



Integrated Report
for the year ended 31 December 2012

THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS

("CSSA" or "the company")

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

ANNUAL REPORT– 31 DECEMBER 2012

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Note: All references herein to "Chartered Secretaries Southern Africa" or to "the Institute" refer to the Southern African Institute of Chartered Secretaries and Administrators.

CORPORATE INFORMATION 31 DECEMBER 2012

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: icsa@icsa.co.za

Website: www.icsa.co.za

Directors:

MB Dialwa, MG Edmunds, RW Furney, SAH Kajee, HF Kocks, L Kok, Z Lachporia, RD Lees, R Likhanga, SP Mbhamali, J Neethling, JM Parratt, R Pillay, JV Roberts, 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 GradIACA. 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

CARINA WESSELS FCIS, LLB, LLM Carina is Group Company Secretary of Exxaro Resources Ltd.



SENIOR VICE PRESIDENT

RAYMOND PILLAY FCIS FCIBM Raymond is the finance manager for the Woolworths KZN supply chain and Branch Chairman of the KZN Branch.



VICE PRESIDENT

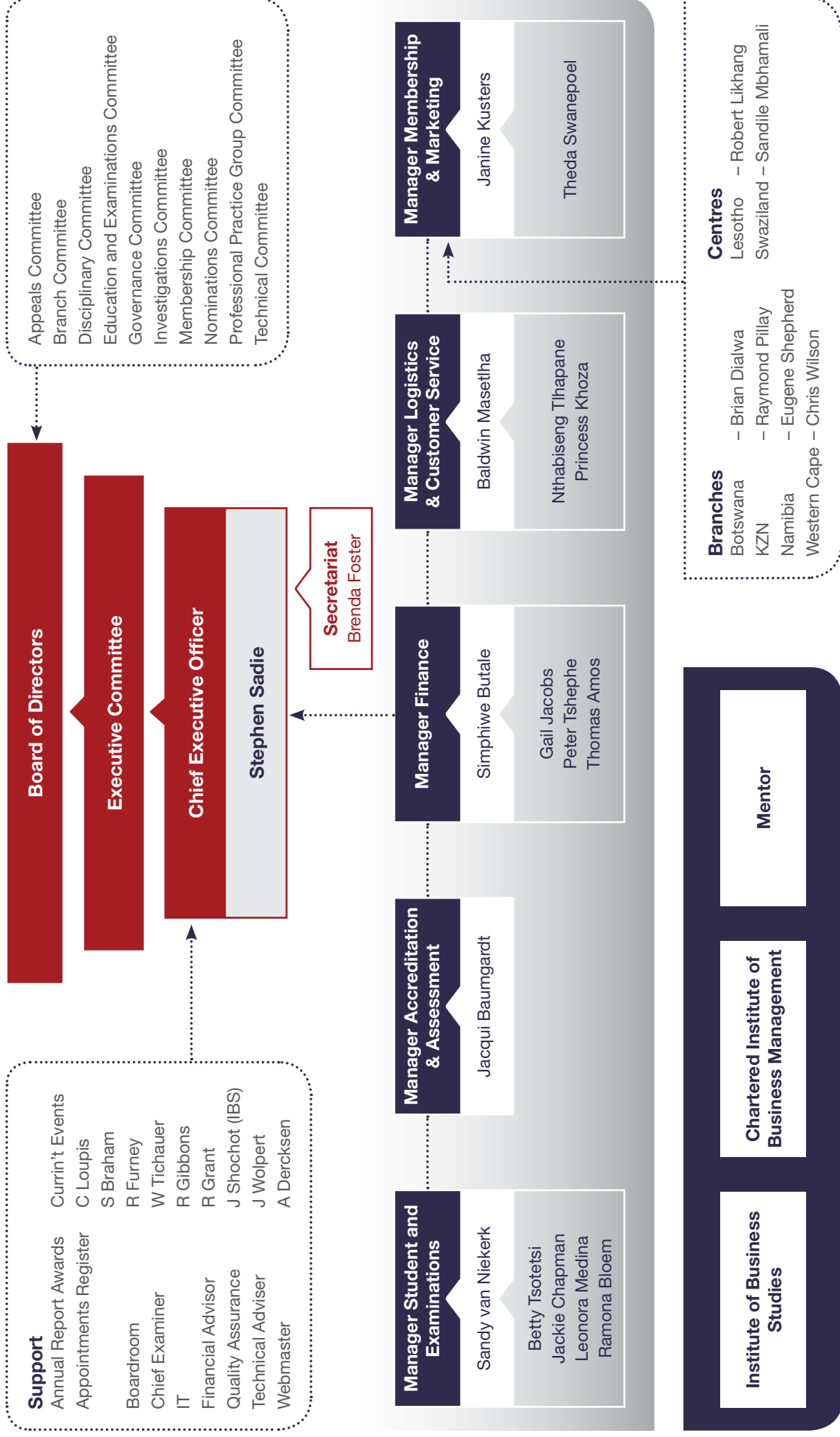
ZERNOBIA LACHPORIA FCIS, NAT. DIP. COMPANY ADMINISTRATION Zernobia is Assistant Group Secretary, Liberty Holdings Ltd.



PAST PRESIDENT

NICKY EDMUNDS FCIS, FCIBM, B. COMPT, ADVANCED TRUST LAW Nicky is the Company Secretary of E Oppenheimer & Son.

