



**Chartered**  
**Secretaries**  
Southern Africa

Integrated Report  
for the year ended 31 December 2013



# THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS

("CSSA" or "the company")

(Non Profit Company – Registration number:1972/000007/08)

## INTEGRATED REPORT– 31 DECEMBER 2013

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*Note: Any reference to "the Institute", "the Company", "Chartered Secretaries Southern Africa" and "CSSA" refers to The Southern African Institute of Chartered Secretaries and Administrators (Non Profit Company - Registration number: 1972/000007/08).*

## CORPORATE INFORMATION 31 DECEMBER 2013

### Registered office and business address:

Riviera Office Park (Block C),  
6 – 10 Riviera Road  
Killarney, Johannesburg, 2193

### Postal address:

P O Box 3146, Houghton, 2041

**Telephone:** 011 551 4000

**Fax:** 011 551 4028

**E-mail:** [info@chartsec.co.za](mailto:info@chartsec.co.za)

**Website:** [www.chartsec.co.za](http://www.chartsec.co.za)

### Directors:

MB Dialwa, MG Edmunds, RW Furney, SAH Kajee, HF Kocks, L Kok, Z Lachporia, R Likhanga, SP Mbhamali, J Neethling, JM Parratt, R Pillay, MA Sello, JE Shepherd, PF Smit, S Smit, KJ Southgate, B Thebenyane, CH Wessels, CE Wilson, J Wolpert

**Chief Executive Officer:** S Sadie

## Company Profile

Chartered Secretaries Southern Africa (CSSA) is the formal professional Institute for the enabling of corporate governance and accounting as well as the expert commentator and thought leader in Southern Africa on governance matters. It is also a recognised qualification for accountants. The career-long programme of study comprises attainment of professional qualifications and requires continuing professional development (CPD), which ensures that members remain on the cutting edge of developments. CSSA represents Botswana, Lesotho, Namibia, South Africa and Swaziland.

### WHAT IS A CHARTERED SECRETARY?

#### **Skills, vision, values**

Chartered Secretaries are high-ranking professionals with a broad base of skills unique among the professions. Trained in governance, law, accounting, and strategy, Chartered Secretaries provide a focal point for independent advice and guidance on the conduct of business, governance and compliance. They are key players with the skills, vision and values to take their organisations and clients forward.

#### **Leaders in governance and accounting**

Chartered Secretaries understand that good governance is fundamental to good business decision-making and organisational performance. Through our influence with Government and regulators, and the work of our members, CSSA leads in shaping the governance agenda and promoting the best practice essential for organisational performance.

Candidates who have completed the CSSA International Qualifying Board Examination, gained the necessary work experience and who present the requisite character traits will be qualified to apply to be admitted as a Member of CSSA and become a 'Chartered Secretary'.

Continuing Professional Development endeavours to ensure that all of our members are able to remain at the forefront of the governance and accounting talent pool.

There is currently a shortage of qualified and experienced Chartered Secretaries, with demand on the increase in light of the new Companies Act (71/2008) and King III. This means that Chartered Secretaries can command competitive remuneration packages.

### WHAT ARE THE DIFFERENT LEVELS OF MEMBERSHIP?

Membership of CSSA evidences not only academic qualifications but also practical experience, character, integrity and responsibility. Only on fulfilment of all these criteria may a graduate apply to be admitted as a Member of the Institute and become a Chartered Secretary.

There are two levels of membership - **Associates (ACIS) and Fellows (FCIS)**. On successful completion of the CSSA Board Qualifying Examination, graduates immediately become GradICSA. Once they have gained the necessary practical experience and are deemed to be of appropriate ethical character, they are admitted as Members at Associate-level and become a Chartered Secretary (ACIS). On admission as a Fellow, the senior grade of membership granted on attainment of more extensive experience, a Chartered Secretary may include the prestigious 'FCIS' designation after his/her name/title.

Membership therefore offers employers 'watchdog' accountability with recourse to the Institute's disciplinary and disbarment proceedings in the case of misconduct and/or breach by a member of the Institute Code of Professional Ethics and Conduct.

Membership of the Institute ensures remaining at the forefront of global developments and best practice in governance and accounting. Membership, and therefore qualification as a Chartered Secretary, involves a career-long relationship with the Institute via CPD and ongoing technical support packages and tools.

### IS THE QUALIFICATION INTERNATIONALLY RECOGNISED?

CSSA is an integral part of the international Institute of Chartered Secretaries and Administrators, which was founded in London in 1891. Southern Africa is the oldest division, which was established in 1909. There are seven other divisions: Australia, Canada, China, Malaysia, New Zealand, Singapore and Zimbabwe.

CSSA is also a member of Corporate Secretaries International Association (CSIA), which is a global federation of corporate secretaries and governance professionals. Member organisations include the seven divisions above and the United States, India, Kenya, Nigeria, Bangladesh, Sri Lanka, Mongolia, Indonesia and Pakistan. All share a common interest in the promotion of good governance. CSIA represents approximately 70,000 governance professionals worldwide.



**PRESIDENT**  
**RAYMOND PILLAY**  
**FCIS FCIBM**

Raymond is the finance manager for the Woolworths KZN supply chain.



**SENIOR VICE PRESIDENT**  
**ZERNOBIA LACHPORIA**  
**FCIS, NAT. DIP. COMPANY**  
**ADMINISTRATION**

Zernobia is Assistant Group Secretary, Liberty Holdings Ltd.



**VICE PRESIDENT**  
**JOHANN NEETHLING**  
**FCIS**

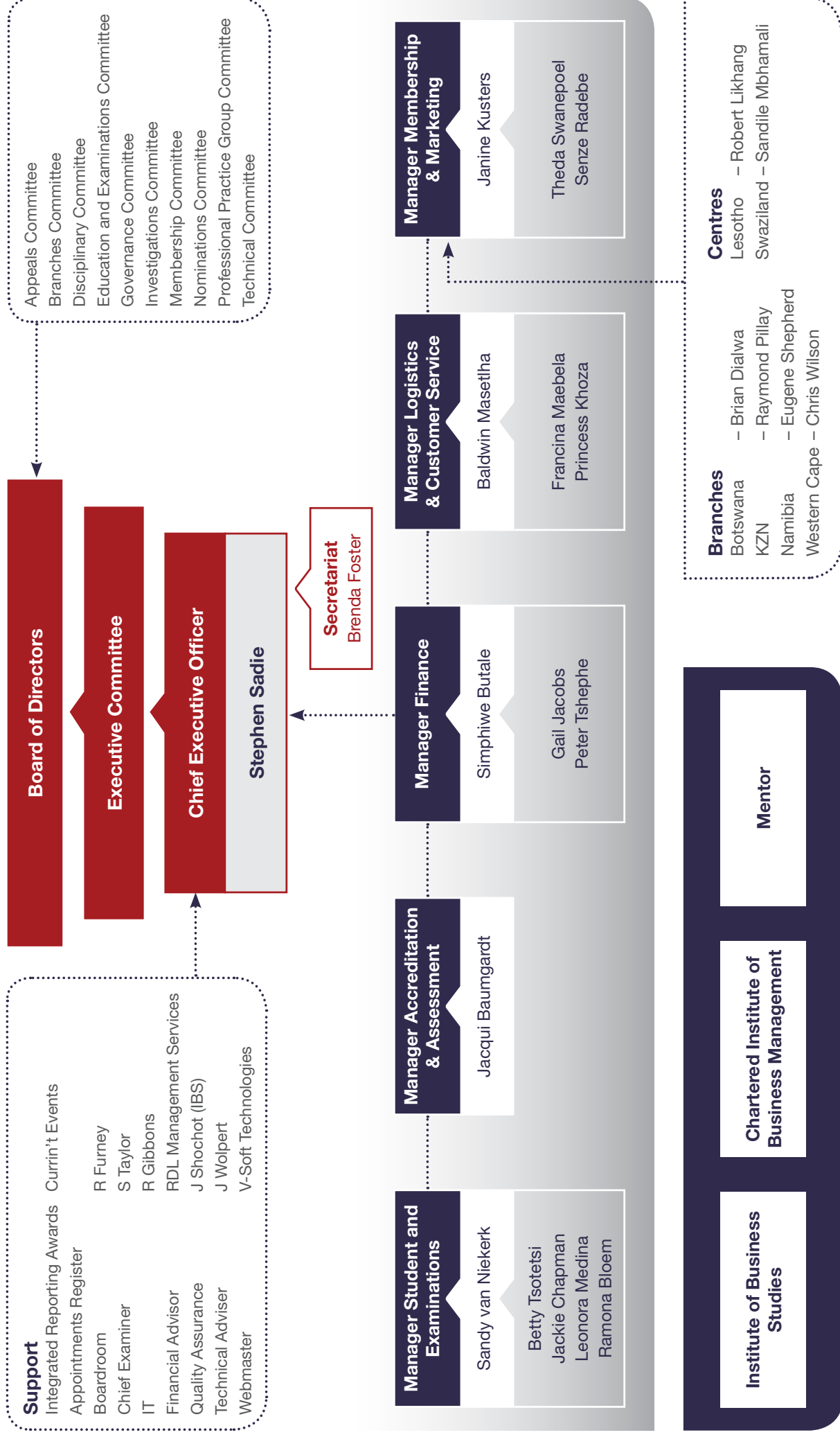
Johann is Company Secretary of Vukile Property Fund Ltd.



