



Chartered Secretaries

Southern Africa

The Southern African Institute of
Chartered Secretaries and Administrators
trading as

Chartered Secretaries Southern Africa Annual report for the year ended 31 December 2009





THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS

trading as Chartered Secretaries Southern Africa
(Registration number: 1972/000007/08 – An association not for profit)



ANNUAL REPORT– 31 DECEMBER 2009

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CORPORATE INFORMATION 31 DECEMBER 2009

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Chief Executive: S Sadie



COMPANY PROFILE

Chartered Secretaries Southern Africa ("the Institute") is the formal professional body for corporate governance professionals and accounting officers and an expert commentator in Southern Africa on governance. It is further the professional qualifying body for Chartered Secretaries offering an international qualification recognised in more than 70 countries.

The Institute is a division of the global Institute of Chartered Secretaries and Administrators (ICSA) with more than 35 000 members and 27 000 students worldwide.

The career-long programme of study offered by the Institute comprises a number of standalone qualifications and continuing professional development, each of which renders graduates employable at any stage along the education continuum, and which, when accumulated, can lead to the premier qualification of Chartered Secretary.

"BEYOND ACADEMIA"

Membership of the Institute evidences not merely academic qualifications but also practical experience, character, integrity and responsibility. Only on fulfilment of all these criteria will a governance professional or accounting officer, who has graduated from the CIS Board qualification to become a Chartered Secretary, be admitted as a Member of the Institute.

In 2002 the King II Report on Corporate Governance introduced the primary tenets of corporate governance in South Africa. In September 2009 King III was launched, encompassing changes which anticipate the new South African Companies Act and changes in international governance best practice.

Notable in new legislation is an even greater emphasis of the role of appropriately qualified governance professionals and accounting officers such as Chartered Secretaries.

Executive Committee

JILL PARRATT FCIS PRESIDENT

Jill was appointed as President of the Institute in 2009 and is also the current Group Secretary of Liberty Holdings. She was previously the Company Secretary of Pangbourne Properties and Assistant Group Secretary of Unitrans.



BERT KOK FCIS SENIOR VICE PRESIDENT

As the Institute's Senior Vice President, Bert is also Company Secretary of Netcare and Chairman of the Company Secretaries Interest Group (CSIG).



NICKY EDMUNDS ACIS VICE PRESIDENT

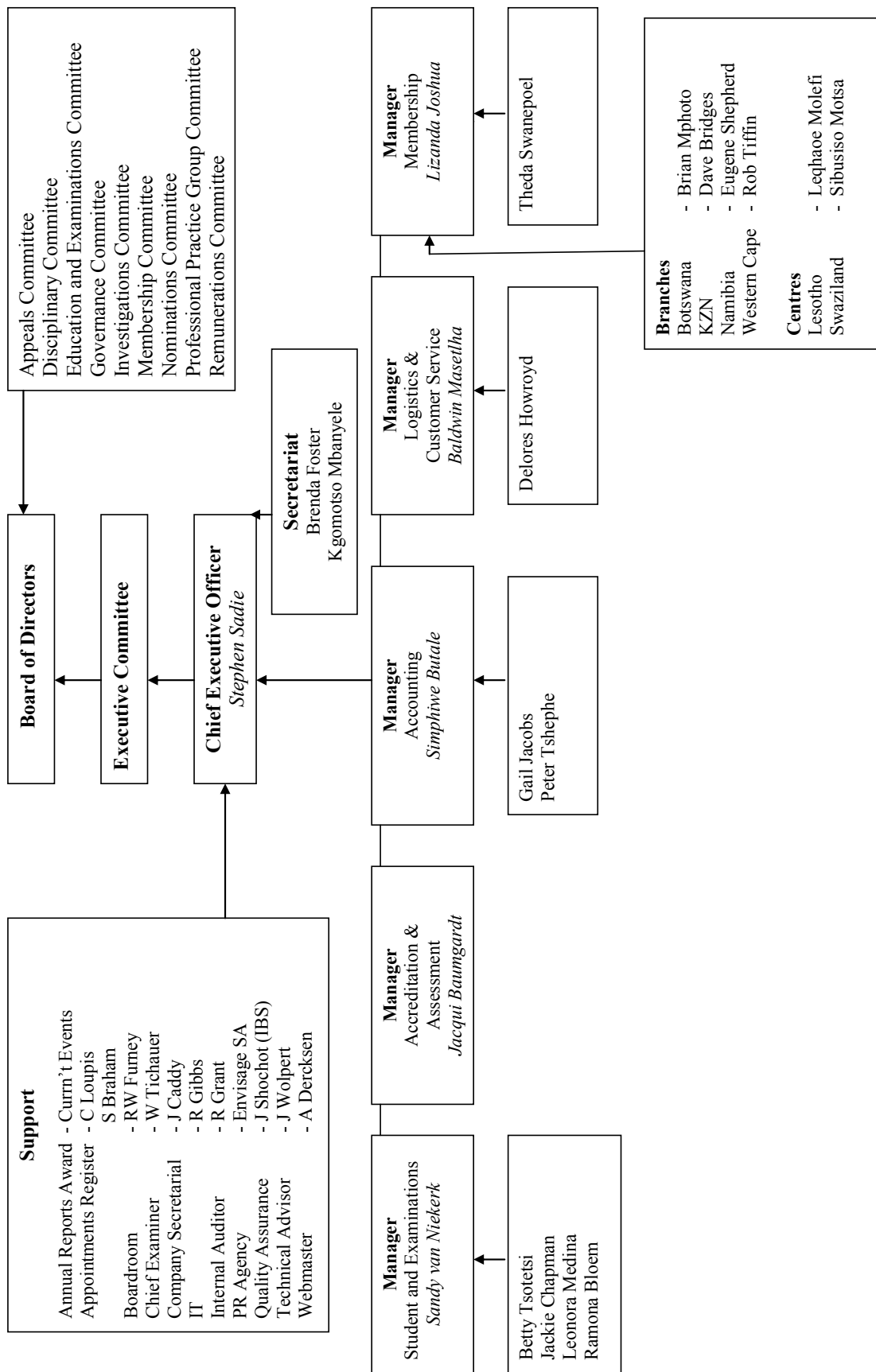
Apart from serving as the Institute's Vice President, Nicky has also been the Company Secretary of E Oppenheimer & Son since 2002.



ANDY SELLO FCIS PAST PRESIDENT

Andy is a past President of the Institute and currently Director: Group Services Audit, Standard Bank after serving as Senior Manager of Stanbic Africa Audit division. Andy was also Head of Audit of the SABC for seven years.

