 2 Changes in accounting policy.
• IFRS 15 Revenue from Contracts with Customers	01 January 2018	The impact of the standard is set out in note 2 Changes in accounting policy.
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	01 January 2018	The impact of the standard is set out in note 2 Changes in accounting policy.

3.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 16 Leases	01 January 2019	Impact is currently being assessed by management.

Figures in Rand	2018	2017

4. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer equipment	366,371	(240,693)	125,678	292,336	(159,396)	132,940
Computer software	19,434	(19,415)	19	19,434	(16,643)	2,791
Furniture and fixtures	336,862	(235,052)	101,810	288,407	(179,685)	108,722
Leasehold improvements	394,248	(63,696)	330,552	32,681	-	32,681
Office equipment	273,810	(195,936)	77,874	237,761	(148,297)	89,464
Total	**1,390,725**	**(754,792)**	**635,933**	**870,619**	**(504,021)**	**366,598**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Closing balance
Computer equipment	132,940	74,034	(81,296)	125,678
Computer software	2,791	-	(2,772)	19
Furniture and fixtures	108,722	48,455	(55,367)	101,810
Leasehold improvements	32,681	361,567	(63,696)	330,552
Office equipment	89,464	36,049	(47,639)	77,874
	366,598	**520,105**	**(250,770)**	**635,933**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Closing balance
Computer equipment	109,079	116,545	(92,684)	132,940
Computer software	7,779	-	(4,988)	2,791
Furniture and fixtures	129,796	23,367	(44,441)	108,722
Leasehold improvements	27,051	5,630	-	32,681
Office equipment	139,422	-	(49,958)	89,464
	413,127	**145,542**	**(192,071)**	**366,598**

5. Deposits

Deposits are presented at amortised cost.

	2018	2017
Refundable deposits	356,774	356,774

Split between non-current and current portions

	2018	2017
Non-current assets	356,774	356,774

The refundable deposit is in respect of a payment made in terms of a lease agreement entered into by the company and is expected to be fully refundable. The carrying amount is a reasonable approximation of fair value.

Figures in Rand	2018	2017

6. Trade and other receivables

	2018	2017
Trade receivables	1,039,239	749,886
Deposits	-	65,335
Other receivable	1,227	13,947
Prepayments	39,050	194,402
Total trade and other receivables	**1,079,516**	**1,023,570**

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: *Financial Instruments*:

	2018	2017
At amortised cost	1,039,239	749,886
Non-financial instruments	40,277	273,684
	1,079,516	**1,023,570**

Prepayments

Prepayments mainly relates to the 2019 convention expenses prepaid during the current financial year.

Exposure to credit risk of trade and other receivables

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The company does not hold any collateral as security.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

Figures in Rand	2018	2017

6. Trade and other receivables (continued)

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Expected credit loss rate:	2018 Estimated gross carrying amount at default	2018 Loss allowance (Lifetime expected credit loss)	2017 Estimated gross carrying amount at default
Not past due	785,595	-	233,586
Less than 30 days past due	155,522	-	145,950
31 - 60 days past due	31,549	-	362,550
61 and more days past due	66,573	-	7,800
Total	**1,039,239**	**-**	**749,886**

Trade receivables impaired

As of 31 December 2018, trade and other receivables of R Nil (2017: R Nil) were impaired and provided for. Based on the ECL assessment performed management has deemed the ECL to be R Nil.

Fair value of trade and other receivables

Trade receivables are carried at amortised cost, with the fair value being approximated by such carrying value (due to the short term nature of the trade receivables).

7. Cash and cash equivalents

Cash and cash equivalents consist of:

	2018	2017
Bank balances	3,457,087	4,209,615
Short-term deposits	3,926,305	4,137,955
	7,383,392	**8,347,570**

The company earns interest on its cash and cash equivalents at variable interest rates of 0.05% to 7.40% (2017: 0.05% to 7.65%).

Figures in Rand	2018	2017

7. Cash and cash equivalents (continued)

Fair value of cash and cash equivalents

Due to the short-term nature of cash and cash equivalents, the carrying amount is deemed to approximate fair value.

Credit quality of cash at bank and short term deposits, excluding cash on hand

Bank balances are held with reputable financial institutions of high credit quality.

8. Straight lining lease accrual

	2018	2017
Current liability	212,886	179,422

The straight lining lease accrual represents the difference between the straight-lining of the lease expense over the lease term and contractual payments made.

9. Trade and other payables

	2018	2017
Financial instruments:		
Trade payables	456,907	593,233
Bonus accrual	639,980	78,360
Other payables	774,973	135,070
Royalty accrual	93,473	172,237
Non-financial instruments:		
Accrued leave pay	313,270	444,711
Value Added Taxation	85,544	255,063
	2,364,147	**1,678,674**

Fair value of trade and other payables

Trade payables are carried at amortised cost, with the fair value being approximated by such carrying value (due to the short term nature of the trade payables).

10. Income received in advance and deferred income

Income received in advance is membership fees of the following financial year and relates to receipts of cash and cash equivalents before the related services have been delivered.