**PAST PRESIDENT**  
**CARINA WESSELS**  
**FCIS, LLB, LLM**

Carina is Group Company Secretary of Exxaro Resources Ltd.

# Chartered Secretaries Southern Africa – Organogram



# Chief Executive Officer's Report

## INTRODUCTION

A number of key objectives were achieved in 2013. CSSA ended the year with a surplus of R2.4 million, placing the Institute on a sound financial footing and working towards long term sustainability. Our events such as the annual report awards, premier corporate governance conference and awards ceremony were all well organised and succeeded in improving the profile of CSSA. CPDs continued to be well supported around the country and, most importantly, student numbers continued to increase.



CEO Stephen Sadie

## STRATEGIC PLAN

The board spent a day in March on a strategic planning session, which helped to crystallise the priorities for 2013/14. A key thrust was to have a deeper presence in the public sector.

## CPDs

We ran 38 CPDs during 2103, which offered members and Southern African business the opportunity to stay abreast of current regulatory changes and developments in global best practice. Some 1215 people attended the seminars, which covered a wide range of topics such as integrated reporting; procurement, risk and governance; The Companies Act: Two years on; trusts and their role in the changing corporate landscape; responsible remuneration, practical guidance for the effective implementation of a corporate ethics management programme; and King, directors and the company secretary. CPDs were held in Johannesburg, Durban, Cape Town, Gaborone and Mbabane. Speakers included leading presenters such as Andrew Johnston, Pat Mahony, Carmen Westermeyer, Jonathan Hanks, Ntombenhle Shongwe, Prof. Caryn Maitland, Cynthia Schoeman, Di Seccombe, Prof. Humphrey Gower, Tim Anderson, Martie Foster and Johnathan Lewis.

A new CPD ad campaign was launched entitled 'Missing something?' and adverts were placed in the Business Day on a regular basis. Trifecta Capital Services continued as the official sponsor of the CPD programme. These events have positioned CSSA as a provider of choice amongst the business sector in fulfilling CPD requirements.




**missing something?**  
Keep your knowledge in line with what business requires, join a corporate conversation

**Navigating the challenges of the new economy – How strategic internal and external relationships and tools improve your company's chances of success**



**Karen Bayley**  
MBA cum laude, FCS

The workshop will cover:

- What is the new economy?
- How does it impact today's companies?
- How traditional models lead to less profit and success in the long run
- What is the new business concept?
- How do we enter into internal and external partnering?
- The networking context
- Strategic considerations
- Managing internal and external co-operation

**Trusts and their role in the changing corporate landscape**



**Prof. Caryn Maitland**  
CA (SA), Member of IRBA

The workshop will cover:

- How the Companies Act No 71 of 2008 and trusts interact
- Reasons for having a trust
- Common challenges with trusts
- Role players in the world of trusts

**KZN venue**  
Woodhall Guesthouse, Tudor Place,  
24 Kings Avenue, Westville

**Date:**  
Tuesday, 17 September 2013

**Time:**  
08:00 to 10:30 (includes refreshments)

**JHB venue**  
Chartered Secretaries Southern Africa,  
Riviera Road Office Park, 6 – 10 Riviera Road, Killarney

**Date:**  
Thursday, 19 September 2013

**Time:**  
08:00 to 10:30 (includes refreshments)

Students	R250	Students	R350
Members	R350	Members	R450
Public	R450	Public	R550

Contact: [events@cssa.co.za](mailto:events@cssa.co.za) to make your booking. Book by 13 September and 17 September to avoid disappointment.  
CEO – Stephen Sadie  
Telephone: +27 11 551 4000 Fax: 011 551 4027  
Block C, Riviera Road Office Park, 6 – 10 Riviera Road,  
Killarney, Johannesburg, South Africa  
(PO Box 3146, Houghton, 2041)




## CONFERENCE

The 5<sup>th</sup> Premier Corporate Governance Conference took place on 11 – 12 September 2013 at the Wanderers Club in Illovo, Johannesburg. The conference made a surplus of R622 425 and was without a doubt the major corporate governance conference of the year. The speakers addressed a wide range of topics covering: the adoption of King III and the perceptions of corporate governance past, present and future for South Africa; corporate governance and social media; why and how is shareholder activism an essential constituent in effective corporate governance; executive remuneration; and what are the main reasons for corporate governance failures.

Speakers included Prof. Michael Katz, Yaniv Kleitman, Gavin Price, Tim Anderson, Sibani Mngomezulu, Lerato Monake, Anton Roodt, Michael Judin, Jess Schulshenk, Mohamed Adam, Oliver Ziehn, and Karin Ireton. A highly successful marketing campaign was developed around the conference.



*A record 240 delegates attended the conference at the Wanderers conference venue in Illovo*



*Chris Gibbons, MC, making a point during the conference*

The number of delegates who attended the conference increased from 134 in 2102 to 240 in 2013. The delegates were most impressed with the organisation of the conference and the calibre of the speakers. Once again CSSA has positioned itself as a leader in corporate governance in Southern Africa.



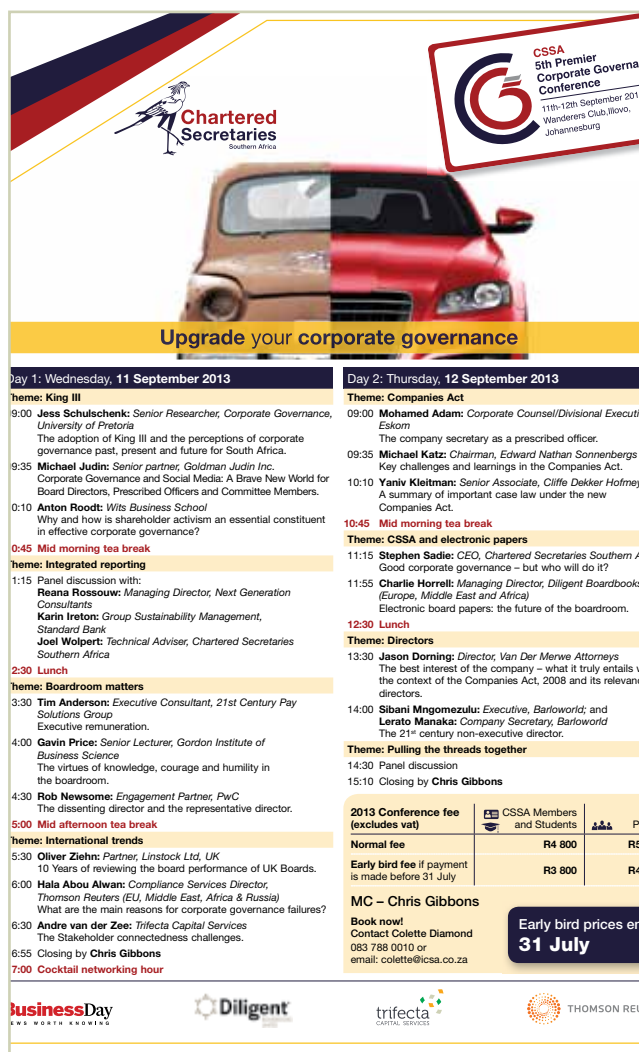
*Joel Wolpert, Karen Ireton and Reana Rossouw*



*Sibani Mngomezulu and Lerato Manaka of Barloworld*

## MARKETING

We punched above our weight with other professional bodies in terms of our marketing strategy. The “I AM” advertising campaign was highly successful. The Facebook group has reached 500 members. The group was active especially during peak times (registration and exam periods) and we kept students updated and answered their queries as soon as we could. The website was updated regularly. It was a joy to drive through the streets of Joburg and see the CSSA street pole posters. We continue to protect a range of our trademarks.