Chartered Secretaries Southern Africa – Organogram





Chief Executive Officer's Report

INTRODUCTION

During the year Chartered Secretaries Southern Africa ("The Institute") reached a historic milestone when we celebrated our 100-year anniversary as the official professional body representing corporate governance professionals and accounting officers in Southern Africa, and the qualifying body for the premier echelon of these- Chartered Secretaries.

It is notable that this milestone was reached in a year of major developments and strides in the arena in which the Institute operates - the King III Report on Corporate Governance ("King III"), arguably now the most advanced standard of corporate governance globally, came into effect. At a macro-level the global economy fell into recession, in certain instances highlighting corporate governance travesties at corporates and in governments across the world and spotlighting the need for efficient corporate governance officers, to our benefit.

The Institute was unfortunately not able to escape the impact of the economic downturn, which spilled over most significantly to student numbers. Through determined efforts and new marketing initiatives the Institute has worked hard to stabilise the decline in new registrations. On the positive side, we have largely maintained the membership base intact albeit without significant growth during 2009.

Against this backdrop key objectives were redefined at a Board Strategy Committee workshop in June 2009, and were formally adopted to guide the Institute's future growth strategy:

- raise awareness of Chartered Secretary as a 'prestige' profession and career path in key target markets to attract new students;
- reinforce the Institute's profile with existing members while attracting new members;
- establish the Institute as a partner in ongoing professional support in the corporate governance environment; and
- reposition the Institute and governance profession to achieve these aims.

Another milestone took place during the year when in September 2009 we hosted our inaugural annual Corporate Governance Conference featuring internationally- and locally-recognised professionals, to keen interest and positive acclaim. Throughout the year we also raised the profile of our Continuing Professional Development ("CPD") seminars to target the broader business public, hosted the

Annual Report Awards 2009 for the 58th year together with the JSE Limited and Business Day as well as arranged two student graduation ceremonies advertised in the leading business national newspaper (see 'Operational Review' below).



Stephen Sadie CEO

STUDENTS

Chartered Secretaries supported students on their career journey and ensured that they achieved the maximum recognition possible in their studies and life-long learning professional development.

The accreditation of the Institute and the registration of the professional qualifications on the NQF have created a platform for greater progress and development. New syllabuses have been introduced which make the qualification more relevant.

It has been a tough year for students with a slight decline due to the recession. We have spent many hours updating our database and improving the student system which is available on our website.

MEMBERSHIP

At 31 December 2009, membership stood at 2 352, basically consistent with the previous year. The challenge in the year ahead remains boosting membership taking into account and addressing such factors as insufficient student pass rates, non-conversion of graduating students to full-time Institute members and an ageing membership. An external factor which poses a further obstacle is the ongoing 'brain drain' due to skills emigration.

The Institute has continued to both jump-start the careers and steer the ongoing development of members by providing benefits including discounted rates for CPD seminars, up-to-date continual technical support through monthly technical newsletters, an in-house dedicated Technical Advisor and other communications, networking opportunities and access to the Institute's endorsed appointments register. Further, on behalf of corporate South Africa and industry the Institute continues to oversee that members are of requisite character, integrity and accountability to fulfil the now more demanding role of Chartered Secretary.

Chief Executive Officer's Report (Continued)



TRANSFORMATION

The Institute is empowering its employees and positioning them for development and advancement through more intensive training and upskill programmes.

The Institute is working on improving its BEE status. For the year under review the board, staff and management statistics are provided below.

- Black and female representation makes up 39% and 22% of the board respectively.
- Black and female representation makes up 59% and 75% of the staff respectively.
- Black and female representation makes up 50% for both categories of management respectively.

INDUSTRY DEVELOPMENTS

The SETA for Finance, Accounting, Management Consulting and other Financial Services ("FASSET") has moved from the Department of Labour to the Department of Higher Education and Training. There is still uncertainty as to how this will affect the relevant professional bodies, including the Institute, and our registration with the South African Qualifications Authority ("SAQA"). The Institute continues to attend the quarterly meetings of FASSET and developments are being closely monitored.

King III and the new Companies Act, will be incorporated in the curriculum of the Institute during 2011.

The shortage of skilled Company Secretaries and accounting officers/financial managers still needs to be addressed. According to the results of a salary survey covering the period between December 2008 and May 2009, historical race and gender inequalities are still clearly evident of the framework in annual base salaries. Sadly the survey reflects that males continue to earn 40%-80% more than their female counterparts. However the differential between genders is more apparent in older age groups and reducing in the younger age brackets, indicating a welcome and critical groundswell of change. (The focus group comprised 713 South African respondents predominantly from Gauteng, with approximately 80% in the age group 26 – 50, 49% being white, 35% African and a slight weighting in favour of female numbers.)

OPERATIONAL REVIEW

Accreditation

The Institute made several strides of progress during the year. In a breakthrough, the Financial Services Board agreed to recognise the CIS Board qualification as an appropriate qualification for registered Financial Service Providers.

Further, FASSET approved 145 certificates along with the RPL certificates, while SAQA re-registered existing qualifications until 2012. There are now over 19 tertiary institutions accredited by the Institute which offer the only international governance qualification recognised in more than 70 countries.

Corporate Governance Conference 2009

The two-day debut event, attended by almost 200 delegates, set the benchmark for conferences of this nature in South Africa and attracted high calibre skills who expressed overwhelmingly positive feedback. Keynote speaker was Philip Armstrong, Head of the Global Corporate Governance Forum based in Washington. Other prominent speakers emanated from academic institutions, industry and the public sector in Southern Africa as well as Australia, Mauritius, United Kingdom, Hong Kong and India.

A wide range of issues relevant to corporate governance were covered, which encompassed macro-level economic environment discussions as well as more operational topics such as risk, IT, boards of directors, ethics and leadership, the King III report, audits and extending to education issues and the profession of Chartered Secretary. The main suggestion from delegates on improving next year's conference reflected the comprehensive range of topics, which was sometimes thought to be too wide. In



Corporate Governance Conference



Chief Executive Officer's Report (Continued)



Philip Armstrong - Keynote speaker - Corporate Governance Conference

2010 due attention will be paid to balancing more carefully choice and benefit with time constraints.

Apart from main sponsor Business Day, sponsorship was also forthcoming from prestigious partners Anglogold Ashanti, FASSET, Greatsoft, National Treasury, and STRATE.

Annual Report Awards 2009

With the 2009 theme 'The benchmark for sustainable business reporting', the Annual Report Awards ceremony was held in November 2009 and attended by 230 representatives of the JSE, state departments, parastatals and NGOs. The Annual Report Awards have been rewarding excellence in corporate reporting since 1952, and as such are the longest running awards programme of this type.



