MINUTES OF THE AUDIT COMMITTEE MEETING OF THE INVESTMENT ANALYSTS' SOCIETY WITH THE AUDITORS RANSOME RUSSOUW HELD BY ZOOM ON TUESDAY 4TH MAY 2021 AT 14H00

ATTENDING	MIKE BROWN (CHAIR IAS) (MB)
	MARK HODGSON (TREASURER IAS) (MH)
	ARTHUR THOMPSON (BOARD MEMBER IAS) (ADT)
	RONELLE RUSSOUW (RR)
	HENNIE RUSSOUW (RR)
	ANDRE OTTO (AO)
	RAYA ZARKOVA (RR)

1. WELCOME

MARK HODGSON welcomed all those present via Zoom.

2. FINANCIAL STATEMENTS

ANDRE OTTO (AO) had distributed the draft financials to all and commented that the society was a going concern even with COVID situation – he noted this had resulted in a reduction of income from subscriptions and presentations. The going concern basis of accounting assumption was discussed and it was agreed that this was justified and relevant given the society's reserves and investments.

AO referred to the (R404 311) under Note 4 which was the net ETFSA investment disposals after adjusting for dividend received, interest received and admin fees showing a net amount on the 2020 financial statements. Overall, the ETFSA investment had a good year and AO referred to page 10 of the 2020 financial statements (Statement of comprehensive income) and the R271 486 unrealised gain on revaluation of investments. This reconciled to the R325 825 investment gain for 2020 per MB ETFSA schedule with the difference being essentially interest and dividends received. AO mentioned he was happy with the ETFSA monthly and annual statements. MB referred to the R203 435 net comprehensive deficit and stated that the Society had been taking some measures to cut costs but as a non-profit society we could sign off on this deficit and explain to members the impact of Covid on financial performance.

AO mentioned that the it would be prudent to change the accounting treatment for investments to take all fair value adjustments through profit and loss to retained income for simplicity. The current treatment is more complex with disposals relating to prior year investments and unrealised fair value adjustments going through other comprehensive income (OCI) and to the revaluation reserve. Investments purchased and sold in the current year have their profit or loss recognised in the income statement and go to retained income. The current investment accounting treatment requires more detailed investment report information and analysis per investment item. MB stated that ETFSA could easily provide this information and AO undertook to put something together and send to AMW to distribute. This accounting treatment change would be for next year's financials.

3. ADDITIONAL FINANCIAL DISCLOSURES

MB stated an agreement with ETFSA was in place as was the office lease agreement and these related party details will be disclosed in a note in the 2020 financials as required.

4. INVESTMENT ANALYSTS JOURNAL

MARK INGHAM had prepared an email which was distributed to all. MH discussed with AO the situation with the R40 871 journal income which he felt was incorrect as this referred to the 2000 STERLING received from T&F which was only once a year – not twice in 2020 journal income and specifically relates to 2021 financial year. AO agreed with this but said this would increase the current deficit

Discussion took place on the payment of R170 772 from Wits and that this should be vatable. Even though this was part of Jnl Secretary's salary – this was still a vat income that the IAS had to recognise. It was agreed to ask MI to chat to Wits asking that either the R170 772 should be plus vat or alternatively Wits should pay 2/3 of the secretary's salary perhaps could be paid to her direct, with the IAS paying the remaining 1/3. Otherwise, the IAS is R22 275 worse off for the VAT output and the net journal expense commensurately higher.

MB mentioned that Society was the proprietor of the Journal and had a trademark – basically the society owns the Journal which is distributed to IAS members at no charge and is a service to members. This was now highly rated internationally and there was nothing of this quality in Africa. He wondered whether a value could be put on this for balance sheet purposes.

This was an asset we may sell all or in part with T&F having first option. ADT referred to Mark Inghams' schedule showing a loss of R360 525 for the 17 years until T&F took over as publishers for the past 6 years with a loss of R1 281 272.

AO stated that a value could not be put on the Journal at this time – there was only a deficit presently. He suggested we engage with T&F who received a net 4500 Sterling from Society per annum as well as royalties to see if they could provide a value. This would be possible it was thought especially if they were the potential buyers.

The contract with T&F appears to run to 2023

5. INTERNAL CONTROL REVIEW

AO stated he had no issues with compliance or regulatory matters. HR mentioned that as the board met monthly and reviewed the financials monthly there would be no problems

6. AUDITORS REMUNERATION

This would be signed off at the AGM, but MH, MB and ADT thanked RR for their help and guidance with particular thanks to ANDRE OTTO. The auditors advised they were more than happy to continue working with the Society.

The meeting closed at around 14H45.