Chartered Secretaries Southern Africa – Organogram



Chief Executive Officer's Report

INTRODUCTION

This year CSSA has moved over to an Integrated Report in line with our participation in the Integrated Reporting Committee.

2012 was one of our most successful years. For the first time in many years, CSSA made a healthy surplus of R1.6 million, putting us in a sound financial position.

CSSA managed to hold a number of successful events such as the premier conference, Annual Report Awards, graduation and a host of CPDs. Student numbers grew rapidly and member numbers also showed a healthy increase. We published three textbooks, which were very well received. In general, it was a year of consolidation as many of our plans came to fruition on which I will elaborate below.



CEO Stephen Sadie

The CPD seminars in 2012 offered members and industry at large, the opportunity to stay abreast of current regulatory changes and developments in global best practice. We increased the number of our CPD seminars from 26 to 37, which took place in Johannesburg, Durban, Cape Town, Gaborone and Windhoek. The seminars were well attended with 1258 people attending. The CPD seminars provided great variety in terms of the diversity of speakers and topics and there was an increased focus on accounting matters. Speakers included leading presenters such as Caryn Maitland, Prof Bob Garratt, Zubair Wadee, Carina Wessels, Andrew Johnston, Farzanah Mall, Pat Mahony, Farouk Cassim, Di Seccombe and Cynthia Schoeman. A new CPD ad campaign was launched entitled 'the Corporate Animal' and adverts were placed in the Business Day on a biweekly basis. Trifecta Capital Services stayed on board as the official sponsor.

A new CPD policy for members was approved and an online logging system was implemented. Our members responded very positively to the online logging system.

CPDs

A CORPORATE CONVERSATION ON:

Farzanah Mall
CA (SA), Director: Internal Audit, Risk and Compliance Services (IPM&G)

Venue: Premier Hotel, Kings Road, Pinetown
Date: Thursday 12 April 2012
Time: 08h00 – 10h30
(includes refreshments)

The workshop will cover:

- A high level overview of the Companies Act and King III requirements with respect to Audit Committees. This will include:
 - Challenges faced by Audit Committees
 - Composition, terms of reference and meetings of Audit Committees
 - Duties of Audit Committees
 - Education and evaluation of Audit Committees

Prices:	
Students	R200
Members	R300
Public	R400

Challenges for the Audit Committee

Zubair Wadee
Partner/Director PricewaterhouseCoopers CA (SA), ACMA Annual Report Awards Judge

Venue: Chartered Secretaries Southern Africa, Riviera Road Office Park, 6-10 Riviera Road, Killarney
Date: Tuesday 17 April 2012
Time: 08h00 – 10h30
(includes refreshments)

The workshop will cover:

- Why Integrated Reporting?
- Myth or reality – An Integrated Reporting Model
- When reality bites – Transition Process
- Market responses

Prices:	
Students	R200
Members	R400
Public	R500

Integrated Reporting under the Companies Act

Contact: kgomoto@icsa.co.za to make your booking. Book before 10 April for Farzanah Mall and 13 April for Zubair Wadee to avoid disappointment.

CEO – Stephen Sadie
Telephone: +27 11 551 4000 Fax: 086 698 5095
E-mail: ica@icsa.co.za Block C, Riviera Office Park, 6-10 Riviera Road, Killarney, Johannesburg, South Africa (PO Box 3146, Houghton, 2041)

Website: www.icsa.co.za

CONFERENCE



Stephen Sadie, CEO Chartered Secretaries; Tshediso Matona, Director General of the Department of Public Enterprises and Chris Gibbons, MC



Prof Michael Katz addresses a packed conference hall on the topic: The impact of the new Companies Act on directors' and prescribed officers' duties



135 delegates gather at the Wanderers conference venue in Illovo



Mr Sibani Mngomezulu, Executive Barloworld (speaker) with delegates



Sandi Linford, Group Company Secretary Vodacom Group Ltd; Carina Wessels, President of Chartered Secretaries and Group Company Secretary Exxaro Resources Ltd and Carin Pimenta, Exxaro Resources Ltd

The 4th Premier Corporate Governance Conference took place on 13 – 14 September 2012 at the Wanderers Club in Illovo, Johannesburg.

The Conference, with the theme “A New Landscape for Corporate Governance: living with the Companies Act and King III” sought to address a wide range of topics covering key aspects of the Companies Act, 2008, and King III such as the duties and responsibilities of directors; the role of the company secretary; shareholder rights; prescribed officers; ethical issues; public sector governance, integrated reporting and social media. A host of renowned speakers shared their experience and knowledge with the 135 delegates who were very impressed with the conference as evidenced in the evaluation questionnaires. There was lively interaction during question time after each presentation showing the keen interest of the delegates at the conference. The social networking sessions over coffee breaks, lunch and at the cocktail party were abuzz with conversation. Once again CSSA has positioned itself as a key thought leader in corporate governance.

MARKETING

2012 saw the roll out of the student campaign; new branding (pens, folders, member gifts); a new IBS leaflet; updated collateral (the Fast Track and TSP leaflet); posters; improvements to the website; a new CPD ad campaign; an intense media and marketing conference plan and a smart new Annual Report Awards ad. There was more interaction with members and significant updating of the databases; regular emailers; a new look Technical newsletter; the creation of a Facebook page and LinkedIn profile; a variety of adverts placed in a range of student related publications; increased awareness and attendance at CPD events and an all round increased education and awareness of the brand.