Jill Parratt presented the award for the best Annual Report of a State Department to Telkom

As with many initiatives, the Institute pioneered these awards which have then become more widespread in recent years.

Out of 95 entries received, the Institute recognised Anglogold Ashanti as the overall winner. The new category of Human Capital Reporting revealed a high standard amongst the larger corporates and some mid-cap size companies. The judges also reported significant headway in sustainability reporting which they felt "has come of age" among mid- to large-

caps, with the smaller companies still needing to make progress in this regard.

CPD Seminars

The CPD Seminars are targeted at company/Chartered Secretaries and accounting officers as well as industry at large to enable currency with regulatory changes and global best practice. The seminars were extremely successful in 2009, extending their reach to Durban, Cape Town, Mbabane and Gaborone.

Seminars on 'King III and Internal Audit', 'King III and the Company Secretary' and 'The Compliance Function' garnered the highest

attendance. Other topics ranged from 'Duties of Directors' and 'Minutes and Resolutions' to 'The Role and Function of CIPRO'.

A most successful awards ceremony was held for prize winners and graduates at the Linder Auditorium in Parktown. The ceremony

was well attended by approximately 200 people including staff and directors. All prize winners and graduates were acknowledged for their achievement and dedication. They were awarded their certificates and enjoyed the French theme.

A ceremony was also held in Durban which was well attended by approximately 60 people. Jill Parratt, President and Stephen Sadie, CEO spoke at both ceremonies. Raymond Pillay, Vice Chairman of the branch was MC at the Durban Graduation.

Graduates were urged to seek membership – if they had not done so already and also to stay in close touch with the Institute as business required its leaders to remain up-to-date with relevant changes in legislation and practice.

The names of all graduates were published in the Business Day the following week.



Annual Report Awards Dinner

MARKETING

During the year marketing efforts were stepped up as one effective measure to counter both the economic slowdown and previous stagnation on the Institute's part in this arena. A strategic marketing consultancy specialising in our target

Annual Report 2009

Chief Executive Officer's Report (Continued)



markets was brought on board and a number of new initiatives successfully implemented.

Notably, a new logo has been designed to align with the refreshed and revised branding strategy to move the Institute firmly into the 21st Century and enable the achievement of its strategic key objectives (see 'Introduction' above). Marketing collateral is currently being updated accordingly - the 'Fast Track Career' leaflet was redesigned during 2009 to reinforce the campaign's key messages and attract the appropriate student and member demographics. Along the same lines, the website was completely overhauled from look and feel, information and navigation perspectives. All stakeholders are invited to log onto www.icsa.co.za to view this dynamic and impactful new site.

Further, media interviews were arranged with leading print and broadcast media to raise the Institute's profile, and gradually our representatives are being positioned as industry thought-leaders at the forefront of corporate governance.

Roadshows were scheduled to overlap with the Annual General Meeting (AGM) dates in Botswana, Kwa-Zulu Natal, Lesotho, Namibia, Swaziland and Western Cape. Visits to potential tuition providers included:

- Botswana – Botswana Accountancy College and Botswana College of Distance and Open Learning (BOCODOL);
 - KZN – Durban University of Technology, Varsity College and UKZN.
 - Lesotho – Centre for Accountancy Studies and National University of Lesotho;
 - Namibia – University of Namibia and Polytechnic of Namibia;
 - Western Cape – University of the Western Cape, Oxbridge Academy, SA Law School, College SA.
 - Swaziland – WESCO, CITEC.
- To increase communication with existing

members and better mine current databases, mailers were regularly distributed with important information. Non-members were also brought into the fold with the full technical support package being made available to them, boosting revenue, and copies were posted to all company secretaries of JSE-listed companies as part of the awareness marketing campaign.

OUTLOOK

Chartered Secretaries Southern Africa has played a strong role in developing the new Corporate Secretaries International Association which is set to be launched in Paris in March 2010. This association has drawn in the USA and India which are major economies in the world.

Updating of study materials is ongoing in order to adhere to the highest standards of education and currency. Study materials are being continually evaluated and improved.

APPRECIATION

I extend my appreciation to Jill Parratt, our President, the EXCO, management team and all employees for their hard work and commitment in a landmark centennial year. I look forward to continuing to work together to enhance the prior 100 year's achievements and lay the platform for many more years of success.

Finally, thanks to our students and members for their ongoing loyal support.

Stephen Sadie
Chief Executive Officer
11 March 2010



Directors' Responsibility in relation to the Annual Financial Statements

The directors of the Institute are responsible for the maintenance of adequate accounting records and for the preparation of annual financial statements that fairly present the state of affairs of the Institute. The annual financial statements have been prepared by management in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa, and are based on appropriate accounting policies and incorporate full and reasonable disclosure which have been consistently applied.

The directors are also responsible for the Institute's systems of internal control, which are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of its assets, and to prevent and detect material misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements have been prepared on a going concern basis and nothing has come to the attention of the directors to indicate that the Institute will not remain a going concern for the foreseeable future.

These annual financial statements set out on pages 13 to 31 were approved by the Board of Directors on 11 March 2010 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J M Parratt'.

J M Parratt
DIRECTOR

A handwritten signature in black ink, appearing to read 'L Kok'.

L Kok
DIRECTOR

A handwritten signature in black ink, appearing to read 'S Sadie'.

S Sadie
CHIEF EXECUTIVE OFFICER

Statement on Corporate Governance

31 DECEMBER 2009



The Southern African Institute of Chartered Secretaries and Administrators (The Institute) is committed to the principles of transparency, integrity and accountability as advocated in the King Report on Corporate Governance 2002 ("King Code").

The Institute operates under a Delegation Agreement with the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Committee for Southern Africa.

In terms of this delegation agreement, certain rights and obligations devolve upon the Committee for Southern Africa. This Committee, in turn, has delegated certain of these rights and obligations to Chartered Secretaries Southern Africa, a company incorporated under Section 21 of the Companies Act.

The Board endorses and has substantially applied the King Code insofar as it relates to the operations of this Institute. In supporting the King Code, the Board recognises the need to conduct the affairs of the Institute with integrity and in accordance with generally accepted good corporate governance practices.

BOARD OF DIRECTORS

The Board of Directors meets regularly, retains effective control over the affairs of the Institute and monitors management. The Board reserves to itself a range of key decisions to ensure that it retains proper direction and control of the Institute. The President of the Institute acts as Chairman of the Board.

