



## FREQUENTLY ASKED QUESTIONS (FAQ'S) ON FINANCES

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To provide clarity and information regarding WESSA's finances and the 2020/2021 Annual Financial Statements, we have put together a list of FAQ's for the benefit of members. We trust this will make things clearer as you review the AFS's before the 95<sup>th</sup> AGM. Please feel free to email the Senior Financial Manager on [nana.msomi@wessa.co.za](mailto:nana.msomi@wessa.co.za) if you have any further questions.

### 1. What are the details of the Directors Emoluments?

At the 92<sup>nd</sup> AGM in Port Elizabeth/Gqeberha in 2018, the AGM ratified the Board Resolution to change the WESSA MOI to remunerate Non-Executive Directors. Not all directors chose to claim directors' fees. In 2020, after COVID-19, no fees were claimed by NED's and in the 2020/2021 financial year, this was taken out of the WESSA budget and Directors reverted to serving WESSA on a pro-bono basis.

### 2. Going concern

"Going concern" is an accounting term used to describe a business that is expected to operate for the foreseeable future or at least the next 12 months. It assumes that the business can generate income, meet its obligations, and doesn't plan or won't need to liquidate in the coming year. We therefore do not foresee WESSA liquidating next year.

### 3. Prior Period Errors

The 2019/20 Annual financial statements had misstatements which needed to be adjusted for. They were as follows:

- Call account balances were overstated in the prior year resulting in the operating expenses relating to the branches being understated. This was an error.
- Non-cash items were classified as cash items, this error needed to be adjusted for, so the statement is presented without error.
- Other reserves were distributed in a previous year. These were not recorded accordingly in the statement of changes in funds and reserves. This resulted a reduction of the other distributable reserves and an increase to the general and specific funds reserve in the prior period.

### 4. Mrs van Wyk Bequest

The generous bequest from Mrs Laureen van Wyk in October 2020 was realised in the income statement due to this being an unencumbered bequest.

## **5. Extent of operating loss on WESSA reserves and mitigating factors from management**

The financial year was unprecedented in the history of the organization and the comprehensive loss of R2.5 million was a result of the impact of COVID-19. Of this R2.5m R1.8 million is fair value which does not impact cash flow. The deficit for the year amounted to R704k. During the 2020/2021 FY, the following expenditure items were scrutinised to reduce expenses: Pietermaritzburg Office rental terminated which resulted in a saving of R85k per month; Cape Town Office rental was terminated which resulted in a saving of R16k per month and; Bedfordview Office rental was terminated which resulted in a saving of R40k per month.

Further to this, Finance received Board approval to cash in fixed deposits to fund the retrenchment process. Following the S189A retrenchment process, this resulted in a cash saving of R4.6m in salaries from July 2020 to March 2021.

SS Msomi

2 December 2021