I AM a candidate

A go-getter +
Sharp +
Bold +
Driven +
Brainy +
= A CANDIDATE

Register now at www.icsa.co.za

If you think being a Chartered Secretary means doing dull admin duties day in and day out THINK AGAIN! This is an up and coming powerful position in business and well trained Chartered Secretaries are highly sought after. Qualifying as a Chartered Secretary means embarking on a lifelong journey of learning with an accredited professional qualifying body.

- Work at the top, advise the Board and take on an important strategic role.
- You can become a Governance Professional, Company Secretary, Accountant, Risk Manager, Compliance Manager, Business Manager or CEO.
- If you already have a degree you can proceed directly to the four Board subjects.
- Learn while you earn and study part time for an internationally recognised qualification.
- You can study with Accredited tuition providers across Southern Africa, or study on your own.
- An all round business qualification that offers a career path that is dynamic, diverse, challenging and rewarding.

Chartered Secretaries
Southern Africa

Contact us Telephone: +27 11 551 4000 Email: students@icsa.co.za

out with uncertainty

a new landscape

The business environment has transformed dramatically due to changes brought about by King III and the new Companies Act. Move forward and embrace this new landscape with confidence and integrity.

Join us for this two-day event that will expose current and emerging governance trends. Chris Gibbons will MC the event and the following speakers help make up what promises to be a top quality programme:

- Tobias Wolmar** (Director General of the Department of Public Enterprises) Corporate governance in the public sector
- Prof. Walter Gresh** (Department of Accounting, University of the Western Cape) The practical consequences of the adoption of the International Financial Reporting Standards for the 2008 Companies Act
- Prof. Michael Katz** (Chairman, Edward Nathan Group) The private impact of the new Companies Act on directors' duties and prescribed officers' duties
- Shane Mphahlele** (Executive Director, Shareholder Rights and minority protection)
- Dean Butler** (Senior Corporate Governance Specialist, Public Investment Corporation) Measuring and engaging investor companies - the ITCGP approach
- Cynthia Schuman** (MD, Ethics Monitoring & Management Services) Ethics - a critical aspect, that's not just a word
- Stephen Sade** (CEO, Chartered Secretaries Southern Africa) CSQA - building the company secretary profession
- Rory Keller** (Managing Director, Compliance and Internal Control) The new Companies Act: implications and challenges for directors
- David Lushin** (Director, Wetters Attorneys) The legal aspects of public sector governance
- Patrick Brasher** (Director, Norton Rose) The introduction of directors and management
- Julie Wapner** (Technical Advisor, Chartered Secretaries Southern Africa) The 21st century company secretary as a governance professional
- Prof. Steven Pien** (Associate Professor and Technical Partner of the External Audit Division, North-West University) Internal and external audit: the independent board performance monitor
- Carina Wessels** (President, Chartered Secretaries Southern Africa) The business judgement rule in practice: improving oversight by avoiding judgement traps and biases
- Zakhele Maseko** (Partner/Director, PricewaterhouseCoopers) Integrated reporting
- Sarah Lardner** (Group Company Secretary, Inditex Group Ltd) Integrated reporting - the business journey
- Nicole Katz** and **Michael Maseko** (Executive Director & Corporate Relations) The need to look to the future - social media in investor relations
- Georgina Chalmers** (Director of Capital Strategy Consulting) The social and ethical context

Annual corporate governance conference - Wandersburg Club, Johannesburg - 13 - 14 September 2012

Conference and reception fee	
CSQA members and students	R4 000.00 pp
Non-members	R5 000.00 pp

Group discount of 10% will be offered for groups of five or more people from the same company.

Book now!
Contact Collette Diamond
021 795 0212 or email: collette@icsa.co.za
For more information visit www.icsa.co.za

trifecta
BUSINESS DAY
NEW. WORTH. KNOW.

Chartered Secretaries
Southern Africa

R340
per book incl vat
Prices valid until 31 December 2012.

Corporate Governance in Southern Africa
Author: Olive Kneale FCS, Governance Consultants CC.

Today, more than ever, good corporate governance is essential in a world where we have seen the financial crisis, fraud, corruption and mismanagement in some of the world's largest corporations. South Africa is at the forefront of developments in the world of corporate governance. The internationally well-known King reports are a prime example. The 2008 Companies Act has set in place a new dispensation for corporate governance in South Africa.

Corporate Secretaryship in Southern Africa
Author: Pat Mahony FCS Past President, Chartered Secretaries Southern Africa; Former Group Company Secretary, Bell Equipment Limited.

This book is intended to be an authoritative guide to the duties of the company secretary in Southern African companies. It examines the respective roles of the company secretary, the directors and the shareholders and focuses on the important features of professional expertise that is the hallmark of the company secretary, namely adherence to the legislation and regulations governing the framework in which companies operate. The responsibilities of the company secretary at company meetings, as well as the detailed work of the secretary in dealing with company shares, are discussed in detail with many practical examples.

Corporate Administration in Southern Africa
Authors: Carina Wessels FCS, LL.M. President, Chartered Secretaries Southern Africa; Group Company Secretary, Exaro Resources Limited; Herman Kooke FCS, LL.B. BCom, Assistant Group Secretary at the De Beers Group.

This book covers a broad range of legal and governance issues that company secretaries, directors and managers have to deal with on a daily basis. It is presented in an easy-to-read format with many case examples to illustrate the practical application of issues ranging from general administration, copyright issues, human resources matters, insurance to outsourcing.