The roles of President, Mrs J M Parratt and Chief Executive, Mr S Sadie, who is not a Director, are separate. The President provides leadership and guidance to the Board and encourages proper deliberation of all matters requiring the Board's attention, to obtain optimum input from the other Directors. The Chief Executive, within defined levels of authority, is required to implement the Board's decisions and is accountable to the Board for the effective functioning of the Institute within policy guidelines set by the Board.

All Directors are non-executive and are elected in terms of the Institute's Articles of Association.

COMPANY SECRETARY AND PROFESSIONAL ADVICE

As it is unnecessary for the Institute to appoint a full-time Company Secretary, the Chief Executive ensures compliance with relevant statute and regulations under the guidance of the Executive Committee.

Jealnic Business Services CC, on behalf of the Institute, lodged all necessary statutory returns required to be made by a public company, with the Registrar of Companies.

COMMITTEES OF THE BOARD

In order to more effectively discharge its duties and responsibilities, the Board has a number of committees that attend to specific aspects of the Institute's affairs. These are as set out below:

THE EXECUTIVE COMMITTEE:

This Committee is composed of the President, two Vice-Presidents and the immediate Past-President.

The Committee considers detailed matters, which are either consequential upon a decision of the Board or are to be referred to the Board.

THE GOVERNANCE COMMITTEE:

The Governance Committee considers matters pertaining to good governance arising from the Institute's business, covering areas such as internal controls, risk and audit.

THE PROFESSIONAL PRACTICE GROUP ("PPG"):

This Committee is the body that considers issues related to PPG activities and communicates with and assists members by providing seminars and technical information.



Statement on Corporate Governance (Continued) 31 DECEMBER 2009

THE TECHNICAL COMMITTEE:

This Committee considers matters arising from changes to legislation, the listings requirements of The JSE Limited and corporate governance. In addition, it considers matters relating to changes, as these would affect enterprises, and proposed changes to accounting practices and taxation.

THE EDUCATION AND EXAMINATIONS COMMITTEE:

All examination and educational matters and maintenance of the standard and integrity of the examinations fall under the brief of this Committee.

THE ASSESSMENT AND REVIEW COMMITTEE:

The committee is a sub-committee of the Education and Examinations Committee and manages the overall Assessment Process used by the Institute. It ensures compliance therewith by all role players. It also reviews all examination question papers and results to ensure that international and local standards are maintained.

THE MEMBERSHIP COMMITTEE:

This committee decides on applications for admission as Associate or Fellow members of the Institute and is delegated its authority from the Committee for Southern Africa as the decisions taken by this Committee have international implications.

THE NATIONAL DISCIPLINARY INVESTIGATIONS GROUP:

This body is required to investigate all matters relating to alleged misdemeanors of members.

NATIONAL DISCIPLINARY TRIBUNAL:

This body is required to review the findings of the National Disciplinary Investigations Group.

NATIONAL APPEALS COMMITTEE:

This body reviews any appeals lodged.

All Committees consist of non-executive members and are chaired by non-executive Directors. Certain committees also co-opt specialists who are not members of the Institute, to assist in their deliberations. Senior members of staff attend, but are not members of the Committees.

The external auditors are given unrestricted access to the President and members of the Board and attend all meetings of the Governance Committee. The Board is of the opinion that its interests, and those of the Institute, are suitably served by retaining the auditors to fulfil this function.

INTERNAL CONTROL SYSTEM

The Institute maintains systems of internal control over membership records, examination results and the award of certificates, financial reporting and the safeguarding of assets against unauthorised use or disposition. These systems are designed to provide reasonable assurance to the Institute's management and Board regarding internal control, the preparation of reliable published financial statements and the safeguarding of the Institute's assets.

Corrective actions are taken to address any control deficiencies and other opportunities for improving the systems as they are identified. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable, but not absolute, assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances.

The internal audit function is the ongoing responsibility of the Governance Committee. However, due to the active involvement of Exco and the Governance Committee members in the Institute

Statement on Corporate Governance

(Continued)

31 DECEMBER 2009



and the size and nature of the Institute, a permanent internal audit function has not been established. The Governance Committee regularly reviews the effectiveness of internal controls and the exercise of delegated authority.

RISK MANAGEMENT

The Governance Committee is responsible for identifying and addressing the management of all operational, reputational and financial risk and is satisfied that all key business risks are being addressed.

HEALTH AND SAFETY

Matters of employee health and safety are addressed as part of the responsibilities of management.

EMPLOYMENT EQUITY

The Institute is committed to creating a workplace in which individuals of ability and application can develop rewarding careers at all levels, regardless of their background, race or gender and in recruiting new staff will seek to address historic imbalances.

SUSTAINABLE DEVELOPMENT

The Institute's qualification has a unique role in the upliftment of the educationally disadvantaged, who do not have a matriculation qualification. The Institute is linked to its affiliate organisations, the Institute of Business Studies (IBS) and the Chartered Institute of Business Management (CIBM).

CODE OF ETHICS

The Institute has a code of ethics in place. Procedures also exist whereby allegedly errant members and students not following the provisions of the code of ethics may be investigated by the National Disciplinary Investigation Group, which would in turn forward its findings to the National Disciplinary Tribunal.

The Institute encourages employees to report dishonesty, fraud and unethical behaviour and ensures that such employees do not suffer occupational detriment and are not victimised.

Chartered Accountants (SA)

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOUTHERN
AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND
ADMINISTRATORS**

We have audited the annual financial statements of the Institute which comprise the report of the directors, the balance sheet as at 31 December 2009, the income statement and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 31.

Directors' Responsibility for the Financial Statements

The Institute's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act in South Africa. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

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

Opinion

In our opinion, these financial statements fairly present, in all material respects, the financial position of the Institute at 31 December 2009 and the results of its operations and cash flows for the year then ended in accordance with the International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.

Valentine Sargeant

Valentine Sargeant
Chartered Accountants (S.A.)
Registered Accountants & Auditors
Cape Town
11 March 2010



A Member of AGN International Ltd
A worldwide association of separate and independent
accounting and consulting firms

Richard Ernest Broome CA (SA)

Dennis George Irwin B Comm CA (SA)

REPORT OF THE DIRECTORS

31 DECEMBER 2009



INTRODUCTION

The Institute operates as an association not for gain incorporated under Section 21 of the Companies Act, 1973. Being a professional examining body, it continues to provide an examination that satisfies the demands for competence on the part of trained and qualified administrators in the private and public sectors. The Institute serves qualified professionals and provides a wide range of services to its members such as technical information, seminars and keeping the name of the Institute and therefore its members uppermost in the minds of decision makers and employers. In addition, it provides administrative services to associated Institutes.

There has been no material change in its activities during the year under review. Directors of the Board are required to perform their duties in accordance with the Companies Act whilst at all times embracing the principles of good corporate governance.

