

COMMITTEE OF HIGHER EDUCATION LIBRARIES OF SOUTH AFRICA

(Registration Number 140-828 NPO)

Annual Financial Statements

for the year ended 31 December 2019

COMMITTEE OF HIGHER EDUCATION LIBRARIES OF SOUTH AFRICA

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GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
EXECUTIVE COMMITTEE	U. Satgoor S. Neerpath Z. Mathe M. Mulaudzi L. Webster P. Muswazi A. McCallum
REGISTERED OFFICE	228 Johannes Ramokhoase (Proes) Street Pretoria 0001
BANKERS	ABSA Bank
AUDITORS	Exceptional Auditing Solutions PO Box 50393 Moreleta Village 0097

Independent Auditor's Report

To the executive committee of Committee of Higher Education Libraries of South Africa

Opinion

We have audited the financial statements of Committee of Higher Education Libraries of South Africa set out on pages 2 to 11, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Committee of Higher Education Libraries of South Africa as at 31 December 2019, 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 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The executive committee are responsible for the other information. The other information comprises the Report of the Executive Committee as required by the Companies Act 71 of 2008 of South Africa, which we obtained prior to the date of this report. 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 executive committee 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 71 of 2008, 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 executive committee are responsible for assessing the organisation'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 executive committee either intend to liquidate the organisation 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 International Standards on Auditing 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 International Standards on Auditing, 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 organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee.
- Conclude on the appropriateness of the executive committee's 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 organisation'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 organisation 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 executive committee 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.



**Exceptional Auditing Solutions
E du Toit
Chartered Accountants (SA)
Registered Auditor
Practice Number 901394
31 March 2020
Pretoria**

Report of the Compiler

To the Executive Committee of The Committee of Higher Education Libraries of South Africa

We have compiled the accompanying annual financial statements of Committee of Higher Education Libraries of South Africa based on information you have provided. These annual financial statements comprise the statement of financial position of Committee of Higher Education Libraries of South Africa as at 31 December 2019, the statement of comprehensive income, the statement of changes in reserves and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

These financial statements and the accuracy and completeness of the information used to compile them are the Executive Committee's responsibility.

They are also responsible to users of the financial information compiled by us. This includes the maintenance of adequate accounting records and internal controls and the selection and application of appropriate accounting policies.

Accounting and Secretarial duties

With the written consent of the Executive Committee we have performed certain accounting and secretarial duties, which includes the preparation of the financial statements.

NK Accounting Services



Per: Nikki Kennedy

31 March 2020

Date

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Executive Committee's Responsibilities and Approval

The management is required 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 organisation, and explain the transactions and financial position of the business of the organisation at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the organisation and supported by reasonable and prudent judgements and estimates.

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

The Executive Committee is of the opinion, based on the information and explanations given by the Executive Committee and management structure 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 financial statements. Based on forecasts and available cash resources the executive committee has no reason to believe that the organisation will not be a going concern in the foreseeable future. The financial statements support the viability of the organisation.

The annual financial statements as set out on pages 7 to 12 were approved by the Executive Committee on 30 June 2020 and were signed on its behalf by:



Chairperson



Treasurer

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Executive Committee Report

The Executive Committee present their report for the year ended 31 December 2019.

1. 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.

2. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

3. Executive Committee

The Executive Committee of the organisation during the year and to the date of this report is as follows:

U. Satgoor
S. Neerpath
Z. Mathe
M. Mulaudzi
L. Webster
P. Muswazi
A. McCallum

4. Independent Auditors

Exceptional Auditing Solutions were the independent auditors for the year under review.

