

Independent auditor's report

To the Members of the Institute for Security Studies Trust

Report on the financial statements

We have audited the group annual financial statements and the annual financial statements of the Institute for Security Studies Trust, which comprise the statements of financial position at 31 December 2012, and the statements of comprehensive income, changes in funds and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the trustees' report, as set out on pages 6 to 32.

Trustees' Responsibility for the Financial Statements

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of the Institute for Security Studies Trust at 31 December 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice.

Other Matter

The supplementary schedules set out on pages 33 to 34 do not form part of the annual financial statements and are presented as additional information. We have not audited these schedules and accordingly we do not express an opinion on them.


Per MMA Masemola
Chartered Accountant (SA)
Registered Auditor
Director
16 May 2013

Institute for Security Studies Trust

Statements of Financial Position at 31 December 2012

		Consolidated 2012	Consolidated 2011	ISS Trust 2012	ISS Trust 2011
	Note	R	R	R	R
Assets					
Non-current assets		31 645 889	33 019 872	4 951 113	6 008 911
Property and equipment	4	31 389 108	32 590 239	4 754 011	5 614 201
Intangible assets	5	256 781	429 633	197 002	394 610
Investment in subsidiary	6	-	-	100	100
Current assets		37 902 190	41 562 786	48 212 030	44 514 926
Donor and other receivables	7	16 680 940	18 208 655	30 197 898	27 543 539
Cash and cash equivalents	8	21 221 250	23 354 131	18 014 132	16 971 387
		69 548 079	74 582 658	53 163 143	50 523 837
Capital and liabilities					
Trust funds		6 421 824	7 543 145	2 502 985	2 545 679
Trust capital		100	100	100	100
Revaluation reserve		5 460 185	5 604 081	-	-
Accumulated surplus		1 048 124	2 002 190	2 502 885	2 545 579
Foreign currency translation reserve		(86 585)	(63 226)	-	-
Non-current liabilities		6 834 004	7 986 971	-	-
Interest-bearing loans and borrowings	9	6 704 204	7 578 240	-	-
Deferred tax liability	10.2	129 800	408 731	-	-
Current liabilities		56 292 251	59 052 542	50 660 158	47 978 158
Donations received in advance	11	48 120 340	44 247 689	38 552 940	34 347 140
Trade and other payables	12	6 968 821	10 599 523	12 107 218	11 181 303
Current tax payable		352 474	153 801	-	-
Provisions	13	-	3 240 726	-	2 449 715
Interest-bearing loans and borrowings	9	850 616	810 803	-	-
		69 548 079	74 582 658	53 163 143	50 523 837

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Statements of Comprehensive Income for the year ended 31 December 2012

		Consolidated 2012	Consolidated 2011	ISS Trust 2012	ISS Trust 2011
	<i>Note</i>	R	R	R	R
Donation income		110 958 649	98 833 857	80 543 425	76 123 475
Management support income		5 515 552	10 602 750	6 406 801	9 945 007
Total income		116 474 201	109 436 607	86 950 226	86 068 482
Operating costs		(116 872 565)	(109 220 993)	(87 026 731)	(86 570 005)
(Deficit)/Surplus before interest	<i>14</i>	(398 364)	215 614	(76 505)	(501 523)
Finance income		34 664	114 013	34 634	113 989
Finance costs		(724 834)	(825 363)	(823)	-
Deficit before taxation		(1 088 534)	(495 736)	(42 694)	(387 534)
Taxation	<i>10.1</i>	(9 428)	(317 801)	-	-
Deficit for the year		(1 097 962)	(813 537)	(42 694)	(387 534)
Other comprehensive (loss)		(23 360)	(107 787)	-	-
Foreign currency translation differences for foreign operations		(23 360)	(107 787)	-	-
Total comprehensive deficit for the year		(1 121 322)	(921 324)	(42 694)	(387 534)