GENERAL REVIEW OF BUSINESS AND OPERATIONS

Details of the results and financial position are set out in the accompanying annual financial statements.

RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Board is of the opinion that the annual financial statements fairly present the financial position of the Institute at 31 December 2009, and the results of its operations and cash flow information for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa. The Directors are satisfied that the internal accounting controls are adequate to ensure the reliability and integrity of financial information, the safeguarding of assets and the accomplishment of established objectives.

The Board, based on current financial position, the projected cash flows and the budget for 2010, is satisfied that the Institute has adequate resources to continue to operate for the foreseeable future. Accordingly, the Institute continues to adopt the going concern assumption in preparing the annual financial statements.

BOARD OF DIRECTORS

The directors received no remuneration for their services as directors during the year under review. Any related party transactions with directors are disclosed in note 18.

CORPORATE GOVERNANCE

The Directors support the principles of openness, integrity and accountability. Fundamental to the fulfilment of corporate responsibilities and the achievement of financial objectives is an effective system of corporate governance.

The Institute has endorsed The Code of Corporate Practices and Conduct which forms part of the King II Report on Corporate Governance. The Board ensures that the Institute's policies and practices conform to current requirements. The Directors consider that the Institute and its associated Institutes comply substantially with the recommendations of King II, which are relevant to the affairs of the Institute.

AUDITORS

Deloitte & Touche resigned as auditors during the year under review and Valentine Sargeant were appointed in their stead.

ASSOCIATED INSTITUTES

The Institute manages the Institute of Business Studies and The Chartered Institute of Business Management, both of which are associations incorporated under Section 21 of the Companies Act, as well as The Business Administrators' Educational Foundation (MENTOR). Neither the financial results nor financial position of these entities has been incorporated into these financial statements.



REPORT OF THE DIRECTORS (Continued)

31 DECEMBER 2009

2009 MEETING ATTENDANCE SCHEDULE

BOARD		COMMITTEE FOR SOUTHERN AFRICA		EXCO		PPG	
Bridges DJ	4/4	Bridges DJ	2/4	Edmunds MG	2/3	Blok van Cronesteyn P	1/6
Caddy J	2/4	Caddy J	2/4	Kok L	5/5	Bridges D	0/6
Dlamini P	1/4	Dlamini P	1/4	Parratt J	5/5	Jefferies Y	5/6
Edmunds MG	3/4	Edmunds MG	0/4	Sello MA	3/5	Knight H	3/6
Farrel C	2/4	Farrel C	0/4	Thebenyane B	1/2	Linder N	4/6
Furney R	4/4	Furney R	3/4			Malan D	2/6
Grant AR	4/4	Grant AR	2/4	MEMBERSHIP		Moyo K	2/6
Jefferies Y	4/4	Jefferies Y	4/4	Caddy J	1/2	Mpye T	6/6
Kedisitse PR	3/3	Kedisitse PR	3/3	Farrel C	1/4	Nkuna R	4/6
Knight HJB	4/4	Knight HJB	4/4	Furney RW	2/4	Russell V	6/6
Kok L	3/4	Kok L	1/4	Lees RD	2/4	Tichauer R	3/6
Lees RD	4/4	Lees RD	3/4	Roberts JV	4/4		
Likhang R	4/4	Likhang R	2/4	Russell V	4/4	BRANCHES	
Mphotho BT	1/1	Mphotho BT	1/1	Tichauer W	4/4	Bridges D	4/4
Murton VM	3/4	Murton VM	2/4			Kedisitse PR	3/3
Naidoo V	1/2	Naidoo V	1/2	GOVERNANCE		Knight HJB	4/4
Ntuli SC	0/4	Ntuli SC	4/4	Auditors	3/3	Molefi L	2/4
Parrat J	4/4	Parrat J	3/4	Dlamini PM	0/3	Motsa AS	2/4
Roberts JV	2/4	Roberts JV	1/4	Foster R	2/3	Mphotho B	1/1
Russell VE	2/2	Russell VE	2/2	Furney RW	3/3	Shepherd EJ	0/4
Sello MA	4/4	Sello MA	4/4	Grant AR	3/3	Tiffin R	1/1
Shepherd E	0/4	Shepherd E	0/4	Lees RD	3/3		
Smit S	1/2	Smit S	1/2	Murton VM	3/3	EDEX	
Thebenyane B	2/4	Thebenyane B	1/4	Sello MA	0/3	Baumgardt J	3/3
Tlhabanelo RB	2/4	Tlhabanelo RB	2/4	Tichauer W	3/3	Martin G	3/3
Tichauer W	4/4	Tichauer W	3/4	Wolpert J	3/3	Murton VM	2/3
Tiffin RG	1/1	Tiffin RG	1/1			Naik K	1/3
Wessels CH	2/2	Wessels CH	1/2	NOMINATIONS		Shochot J	3/3
Wolpert J	2/4	Wolpert J	1/4	Caddy J	1/1	Tichauer W	3/3
				Sello MA	1/1	Wessels C	1/1
				Thebenyane B	0/1		
				Tichauer W	1/1		

REPORT OF THE DIRECTORS (Continued)

31 DECEMBER 2009

POST BALANCE SHEET EVENTS

There were no significant events or circumstances between the date of the financial statements and the date of this report.

DIRECTORATE

The directors holding office at the date of this report are shown on page 1. The following changes took place during the year under review:

	Retired	Appointed
P. Kedisitse	27 November 2009	
H.J.B. Knight	27 November 2009	
B.T. Mphotho		27 November 2009
V. Naidoo		7 May 2009
V.E. Russell		7 May 2009
S. Smit		7 May 2009
R.G. Tiffin		27 November 2009
R. van Rensburg	12 March 2009	
C.H. Wessels		7 May 2009

REGISTERED OFFICE AND BUSINESS ADDRESS

Chartered Secretaries Southern Africa
14th Floor, Sable Centre
41 De Korte Street
Braamfontein
2001

POSTAL ADDRESS

P O Box 331
Wits
2050

CHIEF EXECUTIVE

S Sadie





INCOME STATEMENT

for the year ended 31 DECEMBER 2009

	Notes	2009 R	2008 R
INCOME			
Fees - students		3 536 882	3 727 598
Subscriptions – members and technical newsletter		3 844 458	3 480 686
Interest received	3	268 358	326 513
Other income	4	1 785 541	1 901 982
Total income		<u>9 435 239</u>	<u>9 436 779</u>
EXPENDITURE			
Operating and administration costs	5	8 770 502	8 587 705
International Institute charges		264 941	298 802
Depreciation		42 493	36 002
Audit fees		90 000	153 000
Total expenditure		<u>9 167 936</u>	<u>9 075 509</u>
SURPLUS BEFORE POST-RETIREMENT MEDICAL EXPENSE		267 303	361 270
Post-retirement medical expense	11	<u>(102 480)</u>	<u>(5 010)</u>
NET SURPLUS FOR THE YEAR		<u>164 823</u>	<u>356 260</u>