**Upgrade your corporate governance**

**Day 1: Wednesday, 11 September 2013**  
**Theme: King III**  
 9:00 **Jess Schultschen:** Senior Researcher, Corporate Governance, University of Pretoria  
 The adoption of King III and the perceptions of corporate governance past, present and future for South Africa.  
 9:35 **Michael Judin:** Senior partner, Goldman Judin Inc.  
 Corporate Governance and Social Media: A Brave New World for Board Directors, Prescribed Officers and Committee Members.  
 10:10 **Anton Roodt:** Wits Business School  
 Why and how is shareholder activism an essential constituent in effective corporate governance?  
 10:45 **Mid morning tea break**  
**Theme: Integrated reporting**  
 11:15 Panel discussion with:  
**Reana Rossouw:** Managing Director, Next Generation Consultants  
**Karin Iretson:** Group Sustainability Management, Standard Bank  
**Joel Wolpert:** Technical Adviser, Chartered Secretaries Southern Africa  
 12:30 **Lunch**  
**Theme: Boardroom matters**  
 13:30 **Tim Anderson:** Executive Consultant, 21st Century Pay Solutions Group  
 Executive remuneration.  
 14:00 **Gavin Price:** Senior Lecturer, Gordon Institute of Business Science  
 The virtues of knowledge, courage and humility in the boardroom.  
 14:30 **Rob Newsome:** Engagement Partner, PwC  
 The dissenting director and the representative director.  
 15:00 **Mid afternoon tea break**  
**Theme: International trends**  
 15:30 **Oliver Ziehn:** Partner, Linstock Ltd, UK  
 10 Years of reviewing the board performance of UK Boards.  
 16:00 **Hala Abou Alwan:** Compliance Services Director, Thomson Reuters (EU, Middle East, Africa & Russia)  
 What are the main reasons for corporate governance failures?  
 16:30 **Andre van der Zee:** Trifecta Capital Services  
 The Stakeholder connectedness challenges.  
 16:55 Closing by **Chris Gibbons**  
 17:00 **Cocktail networking hour**

**Day 2: Thursday, 12 September 2013**  
**Theme: Companies Act**  
 09:00 **Mohamed Adam:** Corporate Counsel/Divisional Executive, Eskom  
 The company secretary as a prescribed officer.  
 09:35 **Michael Katz:** Chairman, Edward Nathan Sonnenbergs  
 Key challenges and learnings in the Companies Act.  
 10:10 **Yaniv Kleitman:** Senior Associate, Cliffe Dekker Hofmeyr  
 A summary of important case law under the new Companies Act.  
 10:45 **Mid morning tea break**  
**Theme: CSSA and electronic papers**  
 11:15 **Stephen Sadle:** CEO, Chartered Secretaries Southern Africa  
 Good corporate governance – but who will do it?  
 11:55 **Charlie Horrell:** Managing Director, Diligent Boardbooks (Europe, Middle East and Africa)  
 Electronic board papers: the future of the boardroom.  
 12:30 **Lunch**  
**Theme: Directors**  
 13:30 **Jason Doring:** Director, Van Der Merwe Attorneys  
 The best interest of the company – what it truly entails in the context of the Companies Act, 2008 and its relevant directors.  
 14:00 **Sibani Mngomezulu:** Executive, Barloworld; and **Lerato Manaka:** Company Secretary, Barloworld  
 The 21<sup>st</sup> century non-executive director.  
**Theme: Pulling the threads together**  
 14:30 Panel discussion  
 15:10 Closing by **Chris Gibbons**

2013 Conference fee (excludes vat)		CSSA Members and Students	Others
Normal fee	R4 800	R500	R500
Early bird fee if payment is made before 31 July	R3 800	R400	R400

**MC – Chris Gibbons**  
 Book now!  
 Contact Colette Diamond  
 083 788 0010 or email: colette@icsa.co.za

**Early bird prices end 31 July**

**BusinessDay** **Diligent** **trifecta** **THOMSON REUTERS**



- ✓ Students and professionals! Interested in furthering your studies?
- ✓ Have you considered a career in corporate governance?
- ✓ Don't be fooled by the word "Secretaries"
- ✓ Join a century-old professional body
- ✓ CSSA offers an all-round internationally recognised qualification that offers you many career options such as: Company Secretary; Governance Professional; Risk Officer; or Compliance Officer
- ✓ Study with Accredited tuition providers across Southern Africa, or study on your own & learn while you earn
- ✓ If you already have a degree you can proceed directly to the four Board subjects

**Registration is now open!**  
 2014 closing dates:

Registration and payment	28 February
Enrolment and payment	31 March
Examination dates	19 May to 23 May

Telephone: +27 11 551 4000  
 Email: students@icsa.co.za Website: www.icsa.co.za

Join us on: 

## PUBLICATIONS

We continued to ensure that both our members and students receive high quality publications. The quarterly Boardroom magazine profiled our key events. The quarterly eZine profiled members and students illustrating how the qualification can accelerate one's career. The monthly technical newsletter covered a range of issues from the Companies Act, corporate governance, accounting, to taxation. In addition we sent out informative mailers, which provided substantial guidance on corporate governance and accounting matters.

## ANNUAL REPORT AWARDS

The 46<sup>th</sup> Annual Report Awards took place at Montecasino on 14 November 2013. The ceremony continues to recognise the importance of good reporting in the face of ever changing reporting criteria with the slogan “the benchmark for integrated reporting”. We were pleased to welcome the incoming Auditor General, Kimi Makwetu as the keynote speaker.

President Raymond Pillay welcomed the 420 guests and for the second year running well known comedian, Nik



*Montecasino proved a successful venue for the function*



**Raymond Pillay – CSSA President**

**Guest Speaker,  
Kimi Makwetu  
Deputy Auditor General**



**Below: Nik Rabinowitz – Comedian**



**Right: Kimi Makwetu with Overall Winners Nedbank Group Ltd represented by Alfred Visagie**



**Andy Klee entertained the audience**

Rabinowitz, was master of ceremonies and ensured an entertaining evening was enjoyed by all.

Zubair Wadee continued as convenor of judges. We welcomed Tania Wimberley (JSE Ltd) and Prof. John Ford (GIBS) as new judges. The judging criteria were aligned with the Integrated Reporting Framework.

Our thanks go to our partner, the JSE Ltd and the sponsors: Link Market Services, Business Day, GIBS, Diligent Boardbooks, SAPPI, Talent Africa and the office of the Auditor General. Without their generous sponsorship this event would not have been possible.

We built on the proud tradition by refreshing and updating our approach to this award every year. Integrated reporting is here to stay and South Africa, under the leadership of Mervyn King, has

become a world leader in integrated reporting. This event has undoubtedly become a firm favourite on the calendars of Southern African companies as more and more businesses recognise the importance and significance of the awards. This is evidenced by the increase in the number of entries to 104.

## **MEMBERS**

We continued to represent our members on a range of bodies such as King III, Integrated Reporting Committee, Fasset, CIPC and SARS. We met regularly with other professional bodies in our sector such as SAICA, CIMA, IODSA, SAIPA, ACCA and ICB. CSSA was registered as a professional body with SAQA.

CSSA continued to offer members invaluable opportunities for professional development through reasonably priced CPD

seminars and networking opportunities. The administrators of the Appointment Register resigned at the end of the year and a suitable replacement is being sought.

There were a number of disciplinary cases which were handled by the investigations and disciplinary committees. CSSA continued to oversee that members were of requisite character, integrity and accountability to fulfil the demanding role of company secretary and accountant.

A big feather in our cap was that CSSA was registered by SARS as a recognized controlling body for tax practitioners. A number of members benefitted from enquiries they sent to the technical adviser.

## STUDENTS

Student numbers continued to grow from strength to strength particularly at the board level. A lovely awards ceremony was held at the Linder Auditorium. There were numerous awards for the prize winners. A textbook on Corporate Financial Management was published in July, adding to the other three board textbooks.