Deferred income relates to money received where the service has not been provided for projects accounted for over time by measuring the progress towards complete satisfaction of that performance obligation.

	2018	2017
Income received in advance	2,589,902	2,073,438
Deferred income (refer reconciliation below)	9,270,816	11,819,731
	11,860,718	**13,893,169**

Figures in Rand	2018	2017

10. Income received in advance and deferred income (continued)

The 2017 income received in advance for membership fees has been recognised in full in profit and loss during the current year.

Reconciliation for Deferred income		
Opening balance	11,819,731	10,625,046
Add: Revenue deferred to the Statement of Financial Position	8,287,574	12,829,849
Less: Revenue released to the Statement of Comprehensive Income	(10,836,489)	(11,635,164)
	9,270,816	**11,819,731**

11. Revenue

Revenue from contracts with customers		
Commercial certification income	5,746,195	7,321,326
Commercial education income	2,666,205	1,336,905
Convention income	2,921,082	2,822,778
Membership fees	8,024,027	8,705,287
Publication sales	6,495	6,300
Residential certification income	1,451,159	1,401,553
Residential education income	202,967	699,868
Sponsorship income	5,997,868	5,339,628
	27,015,998	**27,633,645**

Disaggregation of revenue from contracts with customers

Timing of revenue recognition

At a point in time		
Rendering of services	2,927,577	2,829,078
Over time		
Rendering of services	24,088,421	24,804,567
Total revenue from contracts with customers	**27,015,998**	**27,633,645**

12. Other operating income

Sundry income	254,493	437,493

13. Operating profit (loss)

Operating profit (loss) for the year is stated after accounting for the following:

Employee costs

Salaries, wages, bonuses and other benefits	12,217,856	13,355,965
Defined contributions	911,225	1,009,306
Total employee costs	**13,129,081**	**14,365,271**

Figures in Rand	2018	2017

13. Operating profit (loss) (continued)

Leases

	2018	2017
Operating lease charges		
Premises - Rental expense	1,558,756	1,357,232
Depreciation		
Depreciation of property, plant and equipment	250,770	192,071

14. Investment revenue

	2018	2017
Interest revenue		
Investments in financial assets:		
Bank	405,624	410,988

15. Finance costs paid

	2018	2017
Bank	13	123

16. Cash used in operations

	2018	2017
Profit (loss) before taxation	674,617	(137,134)
Adjustments for:		
Depreciation of property, plant and equipment	250,770	192,071
Interest received	(405,624)	(410,988)
Finance costs paid	13	123
Movements in operating lease accrual	33,464	172,252
Changes in working capital:		
Increase in trade and other receivables	(55,946)	(484,132)
Increase (decrease) in trade and other payables	685,472	(1,937,697)
(Decrease) increase in income received in advance and deferred income	(2,032,450)	569,763
	(849,684)	**(2,035,742)**

17. Related parties

Relationships

Members of key management	M Braune D Modise B Wilkinson (previous Chief Executive Officer - retired 31 March 2017)

	2018	2017
Compensation to directors and other key management		
Emoluments *	2,789,640	3,477,059

* Refer to note 19 for a breakdown of director's and prescribed officer's remuneration.

Figures in Rand	2018	2017

18. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due		
- within one year	1,171,927	1,081,839
- in second to fifth year inclusive	1,512,613	2,684,540
	2,684,540	**3,766,379**

Operating lease payments represent rentals payable by the company for the two office properties. Leases are negotiated for an average term of 3 to 5 years. No contingent rent is payable.

19. Directors' and prescribed officer's remuneration

Director and prescribed officers

2018

	Emoluments	Company contribution to pension fund	Allowances	Total
L D Modise *	1,650,000	-	12,000	1,662,000
M Braune *	1,016,400	101,640	9,600	1,127,640
	2,666,400	**101,640**	**21,600**	**2,789,640**

2017

	Emoluments	Company contribution to pension fund	Total
B Wilkinson	629,481	26,718	656,199
L D Modise	1,522,500	-	1,522,500
M Braune	1,197,860	100,500	1,298,360
	3,349,841	**127,218**	**3,477,059**

None of the remaining directors received compensation (2017: R Nil) for office held.

* These values exclude the bonus provision raised in 2018 (2017: N/A) which are summarised as follows:

L D Modise	R 43,350
M Braune	R 25,410

Figures in Rand

20. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2018

	Notes	Amortised cost	Total	Fair value
Deposits	5	356,774	356,774	356,774
Trade and other receivables	6	1,039,239	1,039,239	1,039,239
Cash and cash equivalents	7	7,383,392	7,383,392	7,383,392
		8,779,405	**8,779,405**	**8,779,405**

2017

	Notes	Amortised cost	Total	Fair value
Deposits	5	356,774	356,774	356,774
Trade and other receivables	6	749,886	749,886	749,886
Cash and cash equivalents	7	8,347,570	8,347,570	8,347,570
		9,454,230	**9,454,230**	**9,454,230**

Categories of financial liabilities

2018

	Notes	Amortised cost	Total	Fair value
Trade and other payables	9	1,965,333	1,965,333	1,965,333

2017

	Notes	Amortised cost	Total	Fair value
Trade and other payables	9	978,901	978,901	978,901

20. Financial instruments and risk management (continued)

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern. There were no changes made in the objectives, policies or processes from the prior year.