BALANCE SHEET

as at 31 DECEMBER 2009



	Notes	2009 R	2008 R
ASSETS			
Non-current assets			
Equipment	6	111 879	137 476
		<u>111 879</u>	<u>137 476</u>
Current assets			
Inventories	7	36 259	67 820
Trade and other receivables	8	658 867	421 471
Bank balances, cash and short term deposits	9	4 073 655	4 074 966
		<u>4 768 781</u>	<u>4 564 257</u>
TOTAL ASSETS		<u>4 880 660</u>	<u>4 701 733</u>
EQUITY AND LIABILITIES			
Equity			
Reserves			
Accumulated profit		1 652 336	1 487 513
Professional Practice Group Fund	10	889 342	639 564
		<u>2 541 678</u>	<u>2 127 077</u>
Non-current liability			
Post-retirement medical aid liability	11	900 000	900 000
Current liabilities			
Trade and other payables	12	1 339 527	1 537 627
Amounts due to International Institute		99 455	137 029
		<u>1 438 982</u>	<u>1 674 656</u>
TOTAL EQUITY AND LIABILITIES		<u>4 880 660</u>	<u>4 701 733</u>



STATEMENT OF CHANGES IN EQUITY

for the year ended 31 DECEMBER 2009

	Accumulated profit R	Professional Practice Group Fund R	Total R
Balance at 1 January 2008	1 131 253	436 600	1 567 853
Net surplus for the year	356 260	202 964	559 224
Balance at 31 December 2008	1 487 513	639 564	2 127 077
Net surplus for the year	164 823	249 778	414 601
Balance at 31 December 2009	1 652 336	889 342	2 541 678

CASH FLOW STATEMENT

for the year ended 31 DECEMBER 2009



	Notes	2009 R	2008 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		8 957 765	9 850 404
Payments made to suppliers and employees		(9 108 058)	(8 446 629)
Cash generated by/(utilised in) operations	13	(150 293)	1 403 775
Investment income		268 358	326 513
Post-retirement medical aid contributions		(102 480)	(105 010)
Net cash from operating activities		15 585	1 625 278
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment to maintain operations:			
- Acquisition of furniture, computers and equipment		(16 896)	(87 197)
Decrease/(increase) in investment		-	261 274
Net cash from/ (used in) investing activities		(16 896)	174 077
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(1 311)	1 799 355
Cash and cash equivalents at the beginning of the year		4 074 966	2 275 611
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
	9	4 073 655	4 074 966



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2009

PRESENTATION OF FINANCIAL STATEMENTS

The financial statements are presented in South African Rand, the currency of the country in which the Institute is incorporated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis, modified by the revaluation of financial instruments where applicable, and in accordance with International Financial Reporting Standards. The principal accounting policies adopted in the presentation of these financial statements and which are consistent with the prior year, are set out below:

1.1 EQUIPMENT

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated lives, using the straight line method.

To ensure a full write-off over the useful lives of assets, depreciation is provided on a straight-line basis as follows:

	2009	2008
Computers	20% per annum	20% per annum
Equipment	10% per annum	10% per annum
Furniture	10% per annum	10 % per annum
Motor vehicles	20% per annum	20% per annum

Refer to note 2 which details the change in accounting estimate which was effected in the previous year in respect of these assets.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

1.2 INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.3 RETIREMENT BENEFITS

The policy of the Institute, subject to the rules of the Pension Fund, is to provide retirement benefits for its employees. Current contributions to the defined contribution retirement benefit pension fund are based on a percentage of salaries cost and are charged as an expense in the period in which they are incurred.

The Institute has a policy whereby it pays post-retirement medical costs on behalf of certain retired employees. Previously, the liability in this respect was not raised. In accordance with IAS19 – employee benefits, this liability was quantified and a transitional liability was raised in terms of the transitional provisions. The Institute has made an irrevocable choice to recognise the increase as an expense on a straight-line basis over five years from the date of adoption.

1.4 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Fees

Examination fees are accrued when the examinations are written.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

31 DECEMBER 2009



Subscriptions

Subscriptions are recognised when no significant uncertainty as to its collectability exists.

Interest received

Interest revenue is accrued on a time apportionment basis, by reference to the principal outstanding and the interest rate applicable.

1.5 IMPAIRMENT

At each balance sheet date, the Institute reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) and is recognised in the income statement.

1.6 FINANCIAL INSTRUMENTS

The Institute's financial instruments consist mainly of investments, bank balances and cash, short term deposits, trade receivables, trade payables and amounts due to the International Institute.

Financial instruments mentioned above, are stated at their fair values.

The Institute does not use derivative instruments nor does the Institute speculate in the trading of derivative instruments.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Institute manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both,



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

31 DECEMBER 2009

which is managed and its performance is evaluated on a fair value basis, in accordance with the Institute's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Investments

Investments comprise bank deposits held by the company with an original maturity of three months or less. Investments are recognised on purchase date and are measured at fair value, plus transaction costs. The carrying amount of these assets approximates their fair value.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis.

Objective evidence of impairment for a portfolio of receivables could include the Institute's past experience of collecting payments.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Institute derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Institute neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Institute recognises its retained interest in the asset and an associated

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009



liability for amounts it may have to pay. If the Institute retains substantially all the risks and rewards of ownership of a transferred financial asset, the Institute continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Institute does not have any financial liabilities other than borrowings and trade payables which are classified as “other financial liabilities”.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

Derecognition of financial liabilities

The Institute derecognises financial liabilities when, and only when, the Institute’s obligations are discharged, cancelled or they expire.

1.7 PROVISIONS

Provisions are recognised when the Institute has a present constructive or legal obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

1.8 LEASING

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

1.9 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgments in applying the entity’s accounting policies

In the process of applying the entity’s accounting policies, which are described above, management did not make any judgments that had any significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

There were no key assumptions concerning the future, or any other key sources of estimation uncertainty at the balance sheet date, which could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

1.10 FOREIGN CURRENCIES

In preparing the financial statements, transactions in currencies other than the Institute’s functional currency are recorded at the dates of the transactions. At the balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Exchange differences are recognised in profit or loss in the period in which they arise.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009

2. CHANGE IN ACCOUNTING ESTIMATE

A change in estimate was effected in the previous year in respect of the useful lives of equipment and computers.