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Website: www.icsa.co.za

I AM a candidate

Driven Bold Brainy are you?

- Work at the top, advise the Board and take on an important strategic role.
- You can become a Governance Professional, Company Secretary, Accountant, Risk Manager, Compliance Manager, Business Manager or CEO.
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- Learn while you earn and study part time for an internationally recognised qualification.
- You can study with Accredited tuition providers across Southern Africa, or study on your own.
- An all round business qualification that offers a career path that is dynamic, diverse, challenging and rewarding.

Chartered Secretaries
Southern Africa

Contact us Telephone: +27 11 551 4000 Email: students@icsa.co.za

Annual Report Awards

THE BENCHMARK FOR INTEGRATED REPORTING
15 NOVEMBER 2012

Chartered Secretaries
Southern Africa

• Does your annual report stand out in your industry?
• Is your disclosure in line with the latest global and local best practice?
• Do you exceed global and local reporting benchmarks?

Benchmark yourself against the leaders, the 2011 winners:
Nedbank Ltd, First Rand Bank Ltd & Standard Bank Ltd, Group 1, The Kelly Group, Roloff Technology Holdings, Exaro Resources, Impala Platinum, Wilderness Holdings, Transnet Ltd, CANSO, and Rand Mutual Assurance.

Comedian - **Nik Rabinowitz**

These are the oldest established Annual Report Awards on the Southern African business calendar - jointly hosted by Chartered Secretaries Southern Africa and the JSE Ltd.

2012 Judges
Zakhele Maseko - Convenor of Judges Director, PricewaterhouseCoopers, John Burke - Director, Issuer Registration, JSE Ltd, Joel Wolmar - Director, Chartered Secretaries SA, Prof Linda de Beer - Wits School of Accountancy, Dr Adrian Baile - Visiting professor in Economics and Finance, GIBS, Stephen Granton - Associate Editor, Financial Mail, Helen Burke - NGO Expert, John Ntshong - Director, Chartered Secretaries SA.

Keynote address will be by **Professor Mervyn King**

BusinessDay **eside** **LINK** **AVCO** **MARKET MEDIA** **trifecta**

Visit www.icsa.co.za or call Joanne on 011 782 9893 for more information

Chartered Secretaries
Southern Africa

New CSSA merchandise for 2013!

We have ordered stylish new branded ties and ladies brooches. If you wish to order please complete the order form. You are also welcome to come collect them from our offices. Only AGIS and FCS members may purchase these items.

Ties
Polyester woven
Price includes VAT and excludes postage

Brooches
Gold plated, 4 x 6 cm with pin
Price includes VAT and excludes postage

R 105 **R 55**

Telephone: +27 11 551 4000 Fax: +27 11 551 4028 Email: orders@icsa.co.za
Block C, Riviera Office Park, 6 - 10 Riviera Road, Kilmory, Johannesburg, South Africa (PO Box 3146, Houghton, 2041)
Website: www.icsa.co.za



Guests enjoying the awards evening at the Sandton Sun Hotel



Carina Wessels – CSSA President

**Prof Mervyn
King – Guest
Speaker**



**Mervyn King with Overall
Winners Group 5 represented
by Christina Teixeira (CFO)
and Mike Upton (CEO)**



**Zubair Wadee – convenor of
judges, Director at PWC**



**Nik Rabinowitz –
Comedian**

ANNUAL REPORT AWARDS

The 45th Annual Report Awards took place at the Sandton Sun Hotel on 15 November 2012. The ceremony recognised the importance of good reporting in the face of a rapidly changing business world with the slogan, “the benchmark for integrated reporting”. We were privileged to have Mervyn King, the chairman of the International Integrated Reporting Council, as the keynote speaker.

Carina Wessels welcomed the 420 guests and gave an interesting speech on the history of the awards and their relevance today. Well known comedian, Nik Rabinowitz, had the crowd laughing at the top of their voices. A top quality act, he effortlessly pulled the evening together and had a cheeky chirp for all the usual suspects.

Prof Linda de Beer, from the Wits School of Accountancy and Johan Neethling, a CSSA director, were invited to join the panel of judges this year. Zubair Wadee became the convenor of judges and drove

the process of revamping the judging criteria to include the following categories: Overall presentation; external drivers/ stakeholder engagement; strategy; risks; business operations; measures of success; performance fundamentals/ financial and economic analysis; sustainability and human capital; governance and remuneration; and future outlook.

Our thanks go to the sponsors: Exxaro, Vaco, Business Day, GIBS, Link Market Services, Profile Media and Trifecta Capital, without whom this event would not have been possible.

The Annual Report Awards are the longest-standing awards in the country and have recognised excellence in corporate reporting across a number of categories since 1956. This event has undoubtedly become a firm favourite on the calendar of Southern African companies as more and more businesses recognise the importance and significance of the ceremony.

PUBLICATIONS

Three board textbooks on Corporate Governance, Corporate Secretaryship and Corporate Administration were published in July 2012, all written by members which have been very well received. In six months over a thousand copies were sold. We marketed the textbooks quite widely in Southern Africa to students, members, universities, companies and other professional bodies as there are not many textbooks of this nature in SA.

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 what the qualification has to offer. The monthly technical newsletter covered a range of issues from the Companies Act, corporate governance, accounting, to taxation. In addition we sent out informative emailers, which

provided substantial guidance on corporate governance and accounting matters.

STUDENTS

Student numbers continued to grow from strength to strength particularly at the board level. We have accredited some new tuition providers and our footprint is growing as more tuition providers saw the value of offering the CSSA programme.