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Statement of Financial Position

Figures in R	Note(s)	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	3	23,878	29,464
Current Assets			
Cash and cash equivalents	4	1,513,644	1,085,671
Total Assets		1,537,521	1,115,135
Reserves and Liabilities			
Reserves			
Accumulated surplus		1,383,690	1,100,645
Current Liabilities			
Trade and other payables	5	153,832	14,490
Total Reserves and Liabilities		1,537,521	1,115,135

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Statement of Comprehensive Income

Figures in R	2019	2018
Revenue	362,880	332,800
Operating costs	(160,142)	(131,337)
Operating surplus	202,738	201,463
Finance income	80,307	64,467
Surplus for the year	283,045	265,930

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Statement of Changes in Reserves

Figures in R	Accumulated surplus	Total
Balance at 1 January 2018	834,715	834,715
Surplus for the year	265,930	265,930
Balance at 31 December 2018	1,100,645	1,100,645
Balance at 1 January 2019	1,100,645	1,100,645
Surplus for the year	283,045	283,045
Balance at 31 December 2019	1,383,690	1,383,690

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Statement of Cash Flows

Figures in R	Note(s)	2019	2018
Cash flows from operating activities			
Surplus for the year		283,045	265,930
<i>Adjustments for:</i>			
Depreciation of Tangible assets		14,212	10,633
Investment income		(80,307)	(64,467)
Operating cash flow before working capital changes		<u>216,949</u>	<u>212,096</u>
<i>Working capital changes</i>			
Increase/(decrease) in trade and other payables		139,342	(113,510)
Cash generated by operating activities		<u>356,291</u>	<u>98,586</u>
Investment income		80,307	64,467
Net cash from operating activities		<u>436,598</u>	<u>163,054</u>
Cash flows from investing activities			
Property, plant and equipment acquired	3	(8,625)	(35,269)
Net cash generated by investing activities		<u>(8,625)</u>	<u>(35,269)</u>
Increase in cash and cash equivalents		427,973	127,785
Cash and cash equivalents at beginning of the year		1,085,671	957,886
Cash and cash equivalents at end of the year	4	<u>1,513,644</u>	<u>1,085,671</u>

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Accounting Policies

1. General information

Committee of Higher Education Libraries of South Africa is a non-profit organisation.

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. 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 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

Computer equipment	3 Years
Computer software	3 Years

2.2 Trade and other receivables

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, it is immediately written off as bad debt in the profit or loss.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash with banks.

2.4 Trade payables

Trade payables are recognised initially at the transaction price.

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Notes to the Annual Financial Statements

Figures in R 2019 2018

3. Property, plant and equipment

	2019		2018			
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
<i>Owned assets</i>						
Computer software	17,250	5,808	11,442	8,625	477	8,148
Computer equipment	33,644	21,208	12,436	33,644	12,328	21,316
	50,894	27,016	23,878	42,269	12,805	29,464

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2019 Carrying value at end of year
<i>Owned assets</i>					
Computer software	8,148	8,625	-	(5,331)	11,442
Computer equipment	21,316	-	-	(8,881)	12,436
	29,464	8,625	-	(14,212)	23,878

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2018 Carrying value at end of year
<i>Owned assets</i>					
Computer software	4,828	8,624	-	(5,304)	8,148
Computer equipment	1	26,645	-	(5,329)	21,317
	4,829	35,269	-	(10,633)	29,465

4. Cash and cash equivalents

Favourable cash balances

ABSA Savings Account	39,333	17,571
ABSA Depositor Plus	1,474,311	1,068,099
	<u>1,513,644</u>	<u>1,085,671</u>

5. Trade and other payables

Sundry creditors	151,520	14,490
Trade creditors	2,312	-
	<u>153,832</u>	<u>14,490</u>

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Detailed Income Statement

Figures in R	2019	2018
Gross Revenue		
Membership fees received	362,880	332,800
	<u>362,880</u>	<u>332,800</u>
Other Income		
Investment income	80,307	64,467
	<u>80,307</u>	<u>64,467</u>
	<u>443,187</u>	<u>397,267</u>
Expenditure		
Accounting fees	27,738	25,720
Advertising	-	998
AGM expenses	3,405	12,349
Auditors' remuneration	8,079	7,002
Bank charges	2,762	2,389
Communication	1,188	1,538
Computer expenses	7,917	-
Depreciation - Tangible assets	14,212	10,633
Exco expenses	3,764	4,780
Salaries	68,160	42,508
Standards Workshop	-	574
Travel - local	22,917	22,845
	<u>160,142</u>	<u>131,337</u>
Surplus for the year	<u>283,045</u>	<u>265,930</u>