## INTERNATIONAL

The Corporate Secretaries International Association (CSIA) continued to grow rapidly and consisted of 18 member countries, covering 70 000 corporate governance



*Shamida Smit congratulates a graduate*



*CSSA President, Raymond Pillay caps a graduate*



*Graduates and Prize Winners in the Linder Auditorium*





*Delegates from the Corporate Secretaries toolkit training workshop hosted by Chartered Secretaries Southern Africa.*

*Front row: Gradislava Akhmetova (Kazakhstan), Nina Kapezi (Malawi), Ghita Alderman (USA), Grace Tan (Singapore), Andy Cowe (UK), Rita Kabatunzi (Uganda), Asif Mahmood (Pakistan), Ambrish Maharajah (Mauritius), Giselia Da Silva (Brazil), Brenda Bowman (USA), Carina Wessels (RSA), Pious Manamike (Zimbabwe), Itrat Husain (Bangladesh)*

*Back row: Sutanu Sinha (India), Mohan Datwani (China), Stephen Sadie (RSA), Philip Armstrong (USA), Chai Foong Chiang (Singapore), Alison Dillon Kibirige (Uganda), Tatiana Ivanova (Russia), Foo Seong Cheah (Malaysia)*

professionals. CSSA past president, Carina Wessels, was elected 2014 President of CSIA at its council meeting held in Kuala Lumpur in October 2013.

All CSIA members share a common interest in the promotion of good governance practices and enhancing the profile of the professionals that underpin its practice who serve as corporate secretaries and other governance professionals.

CSIA undertook a number of projects and events in 2013.

- CSIA held its 2nd International Corporate Governance Conference in New Delhi on 5-6 April 2013 with the theme 'Corporate Governance for Sustaining Prosperity and Posterity'.
- The corporate secretaries' toolkit training workshop was held from 7-10 May 2013 at the CSSA offices in Johannesburg. The workshop was attended by 21 delegates from 17 countries.
- The CSIA Corporate Governance Roundtable 2013, with the

theme "The Pivotal Role of the Corporate Secretary" was held in Kuala Lumpur on 23 October 2013.

On 11 December 2013, a general meeting of members of ICSA took place in London where the new Charter and Byelaws were approved by a large majority. The outcome of the meeting saw a modern and more democratic Institute emerge. Fair representation has been assured as the composition of the Institute's council, the Institute's governing body, is now based on the proportion of the membership each division represents.

These changes followed two years of strong negotiation between the ICSA Council and members from divisions. The Southern African division played a key role in vastly improving earlier versions of the Charter and Byelaws and raising critical issues. A number of members from Singapore and Southern Africa voted against the proposed amendments as both Divisions had serious reservations about certain of the amendments.

## **SUSTAINABILITY AND TRANSFORMATION**

CSSA is committed to genuine transformation at all levels of the organisation and as such prioritises the advancement of employees through upskilling and training programmes. The Board and management are appropriately representative of the South African demographic profile.

CSSA acknowledges the imperative, particularly due to its area of expertise, to conduct its operations in a sustainable manner. When making decisions the Board and executive management have long-term sustainability in mind. As an educational body, CSSA plays a vital role in the upliftment of the educationally disadvantaged.

## **APPRECIATION**

Our achievements during the year would not have been possible without the hard work and commitment of our President Raymond Pillay, the Executive Committee, the board of directors and all our employees. I thank everyone for their

invaluable input and contribution to the affairs of the Institute. The year ahead promises to be another challenging and rewarding one and I look forward to working together as we take CSSA, and the profession, to new heights.

Our guiding purpose is to best serve our students and members, and on behalf of CSSA, I thank them for their loyal support.



Stephen Sadie  
(MBA, M. Ed)  
Chief Executive Officer  
May 2014

# Statement on Corporate Governance

## 31 DECEMBER 2013

Chartered Secretaries Southern Africa, the trading name of The Southern African Institute of Chartered Secretaries and Administrators, a Non Profit Company in terms of the Companies Act 71 of 2008 as amended ("Companies Act"), is fully committed to applying sound corporate governance principles, policies and processes. Certain aspects of the King Report on governance for South Africa 2009 (King III) were applied to the extent considered relevant to the Company's activities. In line with the 'apply or explain' approach set out in the King III Report, the Directors will endeavour to state the extent to which the Company has applied the King Code, having regard to the perceived impact of its operations on its main stakeholders. Relevant details of the application of the King Code are dealt with in narrative form in the commentary which follows hereunder.

The company 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 are transferred to the Committee for Southern Africa. In turn certain of these rights and obligations are transferred to Chartered Secretaries Southern Africa.

### BOARD OF DIRECTORS

All Directors are non-executive and are elected in terms of the Institute's Memorandum of Incorporation ["MOI"] The MOI codifies the Board's composition, appointment, authorities, responsibilities and processes. In terms of the MOI, the Board should comprise between ten and thirty directors. As at 31 December 2013, the Board comprised 21 Directors who meet at least four times a year, but more regularly if required. The Board retains effective management over the affairs of Chartered Secretaries Southern Africa and monitors management. A list of directors is set out on page 1 and the photos of each director can be found on page 16.

The President of CSSA acts as Chairman of the Board. The roles of President and Chief Executive Officer (CEO) are separate in accordance with the recommendations of King III so as to endeavour to ensure that no single person can exercise unfettered powers of decision-making.

The Board deliberates over a range of key issues to ensure proper direction and management of the company. The President provides the Board with leadership and guidance and encourages proper deliberation of all matters requiring the Board's attention and solicits relevant input from the other Directors. Within defined levels of authority, the Chief Executive has the responsibility to implement all decisions by the Board. Further, he is accountable to the Board for the effective functioning of CSSA within Board-determined policy guidelines.

Directors are comprehensively briefed well in advance of these meetings to facilitate meaningful deliberation and contribution. Where possible the Board aims to unanimously approve Board decisions.

All Directors have unhindered access to all company records, information, documents and property. All Directors are entitled to seek independent professional advice on any matters pertaining to the company where they deem this to be necessary, at the expense of CSSA. The following changes took place in 2013:

Name	Notes	Date Resigned/Retired
Lees R D	Resigned	31 December 2012
Roberts J V	Retired	15 May 2013

### BOARD PROCESSES

#### ANNUAL EVALUATION

The Directors, Board Committees and Chief Executive Officer are assessed on an annual basis via the completion of self-evaluation questionnaires/exco review as applicable.

#### ANNUAL GENERAL MEETINGS

Board members are encouraged to attend all general meetings in order to facilitate meaningful interaction with members.

The Annual General Meeting has the purpose of:

- receiving and considering the annual financial statements for the past year and the report of the Board of Directors on the business of CSSA and the auditors' report;
- the appointment and fixing of the remuneration of the auditors;
- announcing the result of the election of members to the Board of Directors for the following year; and
- the consideration of any other matter of which due notice has been given.

The results of the elections at the AGM are communicated promptly to members.

## **ROTATION OF THE BOARD**

According to the Memorandum of Incorporation, one-third of the longest-serving Board members (excluding branch chairs, functional chairs, International Office bearers, and past Presidents) are required to retire at each Annual General Meeting. Being eligible, these Directors may be re-elected without re-nomination.

## **NOMINATIONS AND APPOINTMENTS**

The Board is responsible for appointing new Directors in a formal and transparent process, with the Board as a whole being responsible for approval. Nomination as a Director requires nomination by two members and the consent of the nominated member. The CEO assumes responsibility for the informal but comprehensive induction programme, which provides new appointees with a comprehensive strategy and operational briefing including copies of the most recent financial results and annual integrated report, Charter and Byelaws, Memorandum of Incorporation, Board minutes and strategic plan.

## **REMUNERATION OF DIRECTORS AND MEMBERS OF COMMITTEES**

Directors of the Board and Board Committee members receive no remuneration for their services as directors.

## **CONFLICTS OF INTEREST**

All Directors are obligated to disclose any conflict or potential conflict of interest at each Board and Board Committee meeting.

## **COMPLIANCE**

The Chief Executive, under the guidance of the Executive Committee is responsible for ensuring compliance with relevant legislation and regulations. The CEO is further responsible for continually updating the Board on legislative and/or regulatory developments. In light of the fact that most Directors are also employed in the corporate governance/company secretarial/accounting officer/tax consultant fields, they are regarded as being more aware of relevant regulatory imperatives and requirements than a general director and, as such regularly provide guidance to CSSA.