A magnificent graduation ceremony was held on 19 September where 48 students graduated. The qualifications were reregistered on the National Qualifications Framework for the next three years, and CSSA continued to enjoy recognition from the regulatory authorities, thereby ensuring that students can be assured of the value and integrity of their qualification.



Nicky Edmunds and Sikkie Kajee capping Basil Martin



Carina Wessels and Raymond Pillay capping Anisa Loonat



Graduates and Prize Winners in the Linder Auditorium





On Monday 18 June some members of the CSSA Board met with representatives from the Institute of Company Secretaries of India (ICSI) to discuss collaboration between the two Institutes. From left-NK Jain; Stephen Sadie; Zernobia Lachporia; John Roberts; Pat Smit; Carina Wessels; Sim Butale; Nesar Ahmad; Baldwin Masettha; Jill Parratt; Joel Wolpert; Shamida Smit

MEMBERS

Membership numbers continued to increase steadily. New gifts for members were ordered, which included a new look branded tie and ladies brooch. The technical adviser has provided substantial support to our members. The technical adviser has also responded to numerous queries from members on specific aspects. The JSE has released a circular indicating that company secretaries need to be evaluated each year by their boards to assess their qualifications. We need to maximise gains around this requirement to position our qualification as the premier corporate governance qualification.

We have represented our members on a range of bodies such as King III, Integrated Reporting Committee, CIPC and SARS. We meet regularly with other professional bodies in our sector such as SAICA, CIMA, IoD, SAIPA and ICB.

CSSA continued to offer members invaluable opportunities for professional development through discounted rates for CPD seminars, networking opportunities and access to the appointments register. A successful women's cocktail evening was hosted by the president at the Exxaro office in Sandton. Further, on behalf of corporate South Africa, CSSA continued to oversee that members were of requisite character, integrity and accountability to fulfil the now more demanding role of company secretary and accountant.

INTERNATIONAL

Corporate Secretaries International Association (CSIA) continued to grow rapidly and consists of 18 member countries i.e. 13 full members and 5 affiliate members. I continued to serve as secretary of CSIA.



The conference, themed 'governance, rating and economic performance' took place at the Premier Hotel, OR Tambo on 19 June 2012. From left-Bob Lees; NK Jain; Nesar Ahmad & Stephen Sadie

The strength of belonging to the CSIA is that we have brought in member countries such as USA and India. An exco meeting was held in Sydney on 17 April 2012, where Pakistan and Bangladesh were accepted as members. 40 delegates from India visited South Africa in June for a special international conference.

A number of projects were undertaken in 2012. The corporate secretaries' toolkit is being developed in conjunction with the Global Corporate Governance Forum headed by Philip Armstrong, a past president of CSSA. Ten out of 21 modules were completed. A high powered CSIA delegation visited the World Trade Organisation (WTO) on 25 June 2012 to lobby for a special classification for company secretaries. A corporate governance roundtable and a Council meeting were held in New York from 17 - 20 October 2012. At this meeting, Southern Africa was elected as vice president.

The ICSA Council meeting on 2 February 2012 agreed to adopt the members' resolution as set out in the notice of the requisitioners' general meeting for 8 December 2011. It was agreed to forward this agreement to the Privy Council within 28 days. For a range of reasons, this did not materialise mostly because the Group of 4 (Go4) went beyond their remit and attempted to completely rewrite the Charter and Byelaws. Most of the year was spent on making submissions and further submissions to the draft Charter and Byelaws.

Bob Lees was elected to be part of the Group of 4 (Go4) representing the Divisions and hence CSSA provided extensive support for Bob Lees in this role. Towards the end of the year, the major issues of difference were over the UK annexing the Associated Territories into their proposed new Division, international expansion, forming new divisions, intellectual property and a list of assets to be moved from the Institute to the UKC.

A Council meeting was held on 7 – 8 December 2012, whereby some agreement was reached on sending the draft Charter and Byelaws to the Privy Council for comment. After this a general meeting of members would be called and members asked to vote on the new Charter and Byelaws.

SUSTAINABILITY AND TRANSFORMATION

CSSA is committed to genuine transformation at all levels of the organisation and as such prioritises 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 Carina Wessels, our President, Exco, directors and all our employees. I thank everyone for their invaluable contribution. 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
April 2013

Statement on Corporate Governance

31 DECEMBER 2012

Chartered Secretaries Southern Africa, 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, under appropriate headings.

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. The Memorandum codifies the Board's composition, appointment, authorities, responsibilities and processes and sets out the fiduciary duties and roles of each Director. In terms of the Memorandum, the Board should comprise between ten and thirty members. As at 31 December 2012, the Board comprised 23 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 14.

The President of CSSA acts as Chairman of the Board. The roles of President, Mrs CH Wessels and Chief Executive, Mr S Sadie, a non-Director, are separate in accordance with the recommendations to ensure that no single Director 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 obtains optimum 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 2012:

Name	Notes	Date Resigned/Appointed
Grant AR	Resigned	16 May 2012
Jefferies YC	Resigned	16 May 2012
Mathole KM	Resigned	28 March 2012
Russell VE	Resigned	16 May 2012
Tichauer W	Resigned	16 May 2012
Tiffin RG	Resigned	3 May 2012
Tlhabanelo RAB	Resigned	20 February 2012
Kajee SAH	Appointed	16 May 2012
Kocks HF	Appointed	16 May 2012
Mbhamali SP	Appointed	16 May 2012
Neethling J	Appointed	16 May 2012
Southgate KJ	Appointed	16 May 2012
Wilson CE	Appointed	3 May 2012

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 promote 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, budgets as well as management accounts. Some of the documents that are distributed to the Directors include the annual report, Memorandum of Incorporation, the Charter and Byelaws, the declaration of interest forms, the risk report and the 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.