The impact of this change in that year was as follows:

	Gross	Tax	Net
	29 735	-	29 735

	2009	2008
	R	R
3. INTEREST RECEIVED		
Interest received - funds on deposit and short-term call	268 358	319 071
- investment		7 442
Total interest received	268 358	326 513

4. OTHER INCOME

Prior year marketing expenditure recoveries	92 222	210 148
Direct mail	2 207	15 975
Unallocated deposits	98 786	89 032
Conference Endorsements	77 683	133 348
Sale of technical support material	19 706	21 531
Seminars	87 701	194 139
Secretarial fees - CIBM	1 001 000	910 000
- IBS	190 000	140 000
- PPG	166 145	155 067
Royalties	50 091	32 742
Total other income	1 785 541	1 901 982

5. OPERATING AND ADMINISTRATION COSTS

Administration expenses	229 740	181 149
Centenary and Award ceremonies	366 651	94 594
Boardroom magazine	181 245	181 028
Branch expenses	81 445	289 306
Computer expenses	93 895	90 292
Contractors fees – managerial	209 296	169 772
Examination expenses	835 039	1 006 379
Hire of office equipment	201 724	268 167
Insurance	44 471	42 716
Loss on scrapping of assets	-	2 288
Marketing expenses	707 842	363 941
Motor vehicle expenses	36 702	79 385
Postage and telephones	295 931	548 623
Printing and stationery	141 304	157 594
Rental and electricity	437 039	370 934
Salaries and wages	4 218 282	3 950 846
Technical support	197 270	253 000
Travel and meetings – domestic	343 369	399 653
Travel and meetings – international	149 257	138 038
Total operating and administration costs	8 770 502	8 587 705

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009



6. EQUIPMENT

	Cost R	Accumulated depreciation R	Net book value R
At 31 December 2009			
Furniture, computers and equipment	624 798	(512 919)	111 879
Library books - at nominal value	2	(2)	-
Motor vehicles	85 569	(85 569)	-
Trophies and regalia - at nominal value	2	(2)	-
Total equipment	710 371	(598 492)	111 879
At 31 December 2008			
Furniture, computers and equipment	607 902	(470 426)	137 476
Library books - at nominal value	2	(2)	-
Motor vehicles	85 569	(85 569)	-
Trophies and regalia - at nominal value	2	(2)	-
Total equipment	693 475	555 999	137 476

Movement in equipment can be reconciled as follows:

	Net book value 2008 R	Additions R	Disposals R	Depreciation R	Net book value 2009 R
Furniture, computers and equipment	137 476	16 896	-	(42 493)	111 879
Library books - at nominal value	-	-	-	-	-
Motor vehicles	-	-	-	-	-
Trophies and regalia - at nominal value	-	-	-	-	-
	137 476	16 896	-	(42 493)	111 879

	Net book value 2007 R	Additions R	Disposals R	Depreciation R	Net book value 2008 R
Furniture, computers and equipment	88 569	87 197	(2 288)	(36 002)	137 476
Library books - at nominal value	-	-	-	-	-
Motor vehicles	-	-	-	-	-
Trophies and regalia - at nominal value	-	-	-	-	-
	88 569	87 197	(2 288)	(36 002)	137 476



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009

	2009 R	2008 R
7. INVENTORIES		
Inventories comprise:		
Books and manuals for resale	36 259	67 820
No inventories are carried at net realisable value and all inventories are expected to be recovered within 12 months.		

8. TRADE AND OTHER RECEIVABLES		
Trade receivables	207 649	89 876
Prepaid expenses	5 439	130 723
Sundry debtor	298 200	115 327
Institute of Business Studies	120 537	85 545
Chartered Institute of Business Management	27 042	-
	<u>658 867</u>	<u>421 471</u>

The directors consider that the carrying amount of trade and other receivables approximates its fair value.

9. BANK BALANCES, CASH AND SHORT-TERM DEPOSITS		
Bank deposits and cash	589 783	92 141
Funds on deposit and short-term call	3 483 872	3 982 825
	<u>4 073 655</u>	<u>4 074 966</u>

The carrying amount of these assets approximate fair value.

10. PROFESSIONAL PRACTICE GROUP FUND

Balance at beginning of the year	639 564	436 600
Total income	436 836	376 245
Income received from members	332 886	312 938
Interest received	103 950	63 307
Total expenses	187 058	173 281
Technical manual and newsletter expense	20 913	56 973
Administration expenses	166 145	116 308
Balance at end of the year	<u>889 342</u>	<u>639 564</u>

The Professional Practice Group Fund consists of a surplus to be spent for a specific purpose in relation to members.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009



	2009 R	2008 R
11. POST-RETIREMENT MEDICAL AID LIABILITY		
The Institute has a post-retirement medical aid liability, which has been valued by the Institute.		
Provision utilised for current year contributions	102 480	105 010
Amount recognised in the current year through the income and expenditure statement	(102 480)	(105 010)
Amount to be recognised in future periods	-	-
Principal assumptions at the balance sheet date:		
- Discount rate at 31 December	7.3%	7.3%
- Contribution increases	6.5%	6.5%
- Remaining life expectancy (years)	6.1-11.96	7.75-12.57
The amount included in the balance sheet arising from the Institute's obligation in respect of defined post-retirement medical benefit was as follows:		
Balance at beginning of the year	900 000	1 000 000
Amount recognised in the current year through the income statement	102 480	105 010
Amount reversed in the current year through the income statement	-	(100 000)
Provision utilised for current year contributions	(102 480)	(105 010)
Fair value of amount recognised	900 000	900 000
12. TRADE AND OTHER PAYABLES		
Accounts payable	351 560	294 922
Fees and subscriptions received in advance	820 646	966 805
Leave pay	120 764	118 675
Value Added Tax	46 557	148 760
Chartered Institute of Business Management	-	8 465
Total accounts payable	1 339 527	1 537 627
The directors consider that the carrying amount of accounts payable approximates its fair value.		
The average credit period on the purchases of goods and services is 30 days. No interest is charged on trade payables. The company has financial risk management policies in place to ensure that all payables are paid within the credit time frame.		
Movement in the leave pay accrual:		
Balance at the beginning of the year	118 675	166 234
Utilisation of provision	(118 675)	(166 234)
Additional provision raised	120 764	118 675
Balance at the end of the year	120 764	118 675