## **BOARD COMMITTEES**

In order to effectively discharge its duties and responsibilities, the Board has a number of committees that attend to specific aspects of CSSA's affairs. The President is an ex-officio member of all Committees. Certain committees also co-opt specialists, who are not members of CSSA, to assist in their deliberations. These specialists may also vote. Senior members of staff attend, but are not members of the committees.

The Directors recognise that they are ultimately accountable and responsible for the performance and the affairs of the company and that the use of these delegated authorities in no way absolves the Board of the obligation to carry out its duties and responsibilities. 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 CSSA, are suitably served by inviting the auditors to attend these meetings.

## **EXECUTIVE COMMITTEE**

The Executive Committee comprises the President, two Vice-Presidents and the immediate Past-President. The Committee attends to the management of CSSA in-between board meetings. The Committee considers matters referred to it by the Board or which are yet to be referred to the Board.

## **GOVERNANCE COMMITTEE**

This Committee considers matters pertaining to good corporate governance arising from the Institute's business, covering areas such as internal controls, risk and audit. The Governance Committee report is set out on page 18 of the integrated report.

## **NOMINATIONS COMMITTEE**

A Nominations Committee has the responsibility of considering nominations received from members and short listing them for the Board. The nominations committee also recommends chairmen for various committees.

## **PROFESSIONAL PRACTICE GROUP ("PPG")**

This Committee considers matters pertaining to PPG activities and communicates with and assists members by providing seminars and technical information. The Committee ensures practising members of CSSA conduct themselves in such a manner and with professional efficiency to create public awareness of, and demand for, the professional service available from practising members. The PPG Committee is elected by PPG members and looks after the interests of PPG members.

## TECHNICAL COMMITTEE

This Committee considers matters arising from changes to legislation, the listings requirements of the JSE Limited and corporate governance in general and how these changes or proposed changes can have an impact on corporate governance, accounting practices and taxation.

## EDUCATION AND EXAMINATIONS COMMITTEE

All educational and examination matters, fall under the brief of this Committee. The Committee deals with the standard of the question papers, the marking process and any policy matters relating to students. The Committee also deals with any queries from the international Professional Standards Committee.

## ASSESSMENT AND REVIEW COMMITTEE

As a sub-committee of the Education and Examinations Committee, this Committee manages the Institute's overall assessment process and ensures compliance by all role players. Further, it reviews all examination question papers and results to ensure international and local standards are maintained.

## MEMBERSHIP COMMITTEE

This Committee decides on applications for admission as Associate or Fellow members of CSSA. It is accountable to the Committee for Southern Africa, but has to adhere to international standards and practices.

## DISCIPLINARY COMMITTEES

These Committees are accountable to the Committee for Southern Africa.

### 1. *Investigations Committee*

This body is required to investigate all matters relating to alleged misdemeanours of members. Any member of the public can lodge a written complaint against any member of CSSA.

### 2. *Disciplinary Committee*

This body has the responsibility to review the findings of the Investigations Committee. This body will evaluate the evidence provided and, if necessary, decide upon an appropriate sanction.

### 3. *Appeals Committee*

This body reviews any appeals lodged.

## INTERNAL CONTROL AND RISK MANAGEMENT

### INTERNAL CONTROL

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

Any identified deficiencies in the system of internal controls are corrected immediately to improve these systems. An effective internal control system can provide only reasonable, but not absolute, assurance with respect to financial statement preparation and the safeguarding of assets. Therefore, inherent limitations to the effectiveness of any system of internal control exist, including the possibility of human error and the circumvention or overriding of controls. Furthermore, effectiveness of an internal control system changes with circumstances. The Governance Committee regularly receives reports on and reviews the effectiveness of internal controls and the exercise of delegated authority. As part of the Governance Committee's responsibilities an assessment of various internal control functions across the CSSA was carried out during the year and found to be acceptable. The governance committee accordingly expressed a view on the adequacy of the system of internal controls.

### EXTERNAL AUDIT

It is the responsibility of the external auditor, Valentine Sargeant, to report on whether the annual financial statements are presented in compliance with International Financial Reporting Standards (IFRS). They perform an assessment of internal controls as part of the audit, but the preparation of the annual financial statements remains the responsibility of the Directors.

Where the external auditors are appointed for non-audit purposes, such as tax compliance services, the Governance Committee must approve these services prior to providing such pre-approval in line with anti-conflict guidelines designed to ensure that these are in line with independence requirements.

### **INTERNAL AUDIT**

The internal audit function is the ongoing responsibility of the Governance Committee. However, due to the active involvement of Exco and the Governance Committee and the size and nature of CSSA, a permanent internal audit function has not been established.

An external financial adviser has been appointed to examine and evaluate accounting activities and monitor the effectiveness of internal control systems. The Governance Committee has the responsibility of monitoring risk, the accuracy of information within CSSA, compliance with standard operating procedures, regulatory compliance by CSSA and its employees and the economic and efficient use of resources.

### **RISK MANAGEMENT**

The Governance Committee is responsible for identifying and addressing the management of all operational, reputational and financial risks. The Committee is satisfied that all key business risks are being addressed. The Chief Executive Officer presents a risk report to every Board and Governance Committee meeting.

The major risks facing CSSA are as follows, together with relevant risk mitigation processes:

#### *Tuition Providers*

CSSA does not have sufficient tuition providers. From an analysis of results, there is a definite correlation between the pass rate and students attending tuition providers. Where the qualification is offered at tuition providers, there is a continuous throughput of students. This is coupled with the problems in the public education system, which is failing to produce candidates who have strong literacy and numeracy skills causing a high failure rate in our papers.

#### *Information Management System*

The service provider that managed the information management system for the past seven years unexpectedly resigned. This system was built up gradually over the past seven years. Unfortunately open source software was used which meant that the system could not be taken over and had to be built up from scratch. This meant that students could not register online and caused delays in registration. After a search for a suitable provider, which had experience in the education sector, V-Soft Technologies was appointed. V-Soft Technologies does extensive work for the Independent Examinations Board. The new system is being rolled out in phases.

#### *Fasset and QCTO*

There has been a change in the regulatory environment with regard to the registration of the qualification. Previously this fell under Fasset and the system operated fairly smoothly. The qualifications for professional bodies were moved to the Quality Council for Trades and Occupations (QCTO). However this body has been slow to get its systems operating and is unresponsive to communications. The reregistration of qualifications for all professional bodies is due in July 2015. However the QCTO does not seem to have the capacity to get the high number of qualifications reregistered in time.

### **STAKEHOLDER COMMUNICATIONS**

CSSA is committed to timely, consistent, open and transparent communication with all relevant stakeholders. Members are timeously informed about and encouraged to attend general meetings. Stakeholder queries are directed on an ongoing basis to the Chief Executive Officer who also communicates with the media to ensure accurate reporting and to raise the profile of the Institute.

The Institute further communicates with its stakeholders through:

- The e-Zine – a quarterly electronic newsletter;
- Boardroom magazine – a quarterly magazine covering industry issues;
- The website;
- Regular CPD seminars;
- Regular mailers to members on international matters, corporate governance and legislation; and
- An annual Premier Corporate Governance conference.

## CODE OF ETHICS

The very nature of CSSA's operating model requires surveillance of members' compliance with professional ethics. The Code aims to facilitate the enforcement of ethical standards through disciplinary procedures. Adherence to the Code is a condition of membership. Overall, CSSA requires its members to perform their duties and responsibilities with objectivity, honesty, integrity, diligence and with courtesy towards others. The Code requires members not to act in conflict with the legitimate interest of their employer or client or to act in any way which may detract from the reputation of CSSA. The Code outlines the commitment to sound and ethical business practices and stipulates the operational standards to which all employees are required to subscribe. It further supports good corporate governance and responsibility.

According to the Code, members are obliged to maintain current knowledge by way of attending CPD courses. Members are required to do 20 hours CPD of which seven may be non-verifiable. Practising members are required to retain professional independence, ensure confidentiality when dealing with sensitive information, deliver professional work and to use the title 'Chartered Secretary' correctly.

Procedures exist whereby allegedly errant members not following the provisions of the Code may be investigated by the Investigation Committee, which would in turn forward its findings to the Disciplinary Committee.