There are no externally imposed capital requirements.

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Interest rate risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its deposits with banks and financial institutions.

All cash reserves are held with First National Bank Limited, Nedbank Limited and Investec Limited resulting in a concentration of credit risk. This is mitigated by the high credit quality standing of First National Bank Limited, Nedbank Limited and Investec Limited.

Trade receivables comprise a widespread customer base. Management evaluate credit risk relating to customers on an ongoing basis.

The maximum exposure to credit risk is presented in the table below:

			2018	
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Deposits	5	356,774	-	356,774
Trade and other receivables	6	1,039,239	-	1,039,239
Cash and cash equivalents	7	7,383,392	-	7,383,392
		8,779,405	**-**	**8,779,405**

20. Financial instruments and risk management (continued)

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments, credit facilities and cash reserves.

The maturity profile of contractual cash flows of financial liabilities are presented in the following table. The cash flows are undiscounted contractual amounts.

2018

		Within 3 months	Total	Carrying amount
Current liabilities				
Trade and other payables	9	1,965,333	1,965,333	1,965,333

2017

		Within 3 months	Total	Carrying amount
Current liabilities				
Trade and other payables	9	978,900	978,900	978,900

20. Financial instruments and risk management (continued)

Interest rate risk

The company's interest rate risk arises from cash and cash equivalents which bear interest at variable rates and expose the company to cash flow interest rate risk.

The company's cash and cash equivalents are reviewed on a sufficiently regular basis to ensure that the best possible return is being obtained.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Company

At 31 December 2018, if interest rates had been 1% higher/lower with all other variables held constant, the company's profit for the year would have been R 73,834 (2017: R 83,476) higher/lower.

21. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis.

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

At 31 December 2018 the company's total liabilities exceeded its total assets by R 4,982,136 (2017: R 5,656,753). The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors are not aware of any new material changes that may adversely impact the company.

The company continues to build and develop sustainable income streams (education, certification, sponsorship and membership fees) in conjunction with contained operating expenditure to be able to return the company to a surplus position. These conditions imply the existence of a material uncertainty related to going concern which may cast significant doubt on the company's ability to continue as a going concern and as a result the company may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

To mitigate this uncertainty, the directors and management have embarked on a turnaround plan which includes a review of the organisational structure which is fit for purpose and cost efficient, enhanced stakeholder engagement and broadening the current service offerings in order to create greater value for members. The financial statements are therefore prepared on a going concern basis of accounting. This basis presumes that assets will realise and liabilities be discharged in the ordinary course of business.

22. Events after the reporting period

The directors are not aware of any material reportable event affecting the annual financial statements which occurred after the reporting date and up to the date of this report.

Detailed Income Statement

Figures in Rand	Notes	2018	2017
Revenue			
Commercial certification income		5,746,195	7,321,326
Commercial education income		2,666,205	1,336,905
Convention income		2,921,082	2,822,778
Membership fees		8,024,027	8,705,287
Publication sales		6,495	6,300
Residential certification income		1,451,159	1,401,553
Residential education income		202,967	699,868
Sponsorship income		5,997,868	5,339,628
	11	**27,015,998**	**27,633,645**
Other operating income			
Sundry income		254,493	437,493
Expenses (Refer to page 42)		**(27,001,485)**	**(28,619,137)**
Operating profit (loss)	13	**269,006**	**(547,999)**
Investment revenue	14	405,624	410,988
Finance costs paid	15	(13)	(123)
Profit (loss) for the year		**674,617**	**(137,134)**

Detailed Income Statement

Figures in Rand	2018	2017
Other operating expenses		
Annual conference	5,584,721	5,126,390
Annual membership	297,068	333,393
Auditor's remuneration	142,145	131,425
Bad debts	-	11,447
Bank charges	70,545	70,560
Commercial certification costs	2,435,101	3,060,315
Commercial education course expenses	761,958	394,302
Commercial education development expenses	11,460	31,854
Computer expenses	412,163	390,995
Consulting and professional fees	632,851	951,012
Depreciation	250,770	192,071
Employee costs	13,129,081	14,365,271
GBCA royalties and fees	188,194	352,462
General expenses	99,012	160,326
Insurance	36,395	35,630
Lease rentals on operating lease	1,558,756	1,357,232
Legal expenses	16,553	55,077
Marketing	446,852	561,301
Postage	1,750	2,305
Printing and stationery	49,050	22,527
Residential certification costs	18,679	40,118
Residential education course expenses	76,602	8,849
Secretarial fees	3,000	3,000
Staff welfare	104,105	58,256
Subscriptions	146,936	151,987
Telephone and fax	59,891	71,917
Travel - local	221,088	258,351
Travel - overseas	86,047	135,711
Venue hire	160,712	285,053
	27,001,485	**28,619,137**

The supplementary information presented does not form part of the annual financial statements and is unaudited