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009

	2009 R	2008 R
13. RECONCILIATION OF NET PROFIT FOR THE YEAR TO CASH GENERATED BY/(UTILISED IN) OPERATIONS		
Net profit for the year	164 823	356 260
Adjusted for Investment income	(268 358)	(326 513)
Net income of the Professional Practice Group	249 778	202 964
Depreciation	42 493	36 002
Loss on scrapping of assets	-	2 288
Net Post-retirement medical expense	102 480	5 010
Cash inflow from operations before working capital changes	291 216	276 011
Decrease/(increase) in inventories	31 561	38 878
Decrease/(increase) in trade and other receivables	(237 396)	956 753
(Decrease)/increase in trade and other payables	(198 100)	101 032
(Decrease)/increase in amounts due to International Institute	(37 574)	31 101
Cash generated by/(utilised in) operations	(150 293)	1 403 775
14. MEMBERS' LIABILITY		
The Institute is incorporated as an Association under Section 21 of the Companies Act and is a company limited by guarantee. In the event of the company being wound-up at any time, the liability of each person being a member at the time is limited to one South African Rand.		
15. COMMITMENTS		
Operating leases in respect of premises and equipment:		
Payable within one year	191 225	501 289
Payable within 2 to 5 years	389 840	35 638
	581 065	536 927
16. RETIREMENT BENEFITS		
The Institute is a participating employer in a defined contribution umbrella fund. The Fund is a defined contribution fund. It is not actuarially valued as it is an insured fund through an insurance policy and is governed by the Pension Funds Act, 1956. There are no unfunded benefits and all employees are covered by the plan. The current year contributions amounted to R610 013 (2008: R543 646). The number of employees at year end was 16 (2008: 12).		
17. TAXATION		
The Institute is exempt from taxation in terms of Section 10 (1) (d) of the Income Tax Act.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009



	2009 R	2008 R
18. RELATED PARTY TRANSACTIONS		
The following related transactions were entered into in the current year:		
Secretarial fee income		
- Institute of Business Studies	190 000	140 000
- Chartered Institute of Business Management	1 001 000	910 000
- Professional Practice Group	166 145	155 067
Amounts due by/ (to) related parties		
- Chartered Institute of Business Management	27 042	(8 465)
- Institute of Business Studies	120 537	85 545

The amounts due to (from) related parties have no fixed terms of repayment. There is no interest payable on these loans.

Fees for financial management services were paid to MCG Management Services CC (of which A R Grant is a member) in the amount of R100 200 (2008: R99 790) and to Tichauer Accounting and Management Services CC (of which W Tichauer is a member) in the amount of R 4 995 (2008: R8 778). These amounts are included under contractor fees per note 5.

Publishing costs were paid to Eagle Publishing (Pty) Ltd (of which R W Furney is a shareholder) as follows and are all included under Technical Support and Boardroom Magazine per Note 5 –R 235 436 (2008: R224 945).

Fees for payroll administration fees were paid to Commercial and Club Secretaries CC (of which a relative of R W Furney is a member) in the amount of R16 133 (2008: 13 834).

Examination, moderation and marking fees were paid to a number of Directors or Related Parties during the year under review as follows:

- Jealnic Business Services CC (of which J M Caddy is a member) - Examining and Marking of Scripts – R4 275
 - HJB Knight (Examiner and Marking Fee) – R4 940
 - W Tichauer (Examination and Marking Fee) – R1 640
 - C Wessels (Examination and Marking Fee) – R17 100
- Total amount: R27 955 (2008: R14 440)

In 2009, Tichauers Educational Training CC (of which W Tichauer is a member) received a Chief Examiners Fee of R48 000 (2008: R48 000).

These amounts are all included under Examination Fees per Note 5.

Other professional fees were paid as follows during the year and are included under contractor's fees per Note 5:

- HJB Knight (Cape Town representation and other support) – R2 093 (2008 : R14 922);
- Jealnic Business Services (company secretarial support) – R2 250 (2008: R2 250).
- J Wolpert (Technical Adviser) – R50 000 (2008: R0)
- C H Wessels (CPD Seminars) – R12 000 (2008: R0)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009

19. FINANCIAL INSTRUMENTS

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1.6 to the financial statements.

Foreign currency risk management

There is limited exposure to foreign currency risk as the only foreign currency transaction entered into is that related to the international capitation fee expense.

Foreign currency exposure

	Foreign Currency amount			Rand amount
	2009	2008	2009	2008
International Institute				
– British Pound Sterling	8 119	10 266	99 455	137 029

Interest rate risk management

The Institute finances its operations through its retained earnings and cash accumulated in the bank.

Due to there being no external borrowings, exposure to interest rate risk is minimal.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Institute's short term funding and liquidity management requirements. The Institute manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows.

The Institute also manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowings facilities are maintained.

It is the Institute's policy to deposit short-term cash investments with major financial institutions.

Market risk management

Due to the nature of the Institute and the services they provide, exposure to market risk is minimal.

Credit risk management

Potential concentrations of credit risk consist principally of trade debtors and balances at banks. Trade debtors consist of subscription members, students and external tuition providers. Due to the nature of the debtors, credit evaluations are not performed. However, revenue and the related debtor are only recognised when no significant uncertainty as to its collectability exists. Appropriate allowance for estimated irrecoverable amounts is made and at the year-end, management did not consider there to be any material credit risk exposure that was not already covered by a doubtful debt provision.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2009



19. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value

All financial instruments are carried at fair value or amounts that approximate fair value. The carrying accounts for investments, cash, cash equivalents as well as receivables and payables approximate fair value due to the short-term nature of these instruments.

	2009 R	2008 R
Financial Assets		
Cash and cash equivalents	4 073 655	4 074 966
Trade receivables	207 649	89 876
Financial Liabilities		
Accounts payable	321 560	294 922

20. ADOPTION OF NEW AND REVISED STANDARDS

Standards and Interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IFRS 2 (revised) Amendment to vesting conditions and cancellations (effective 1 January 2009);
- IFRS 3 (revised) Amendment to comprehensive revision on applying the acquisition method (effective 1 July 2009);
- IAS 1 (revised) Amendment to comprehensive revision including requiring a statement of comprehensive income (effective 1 January 2009);
- IAS 23 (revised) Borrowing Costs (effective 1 January 2009)

Standards and Interpretations in issue not yet adopted

- IAS 32 (revised) Amendments relating to puttable instruments and obligations arising on liquidation (effective 1 January 2009);
- IFRS 8 Operating segments (effective 1 January 2009);
- IFRIC 11 IFRS: Group and Treasury Share Transaction (effective 1 March 2007);
- IFRIC 12 Service Concession Arrangements (effective 1 January 2008);
- IFRIC 13 Customer Loyalty Programmes (effective 1 January 2008); and
- IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2009).

The directors anticipate that all of the above Standards and Interpretations will have no material impact on the financial statements of the Institute in the period of initial application.

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