COMPANY SECRETARY

The company secretary and the Chief Executive, under the guidance of the Executive Committee are 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 Board of Directors recognises 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 retaining the auditors to fulfil this function.

EXECUTIVE COMMITTEE

The Executive Committee comprises the President, two Vice-Presidents and the immediate Past-President. The Committee looks after the management of CSSA in-between board meetings. The Committee considers detailed matters such as issues relayed to the Committee by the Board or which are yet to be referred to the Board.

GOVERNANCE COMMITTEE

The Governance Committee is chaired by J. Wolpert. 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 Audit Report is set out on page 20 of the annual report.

NOMINATIONS COMMITTEE

A Nominations Committee has the responsibility of considering nominations received from members and short listing them for the Board.

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 and how these changes or proposed changes can have an impact on enterprises, 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. The National Disciplinary Investigations Group

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. National Disciplinary Tribunal

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

3. National Appeals Committee

This body reviews any appeals lodged.

BOARD OF DIRECTORS



MB Dialwa



MG Edmunds



RW Furney



SAH Kajee



HF Kocks



L Kok



Z Lachporia



RD Lees



R Likhang



SP Mbhamali



J Neethling



JM Parratt



R Pillay



JV Roberts



MA Sello



JE Shepherd



PF Smit



S Smit



KJ Southgate



B Thebenyane



CH Wessels



CE Wilson



J Wolpert

2012 MEETING ATTENDANCE SCHEDULE

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

INTERNAL CONTROL AND RISK MANAGEMENT

INTERNAL CONTROL

CSSA maintains systems of internal control over 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 controls system change 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 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 maintain independence, and ensure these are in line with independence requirements. During the year Valentine Sargeant provided technical assistance on certain VAT matters.

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 members in CSSA and the size and nature of CSSA, a permanent internal audit function has not been established.

The internal audit function contributes to improved operations by examining and evaluating operational activities, identifying relevant risks and affirming the accuracy and effectiveness of internal control systems. It has the responsibility of monitoring risk, the accuracy of information within CSSA, compliance with standard operating procedures, regulatory compliance by CSSA and its employees, the economic and efficient use of resources and output quality control.

RISK MANAGEMENT

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

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

Relationship with ICSA

CSSA operates as a South African NPC, with its relationship to ICSA being governed in terms of a delegation agreement. The December 2011 requisitioners' general meeting resolution was accepted at a Council meeting on 2 February 2012. Bob Lees represented the Divisions on the Group of 4. The members' resolution did not go to the Privy Council within the 28 days as agreed. The remit widened to a complete redrafting of the Charter and Byelaws. During the year, extensive interaction took place between the Southern African Division, other Divisions and the UK. CSSA played a key role in making major improvements to the various drafts that were presented in the course of the year. By the end of the year there were five outstanding matters on the draft Charter and Byelaws. It is expected that a draft version of the amended Charter and Bye laws will be submitted for members' approval during the course of 2013. The Board of CSSA will make appropriate recommendations to Southern African Division members in this regard at the appropriate time. In addition, CSSA has also played a leading role in building CSIA.

Number and age profile of members

The steady decline in membership over the past decade has now stabilised. A number of our members are retired. We continue to endeavour to enhance the perception of our qualification in the corporate world by relevant advocacy and robust marketing campaigns. In addition, we encourage membership application from our pool of graduates.

Student enrolments and availability of tuition providers

Student numbers continue to increase steadily mainly due to an upsurge of exemption/board registrations from legal and commerce graduates wishing to pursue a career in corporate governance. CSSA continues to build links with tuition providers; there is a correlation between pass rates and tuition centre convenience and availability. Our marketing effort robustly endeavours to enhance the perception of our qualification and recruit from the school leaver/graduate population. There is a direct link between student growth, examination results and membership numbers.

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;
- The 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 is 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 its 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 per annum 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 National Disciplinary Investigation Group, which would in turn forward its findings to the National Disciplinary Tribunal. The staff also operate according to a wide range of policies.

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 institution which, via its influence with Government and regulators, as well as the work of our members, continues to endeavour to shape the corporate governance and accounting agenda and thought leadership 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 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.

- Black and female representation make up 39% and 31% of the Board, respectively.
- Black and female representation make up 33% and 50% of management respectively.
- Black and female representation make up 41% and 71% of the staff respectively.

Skills Development and Training

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

Governance Committee Report

MEMBERSHIP

J Wolpert (Chair)

RW Furney, AR Grant, RD Lees, SAH Kajee (appointed 16 May 2012)

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 15. The external auditor, the CEO and the Finance Manager 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 2012
- 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 2012

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, 6 March 2013

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 16 March 2013 and signed on its behalf by:



C H Wessels
President



R D Pillay
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).

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 Chartered Secretaries Southern Africa, which comprise the report of the directors, the balance sheet as at 31 December 2012, 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 21 to 36.