## SUSTAINABILITY

The inherent vision and mission on which the business model of CSSA is predicated, is to maximise the population of its student and member groupings, its two main stakeholders. In addition CSSA conducts robust advocacy amongst the relevant regulatory and professional bodies to endeavour to enhance the reputation and employment credentials of its membership qualification.

CSSA's qualification has a unique role in the upliftment of the educationally disadvantaged. CSSA is linked to its associate organisations, the Institute of Business Studies (IBS) and the Chartered Institute of Business Management (CIBM).

Other than the above, CSSA's activities have limited social and environmental impact. Despite having a public interest score which is higher than the threshold required to form a Social and Ethics Committee, CSSA will be applying to the Companies Tribunal for an exemption on the basis that its activities do not warrant the formation thereof.

The future vision of CSSA remains that of being a world class professional institute which, via its influence with Government and regulators, as well as the work of our members, continues to endeavour to shape the corporate governance, company secretarial practice, taxation and accounting agenda so as to enable the implementation of best practice, in alignment with responsible corporate citizenship, in its field of operations.

The financial results of the focused range of activities undertaken by CSSA in meeting its objectives manifest themselves in the Annual Financial Statements and corporate governance narrative, which together form this integrated report.

### *Employment Equity*

CSSA has the commitment to create a workplace in which able individuals, regardless of their background, race or gender can develop rewarding careers at all levels. The Board and management are appropriately representative of the South African demographic profile.

- Black and female representation make up 43% and 33% of the Board, respectively.
- Black and female representation make up 33% and 50% of management respectively.
- Black and female representation make up 59% and 77% of the staff respectively.

### *Skills Development and Training*

CSSA prioritises ongoing training to facilitate continual development of staff attending relevant CPD seminars, conferences and workshops.

### *Health and Safety*

CSSA is committed to a safe and healthy working environment and ensures its strict compliance with relevant legislation. Matters of employee health and safety are addressed as part of the responsibilities of management.

## BOARD OF DIRECTORS



MB Dialwa



MG Edmunds



RW Furney



SAH Kajee



HF Kocks



L Kok



Z Lachporia



R Likhanga



SP Mbhamali



J Neethling



JM Parratt



R Pillay



MA Sello



JE Shepherd



PF Smit



S Smit



KJ Southgate



B Thebenyane



CH Wessels



CE Wilson



J Wolpert

## 2013 MEETING ATTENDANCE SCHEDULE

Board of Directors		Committee for Southern Africa		Nominations Committee		Governance Committee	
Dialwa MB	3/4	Dialwa MB	3/4	Kok L	0/1	Wolpert J	3/3
Edmunds MG	4/4	Edmunds MG	3/4	Parratt J	1/1	Furney RW	3/3
Furney RW	3/4	Furney RW	3/4	Edmunds MG	1/1	Grant AR	3/3
Kajee SAH	3/4	Kajee SAH	3/4	Wessels CH	1/1	Kajee SAH	2/3
Kocks H	3/4	Kocks H	2/4	Sello MA	1/1	Broome R	3/3
Kok L	2/4	Kok L	2/4			Lees R	1/1
Lachporia Z	3/4	Lachporia Z	3/4	EDEX Committee		Southgate K	0/1
Likhang R	3/4	Likhang R	1/4	Rissik M	2/2		
Mbhamali S	4/4	Mbhamali S	3/4	Parratt J	2/2	Executive Committee	
Neethling J	4/4	Neethling J	2/4	Kocks H	0/2	Pillay RD	4/4
Parratt J	3/4	Parratt J	3/4	Martin AG	0/1	Neethling J	2/2
Pillay R	4/4	Pillay R	4/4	Shochot J	2/2	Lachporia Z	4/4
Roberts JV	2/2	Roberts JV	2/2	Tichauer W	1/1	Wessels CH	4/4
Sello MA	3/4	Sello MA	3/4			Edmunds MG	2/2
Shepherd JE	4/4	Shepherd JE	4/4	Assessment & Review Committee		PPG Committee	
Smit PF	3/4	Smit PF	3/4	Rissik M	2/2	Dyke M	3/5
Smit S	1/4	Smit S	1/4	Parratt J	2/2	Fletcher D	4/4
Southgate K	2/4	Southgate K	2/4	Kocks H	2/2	Knight H	5/5
Thebenyane B	1/4	Thebenyane B	1/4	Shochot J	2/2	Piyose T	3/5
Wessels CH	2/4	Wessels CH	2/4	Taylor S	1/2	Southgate K	3/5
Wilson C	3/4	Wilson C	3/4			Russell VE	3/5
Wolpert J	3/4	Wolpert J	3/4			Jefferies YC	3/5
				Branches		Mpye T	4/5
Membership Committee				Dialwa B	2/3	Tichauer R	1/1
Furney RW	2/4			Mbhamali S	3/3	Malan D	1/3
Roberts JV	3/4			Pillay R	2/3		
Russell VE	4/4			Shepherd JE	3/3		
Smit P	2/3			Wilson C	1/3		
Smit S	1/4			Likhang R	3/3		
Neethling J	3/3						
Sello MA	3/3						
Joynt EJ	3/4						
Tichauer W	1/1						

## Salient financial statistics – 6 year review

	2008	2009	2010	2011	2012	2013
<b>INCOME</b>	<b>9 436 779</b>	<b>9 435 239</b>	<b>9 786 431</b>	<b>11 661 194</b>	<b>13 031 487</b>	<b>14 440 259</b>
Student Fees	3 727 598	3 536 882	3 602 058	4 261 812	4 799 068	5 861 092
Member Subscriptions	3 480 686	3 844 458	4 004 437	4 612 264	4 714 134	4 670 829
Interest Received	326 513	268 358	216 640	211 195	262 548	406 621
Associated Companies						
Administration Fees Received	1 050 000	1 191 000	1 522 997	1794 100	2 084 968	1 677 559
Seminars/Conferences etc.	327 487	165 384	139 397	346 869	399 249	682 340
Other Income	524 495	429 157	300 902	434 954	771 520	1 141 818
<b>EXPENDITURE</b>	<b>9 075 509</b>	<b>9 167 936</b>	<b>9 453 605</b>	<b>10 937 579</b>	<b>10 920 288</b>	<b>11 834 146</b>
<b>OPERATING SURPLUS</b>	<b>361 270</b>	<b>267 303</b>	<b>332 826</b>	<b>723 615</b>	<b>2111 199</b>	<b>2 606 113</b>
UNUSUAL ITEMS	5 010	102 480	313 606	646 306	506 620	136 474
<b>NET SURPLUS</b>	<b>356 260</b>	<b>164 823</b>	<b>19 220</b>	<b>77 309</b>	<b>1 604 579</b>	<b>2 469 639</b>
RESERVES	2 127 077	2 541 678	2 588 200	2 694 531	4 355 441	6 849 757
<b>CASH RESOURCES</b>	<b>4 074 966</b>	<b>4 073 655</b>	<b>4 712 473</b>	<b>5 450 380</b>	<b>6 818 445</b>	<b>8 789 138</b>

## Governance Committee Report

### MEMBERSHIP

J Wolpert (Chair), RW Furney, AR Grant, SAH Kajee, K Southgate (appointed 7 November 2013)

### STRUCTURE


The committee was appointed by the Board to hold office for the year under review. The Committee meets three times per annum. Attendance at Committee meetings is set out on page 17. The external auditor, the CEO, Finance Manager and Financial Adviser attend meetings by invitation.

### ROLE AND ACTIVITIES

- Reviewed and recommended for board approval, the Annual Financial Statements of CSSA for the year ended 31 December 2013
- Monitored and reviewed the effectiveness of internal control systems, including IT systems and internal financial reporting
- Reviewed and evaluated the effectiveness of financial risk management and compliance functions
- Assessed the independence of the external auditor
- Reviewed and recommended for Board approval, the scope and fees pertaining to the external audit process
- Reviewed the effectiveness of the external audit process following the end of the annual audit cycle
- Reviewed and recommended for Board approval, the Integrated Report for the year ended 31 December 2013
- Reviewed and recommended for Board approval, the annual budget for the ensuing year.

### NOTE:

- 1) The external auditors are appointed by the Board of Directors at the Annual General Meeting. The fees of the external auditor are determined by the Board on an annual basis.
- 2) The Annual Financial Statements of the Company are required to be audited pursuant to Regulation 28(2) of the Companies Act.