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 2012 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
16 March 2013



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 2012

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 2012, 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 2013, 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 2012

	Notes	2012 R	2011 R
INCOME			
Fees - students		4 799 068	4 261 812
Subscriptions – members and technical newsletter		4 714 134	4 612 264
Interest received	3	262 548	211 195
Other income	4	3 255 737	2 575 923
Total income		13 031 487	11 661 194
EXPENDITURE			
Operating and administration costs	5	10 361 454	10 501 751
International Institute capitation fees		358 771	257 352
Depreciation		80 273	69 576
Audit fees		119 790	108 900
Total expenditure		10 920 288	10 937 579
OPERATING SURPLUS		2 111 199	723 615
OTHER COMPREHENSIVE INCOME			
Non-Recurring expenditure - Legal Fees and overseas travelling	20	(399 160)	(524 829)
Post-retirement medical expense	12	(107 460)	(121 477)
NET SURPLUS FOR THE YEAR		1 604 579	77 309

STATEMENT OF FINANCIAL POSITION

at 31 DECEMBER 2012

	Notes	2012 R	2011 R
ASSETS			
Non-current assets			
Equipment	6	363 292	236 216
Trade Marks	7	15 000	15 000
		<u>378 292</u>	<u>251 216</u>
Current assets			
Inventories	8	113 733	35 375
Trade and other receivables	9	805 294	404 702
Bank balances, cash and short term deposits	10	6 818 445	5 450 380
		<u>7 737 472</u>	<u>5 890 457</u>
TOTAL ASSETS		<u>8 115 764</u>	<u>6 141 673</u>
EQUITY AND LIABILITIES			
Reserves			
Accumulated profit		3 353 444	1 748 865
Professional Practice Group Fund	11	1 001 997	945 666
		<u>4 355 441</u>	<u>2 694 531</u>
Non-current liability			
Post-retirement medical aid liability	12	<u>900 000</u>	<u>900 000</u>
Current liabilities			
Trade and other payables	13	2 517 685	2 302 881
Amounts due to International Institute		342 638	244 261
		<u>2 860 323</u>	<u>2 547 142</u>
TOTAL EQUITY AND LIABILITIES		<u>8 115 764</u>	<u>6 141 673</u>

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 DECEMBER 2012

	Accumulated profit R	Professional Practice Group Fund R	Total R
Balance at 1 January 2011	1 671 556	916 644	2 588 200
Net surplus for the year	77 309	29 022	106 331
Balance at 31 December 2011	1 748 865	945 666	2 694 531
Net surplus/(loss) for the year	1 604 579	56 331	1 660 910
Balance at 31 December 2012	3 353 444	1 001 997	4 355 441

STATEMENT OF CASH FLOWS

for the year ended 31 DECEMBER 2012

	Notes	2012 R	2011 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		12 768 939	11 449 998
Payments made to suppliers and employees		(11 345 451)	(10 782 041)
Cash generated by/(utilised in) operations	14	1 423 488	667 957
Investment income		262 548	211 195
Post-retirement medical aid contributions		(107 460)	(121 477)
Net cash from operating activities		1 578 576	757 675
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment to maintain operations:			
- Acquisition of furniture, computers and equipment		(210 511)	(19 768)
Net cash from/(used in) investing activities		(210 511)	(19 768)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1 368 065	737 907
Cash and cash equivalents at the beginning of the year		5 450 380	4 712 473
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	6 818 445	5 450 380

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2012

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 are recognised on payment of registration fees.

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.

	2012 R	2011 R
2. DEPRECIATION		
(Increase)/Decrease in depreciation	(10 697)	12 227
3. INTEREST RECEIVED		
Interest received - funds on deposit and short-term call	262 548	211 195
Total interest received	262 548	211 195
4. OTHER INCOME		
Prior year net income recoveries	179 166	141 771
Postage income	5 206	-
Unallocated deposits	266	971
Conference Endorsements	87 394	125 155
Profit on sale of assets	10 838	-
Sale of technical support material	300 762	6 488
Seminars	311 855	221 714
Secretarial fees - CIBM	1 374 537	1 401 400
- IBS	710 431	392 700
- PPG	270 321	263 145
Royalties	4 961	22 579
Total other income	3 255 737	2 575 923
5. OPERATING AND ADMINISTRATION COSTS		
Administration expenses	219 715	341 175
Award ceremonies	173 055	149 511
Loyalty program	68 253	66 290
Boardroom magazine	130 427	137 746
Branch expenses	30 340	63 470
Computer expenses	131 658	140 291
Contractors fees – managerial	116 437	180 734
Examination expenses	897 734	973 073
Hire of office equipment	134 245	130 258
Insurance	39 254	46 554
Marketing expenses	246 745	403 602
Motor vehicle expenses	29 242	42 889
Postage and telephones	537 539	485 405
Printing and stationery	159 139	162 441
Rental and electricity	1 182 089	1 115 001
Salaries and wages	5 410 721	5 305 666
Technical support	355 000	330 145
Travel and meetings – domestic	177 802	192 348
Travel and meetings – international	322 059	235 152
Total operating and administration costs	10 361 454	10 501 751

6. EQUIPMENT

	Cost R	Accumulated depreciation R	Net book value R
At 31 December 2012			
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

At 31 December 2011			
Furniture, computers and equipment	727 844	(491 628)	236 216
Motor vehicles	85 569	(85 569)	-
Total equipment	813 413	(577 197)	236 216

Movement in equipment can be reconciled as follows:

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

	Net book value 2010 R	Additions R	Disposals R	Depreciation R	Net book value 2011 R
Furniture, computers and equipment	286 024	19 768	-	(69 576)	236 216
Library books - at nominal value	-	-	-	-	-
Motor vehicles	-	-	-	-	-
	286 024	19 768	-	(69 576)	236 216

	2012 R	2011 R
7. TRADE MARKS		
Trade Marks comprise:		
All Registered Trade Marks	15 000	15 000

8. INVENTORIES		
Inventories comprise:		
Books and manuals for resale	113 733	35 375

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

	2012 R	2011 R
9. TRADE AND OTHER RECEIVABLES		
Trade receivables	217 861	182 596
Prepaid expenses	9 988	12 749
Sundry debtor	199 443	22 385
Institute of Business Studies	230 224	98 003
Chartered Institute of Business Management	147 778	88 969
	805 294	404 702

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	396 016	322 765
Funds on deposit and short-term call	6 422 429	5 127 615
	6 818 445	5 450 380

The carrying amount of these assets approximates fair value.

11. PROFESSIONAL PRACTICE GROUP FUND		
Balance at beginning of the year	945 666	916 644
Total income	449 627	439 289
Income received from members	400 802	391 166
Interest received	48 825	48 123
 Total expenses	393 296	410 267
Functions	-	2 200
Technical manual and newsletter expense	110 000	117 000
Administration expenses	283 296	291 067
Balance at end of the year	1 001 997	945 666

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

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	107 460	121 477
Amount recognised in the current year through the income and expenditure statement	(107 460)	(121 477)
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	4.34-8.25 years	5.1-10.25 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	107 460	121 477
Amount reversed in the current year through the income statement	-	-
Provision utilised for current year contributions	(107 460)	(121 477)
Fair value of amount recognised	900 000	900 000

	2012 R	2011 R
13. TRADE AND OTHER PAYABLES		
Accounts payable	403 799	272 956
Fees and subscriptions received in advance	1 870 787	1 760 665
Leave pay	140 295	171 483
Value Added Tax	102 804	97 777
Total accounts payable	<u>2 517 685</u>	<u>2 302 881</u>

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	171 483	127 152
Utilisation of provision	(171 483)	(127 152)
Additional provision raised	140 295	171 483
Balance at the end of the year	<u>140 295</u>	<u>171 483</u>

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

Net profit for the year	1 604 579	77 309
Adjusted for:		
Investment income	(262 548)	(211 195)
Net income of the Professional Practice Group	56 331	29 022
Depreciation	80 273	69 576
Depreciation – prior year adjustment	3 162	-
Net Post-retirement medical expense	107 460	121 477
Cash inflow from operations before working capital changes	<u>1 589 257</u>	<u>86 189</u>
Decrease/(increase) in inventories	(78 358)	16 598
Decrease/(increase) in trade and other receivables	(400 592)	68 707
Increase in trade and other payables	214 804	361 237
Increase in amounts due to International Institute	98 377	135 226
Cash generated by/(utilised in) operations	<u>1 423 488</u>	<u>667 957</u>

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	938 369	824 286
Payable within 2 to 5 years	1 656 636	3 275 304
	<u>2 595 005</u>	<u>4 099 590</u>

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 R872 509 (2011: R814 912). The number of employees at year end was 17 (2011:16).

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:

	2012 R	2011 R
Secretarial fee income		
- Institute of Business Studies	710 431	392 700
- Chartered Institute of Business Management	1 374 537	1 401 400
- Professional Practice Group	270 321	263 145
Amounts due by related parties		
- Chartered Institute of Business Management	147 778	88 969
- Institute of Business Studies	230 224	98 003

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 The Eagle Publishing Company (Pty) Ltd (of which R W Furney is a shareholder) as follows and are all included under Operating and Administration Costs per Note 5 – R174 371 (2011:R256 057).

Fees for Annual Report printing were paid to Commercial and Club Secretaries CC (of which R W Furney is a member) in the amount of R89 235 (2011:0).

Fees for payroll administration fees were paid to Commercial and Club Secretaries CC (of which R W Furney is a member) in the amount of R16 555 (2011:R20 357) and fees for financial management services were paid to MCG Management CC (of which A R Grant is a member) in the amount of R18 800 (2011:R77 865)

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) – R11 893 (2011:R8 544)
- H F Kocks (Examination Fees) – R20 604 (2011:0)
- Tichauers Educational Training CC (of which W Tichauer is a member) received a Chief Examiners Fee of R13 000 (2011:R50 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:

- J Wolpert (Technical Adviser) – R355 000 (2011:R300 000).
- J Wolpert (CPD Seminars) – R9 000 (2011:R6 000)
- C H Wessels (CPD Seminars) – R7 864 (2011:R7 000)
- H F Kocks (CPD Seminars) – R6 000 (2011:R0)

20. NON-RECURRING EXPENDITURE – UK INSTITUTE

This expenditure relates to (a) fees paid to the company's legal and other external professional advisers in connection with consultations, and (b) overseas travelling to, and meeting administration expenses in, the UK, pertaining to the company's interaction with the ICSA [UK] regarding constitutional arrangements.

21. 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	
	2012	2011	2012	2011
International Institute – British Pound Sterling	24 598	20 355	342 638	244 261

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.

21. 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.

	2012 R	2011 R
Financial Assets		
Cash and cash equivalents	6 818 445	5 450 380
Trade receivables	217 861	182 596
Financial Liabilities		
Accounts payable	403 799	272 956

22. 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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