Joel Wolpert  
Governance Committee Chairman  
Johannesburg  
19 March 2014

# Directors' Responsibility in relation to the Annual Financial Statements

The directors of CSSA 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 CSSA. 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 CSSA'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 21 to 36 were approved by the Board of Directors on 27 March 2014 and signed on its behalf by:



**R D Pillay**  
President



**Z Lachporia**  
Senior Vice President



**S Sadie**  
Chief Executive Officer

## Note

In terms of Section 29 of the Companies Act, the Directors report that the Annual Financial Statements have been audited in compliance with section 30(2) (b) of the Companies Act and that they have been prepared under the supervision of the CEO, Stephen Sadie, MBA, M. Ed (Wits).

## Independent Auditor's Report

To the Members of The Southern African Institute of Chartered Secretaries and Administrators

We have audited the financial statements of The Southern African Institute of Chartered Secretaries and Administrators, as set out on 21 to 36, which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### 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 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 misstatements, whether due to fraud or error.

### Auditors' Responsibility

For unqualified audit opinion / qualified audit opinion / adverse audit opinion

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 auditors' 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, the financial statements present fairly, in all material respects, the financial position of The Southern African Institute of Chartered Secretaries and Administrators as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act 71 of 2008.



Valentine Sargeant

Chartered Accountants (S.A.)

Registered Accountants and Auditors

27 March 2014

# REPORT OF THE DIRECTORS 31 DECEMBER 2013

## INTRODUCTION

CSSA operates as a Non Profit Company in terms of the Companies Act. Being a professional examining body, it continues to provide an examination that satisfies the demands for competence on the part of trained and qualified company secretaries and accountants in the private and public sectors. CSSA serves qualified professionals and provides a wide range of services to its members such as technical information and seminars. A further purpose is ensuring the name and reputation of CSSA, and thereby its members, remain uppermost in the mind 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 CSSA at 31 December 2013, 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. 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 2014, is satisfied that CSSA has adequate resources to continue to operate for the foreseeable future. Accordingly, CSSA 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 19.

## CORPORATE GOVERNANCE

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

CSSA has endorsed the King Code of governance principles which forms part of the King III Report on Corporate Governance. The Directors will endeavour to ensure that CSSA and its associated Institutes apply the principles of King III, which are relevant to the affairs of CSSA.

## ASSOCIATED INSTITUTES

CSSA manages the Institute of Business Studies and The Chartered Institute of Business Management, both of which are Non Profit Companies in terms of the Companies Act, as well as The Business Administrators' Educational Foundation (MENTOR), a Trust. Neither the financial results nor financial position of these entities has been incorporated into these financial statements.

## POST BALANCE SHEET EVENTS

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

## REGISTERED OFFICE AND BUSINESS ADDRESS

Chartered Secretaries Southern Africa  
Riviera Office Park (Block C)  
6 – 10 Riviera Road  
Killarney 2193

## POSTAL ADDRESS

P O Box 3146  
Houghton  
2041

## CHIEF EXECUTIVE OFFICER

S. Sadie

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 DECEMBER 2013

	Notes	2013 R	2012 R
<b>INCOME</b>			
Fees - students		5 861 092	4 799 068
Subscriptions – members and technical newsletter		4 670 829	4 714 134
Interest received	3	406 621	262 548
Other income	4	3 501 717	3 255 737
<b>Total income</b>		<b>14 440 259</b>	<b>13 031 487</b>
<b>EXPENDITURE</b>			
Operating and administration costs	5	11 243 603	10 361 454
International Institute capitation fees		337 219	358 771
Depreciation		121 555	80 273
Audit fees		131 769	119 790
<b>Total expenditure</b>		<b>11 834 146</b>	<b>10 920 288</b>
<b>OPERATING SURPLUS</b>		<b>2 606 113</b>	<b>2 111 199</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Non-Recurring expenditure - Legal Fees and overseas travelling	20	(25 534)	(399 160)
Post-retirement medical expense	12	(110 940)	(107 460)
<b>NET SURPLUS FOR THE YEAR</b>		<b>2 469 639</b>	<b>1 604 579</b>

# STATEMENT OF FINANCIAL POSITION

## at 31 DECEMBER 2013

	Notes	2013 R	2012 R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Equipment	6	461 635	363 292
Trade Marks	7	15 000	15 000
		<u>476 635</u>	<u>378 292</u>
<b>Current assets</b>			
Inventories	8	87 315	113 733
Trade and other receivables	9	780 357	805 294
Bank balances, cash and short term deposits	10	8 789 138	6 818 445
		<u>9 656 810</u>	<u>7 737 472</u>
<b>TOTAL ASSETS</b>		<u>10 133 445</u>	<u>8 115 764</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Reserves</b>			
Accumulated profit		5 823 083	3 353 444
Professional Practice Group Fund	11	1 026 674	1 001 997
		<u>6 849 757</u>	<u>4 355 441</u>
<b>Non-current liability</b>			
Post-retirement medical aid liability	12	<u>900 000</u>	<u>900 000</u>
<b>Current liabilities</b>			
Trade and other payables	13	2 058 338	2 517 685
Amounts due to International Institute		325 350	342 638
		<u>2 383 688</u>	<u>2 860 323</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>10 133 445</u>	<u>8 115 764</u>

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 DECEMBER 2013

	Accumulated profit R	Professional Practice Group Fund R	Total R
<b>Balance at 1 January 2012</b>	1 748 865	945 666	2 694 531
Net surplus for the year	1 604 579	56 331	1 660 910
<b>Balance at 31 DECEMBER 2013</b>	3 353 444	1 001 997	4 355 441
Net surplus for the year	2 469 639	24 677	2 494 316
<b>Balance at 31 December 2013</b>	5 823 083	1 026 674	6 849 757

## STATEMENT OF CASH FLOWS

for the year ended 31 DECEMBER 2013

	Notes	2013 R	2012 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		14 033 638	12 768 939
Payments made to suppliers and employees		(12 138 730)	(11 345 451)
Cash generated by/ (utilised in) operations	14	1 894 908	1 423 488
Investment income		406 621	262 548
Post-retirement medical aid contributions		(110 940)	(107 460)
<b>Net cash from operating activities</b>		<u>2 190 589</u>	<u>1 578 576</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment to maintain operations:			
- Acquisition of furniture, computers and equipment		(219 897)	(210 511)
<b>Net cash from/ (used in) investing activities</b>		<u>(219 897)</u>	<u>(210 511)</u>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		1 970 693	1 368 065
Cash and cash equivalents at the beginning of the year		<u>6 818 445</u>	<u>5 450 380</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	10	<u>8 789 138</u>	<u>6 818 445</u>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 31 DECEMBER 2013

### 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.

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.

##### 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 and registration fees are recognised on the date of payment.

##### *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, 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.

### ***Impairment of financial assets***

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 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.

	2013 R	2012 R
<b>2. DEPRECIATION</b>		
(Increase) in depreciation	(41 282)	(10 697)
<b>3. INTEREST RECEIVED</b>		
Interest received - funds on deposit and short-term call	406 621	262 548
Total interest received	406 621	262 548
<b>4. OTHER INCOME</b>		
Prior year net income recoveries	469 716	179 166
Postage income	30 281	5 206
Unallocated deposits	(3 660)	266
Conference	451 677	87 394
Profit on sale of assets	—	10 838
Sale of technical support material	351 334	300 762
Seminars	230 663	311 855
Secretarial fees - CIBM	958 259	1 374 537
- IBS	719 300	710 431
Administration fees - PPG	290 486	270 321
Royalties	3 662	4 961
Total other income	3 501 717	3 255 737
<b>5. OPERATING AND ADMINISTRATION COSTS</b>		
Administration expenses	270 760	219 715
Award ceremonies	184 533	173 055
Loyalty program	—	68 253
Boardroom magazine	140 760	130 427
Branch expenses	18 935	30 340
Computer expenses	92 772	131 658
Contractors fees – managerial	131 585	116 437
Examination expenses	968 653	897 734
Hire of office equipment	138 792	134 245
Insurance	58 631	39 254
Marketing expenses	453 924	246 745
Motor vehicle expenses	14 033	29 242
Postage and telephones	542 052	537 539
Printing and stationery	157 423	159 139
Rental and electricity	1 187 001	1 182 089
Salaries and wages	6 035 124	5 410 721
Technical support	357 850	355 000
Travel and meetings – domestic	196 601	177 802
Travel and meetings – international	294 174	322 059
Total operating and administration costs	11 243 603	10 361 454

## 6. EQUIPMENT

	Cost R	Accumulated depreciation R	Net book value R
<b>AT 31 DECEMBER 2013</b>			
Furniture, computers and equipment	804 464	(446 692)	357 772
Motor vehicles	144 925	(41 062)	103 863
Total equipment	949 389	(487 754)	461 635
<b>At 31 DECEMBER 2012</b>			
Furniture, computers and equipment	584 567	(354 123)	230 444
Motor vehicles	144 925	(12 077)	132 848
Total equipment	729 492	(366 200)	363 292
Movement in equipment can be reconciled as follows:			

	Net book value 2012 R	Additions R	Disposals R	Depreciation R	Net book value 2013 R
Furniture, computers and equipment	230 444	219 897	-	(92 570)	357 772
Motor vehicles	132 848	-	-	(28 985)	103 863
	363 292	219 897	-	(121 555)	461 635

	Net book value 2011	Additions	Disposals	Depreciation	Net book value 2012
Furniture, computers and equipment	236 216	65 586	(3 162)	(68 196)	230 444
Motor vehicles	-	144 925	-	(12 077)	132 848
	236 216	210 511	(3 162)	(80 273)	363 292

	2013 R	2012 R
<b>7. TRADE MARKS</b>		
Trade Marks comprise:		
All Registered Trade Marks	15 000	15 000
<b>8. INVENTORIES</b>		
Inventories comprise:		
Books and manuals for resale	87 315	113 733

Inventories are carried at net realisable value and all inventories are expected to be recovered within 12 months.

## 9. TRADE AND OTHER RECEIVABLES

	2013 R	2012 R
Trade receivables	91 972	217 861
Prepaid expenses	10 137	9 988
Sundry debtor	290 640	199 443
Institute of Business Studies	170 633	230 224
Chartered Institute of Business Management	216 975	147 778
	<b>780 357</b>	<b>805 294</b>

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

## 10. BANK BALANCES, CASH AND SHORT-TERM DEPOSITS

Bank deposits and cash	474 129	396 016
Funds on deposit and short-term call	8 315 009	6 422 429
	<b>8 789 138</b>	<b>6 818 445</b>

The carrying amount of these assets approximates fair value.

## 11. PROFESSIONAL PRACTICE GROUP FUND

<b>Balance at beginning of the year</b>	<b>1 001 997</b>	<b>945 666</b>
Total income	458 784	449 627
Income received from members	423 714	400 802
Interest received	35 070	48 825
Total expenses	434 107	393 296
Technical manual and newsletter expense	121 000	110 000
Administration expenses	313 107	283 296
<b>Balance at end of the year</b>	<b>1 026 674</b>	<b>1 001 997</b>

## 12. 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	110 940	107 460
Amount recognised in the current year through the income and expenditure statement	(110 940)	(107 460)
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	4.1-8.25 years	4.34-8.25 years

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	900 000
Amount recognised in the current year through the income statement	110 940	107 460
Amount reversed in the current year through the income statement	-	-
Provision utilised for current year contributions	(110 940)	(107 460)
Fair value of amount recognised	<b>900 000</b>	<b>900 000</b>

### 13. TRADE AND OTHER PAYABLES

	2013 R	2012 R
Accounts payable	393 168	403 799
Fees and subscriptions received in advance	1 405 964	1 870 787
Leave pay	136 640	140 295
Value Added Tax	122 566	102 804
<b>Total accounts payable</b>	<b>2 058 338</b>	<b>2 517 685</b>

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	140 295	171 483
Utilisation of provision	(140 295)	(171 483)
Additional provision raised	136 640	140 295
Balance at the end of the year	136 640	140 295

### 14. RECONCILIATION OF NET PROFIT FOR THE YEAR TO CASH GENERATED BY/ (UTILISED IN) OPERATIONS

Net profit for the year	2 469 639	1 604 579
Adjusted for:		
Investment income	(406 621)	(262 548)
Net income of the Professional Practice Group	24 677	56 331
Depreciation	121 555	80 273
Depreciation – prior year adjustment	–	3 162
Net Post-retirement medical expense	110 940	107 460
Cash inflow from operations before working capital changes	2 320 190	1 589 257
Decrease/(increase) in inventories	26 418	(78 358)
Decrease/(increase) in trade and other receivables	24 936	(400 592)
Increase in trade and other payables	(459 348)	214 804
Increase in amounts due to International Institute	(17 288)	98 377
Cash generated by/(utilised in) operations	1 894 908	1 423 488

### 15. MEMBERS' LIABILITY

The Institute is incorporated as a Non Profit Company in terms of Companies Act. 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.

### 16. COMMITMENTS

Operating leases in respect of premises and equipment:

Payable within one year	945 160	938 369
Payable within 2 to 5 years	1 764 072	1 656 636
	<b>2 709 232</b>	<b>2 595 005</b>

## 17. RETIREMENT BENEFITS

The Institute is a participating employer in a defined contribution umbrella 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 R971 263 (2012: R872 509). The number of employees at year end was 17 (2012: 17).

## 18. TAXATION

The Institute is exempt from taxation in terms of Section 10 (1) (d) of the Income Tax Act.

## 19. RELATED PARTY TRANSACTIONS

The following related transactions were entered into in the current year:

	2013 R	2012 R
<b>Secretarial fee income</b>		
- Institute of Business Studies	719 300	710 431
- Chartered Institute of Business Management	958 259	1 374 537
<b>Amounts due by related parties</b>		
- Chartered Institute of Business Management	216 975	147 778
- Institute of Business Studies	170 633	230 224

The amounts due by related parties have no fixed terms of repayment. There is no interest payable on these loans.

Publishing costs were paid to Eagle Publishing (Pty) Ltd (of which R W Furney is a shareholder) as follows and are all included under Operating and Administration Costs per Note 5 – R 177 348 (2012:R174 371).

Fees for Annual Report printing were paid to Commercial and Club Secretaries CC (of which R W Furney's wife is a member) in the amount of R106 576 (2012:R89 235).

Fees for payroll administration fees were paid to Commercial and Club Secretaries CC (of which R W Furney's wife is a member) in the amount of R19 165 (2012:R16 555).

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

- J Parratt (Moderator Fee) – R7 745 (2012:R11 893)
- H F Kocks (Examination Fees) – R23 240 (2012:R20 604)
- P F Smit (Examination Fees) – R28 160 (2012:0)
- M A Sello (Invigilator Fees) – R6 774 (2012:R6 600)

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

- J Wolpert (Technical Adviser) – R349 000 (2012:R330 000)
- J Wolpert (CPD Seminars) – R6 000 (2012:R9 000)
- C H Wessels (CPD Seminars) – R0 (2012:R7 864)
- H F Kocks (CPD Seminars) – R3 000 (2012:R6 000)
- J Parratt (CPD Seminars) – R3 000 (2012:R3 000)

## 20. 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	
	2013	2012	2013	2012
International Institute – British Pound Sterling	19 127	24 598	325 350	342 638

### ***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, 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 provided, 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.

## 20. 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.

	2013 R	2012 R
<b>Financial Assets</b>		
Cash and cash equivalents	8 789 138	6 818 445
Trade receivables	91 972	217 861
<b>Financial Liabilities</b>		
Accounts payable	393 168	403 799

## 21. 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 10	Consolidated financial statements (effective 1 January 2013);
IFRS 11	Joint Arrangements (effective 1 January 2013);
IFRS 12	Disclosure of Interest in other entities (effective 1 January 2013);
IFRS 13	Fair value measurement (effective 1 January 2013)

### *Standards and Interpretations in issue not yet adopted*

IAS 12 (revised)	Amendments to IAS12 Income taxes (Deferred Tax – recovery of underlying assets) (effective 1 January 2012);
IAS 1	Amendments to IAS 1 Presentation of FS. (presentation of OCI) (effective 1 July 2012);
IAS 19	Employee Benefits (effective 1 January 2013);
IFRS 7	Amendments to IFRS 7 Financial Instruments: Disclosure (transfer of financial assets) (effective 1 July 2011); and
IFRS 9	Financial Instruments (October 2010) (effective 1 January 2013 – proposed deferral to 1 January 2015)

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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