

Integrated Report
for the year ended 31 December 2014





CORPORATE INFORMATION

31 DECEMBER 2014

Registered office and business address:

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Killarney, Johannesburg, 2193

Postal address:

P O Box 3146, Houghton, 2041

Telephone: 011 551 4000

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E-mail: info@chartsec.co.za

Website: www.chartsec.co.za

Bankers: The Standard Bank of South Africa Limited and Nedbank Limited

Auditors: Mazars, 5 St Davids Place, Parktown, 2193

Directors: MB Dialwa, MG Edmunds, RW Furney, SAH Kajee, HF Kocks, Z Lachporia, R Likhong, SP Mbhamali, J Neethling, JM Parratt, R Pillay, MA Sello, PF Smit, S Smit, KJ Southgate, E Strauss-Symons, B Thebenyane, CH Wessels, CE Wilson **Chief Executive Officer:** S Sadie

Company Secretary: Claire Middlemiss, 24 Phoenix Avenue, Morehill, Benoni, 1500

THE SOUTHERN AFRICAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS

("CSSA" or "the company")

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

INTEGRATED REPORT– 31 DECEMBER 2014

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

The Annual Financial Statements presented from the Governance Committee Report on page 18 to page 36 of the notes to the financial statements are audited in compliance with Companies Act 71 of 2008

Prepared: Jennifer Maybery ACIS

Position: Financial Manager

Publishing date: 18 May 2015

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.

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.

Executive Committee

- 1 President Zernobia Lachporia
FCIS, Nat. Dip. Company Administration
Zernobia is Assistant Group Secretary, Liberty Holdings Ltd
- 2 Senior Vice President Johann Neethling
FCIS, M Com
Johann is Group Company Secretary and Director - Corporate Services of Vukile Property Fund Ltd.
- 3 Vice President Karyn Southgate
FCIS, B Com (Hons)
Karyn is the sole member of Tidysum CC, an accounting practice.
- 4 Past President Raymond Pillay
FCIS
Raymond is General Manager: National Trunking Operations, Woolworths

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 GradI CSA. 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.

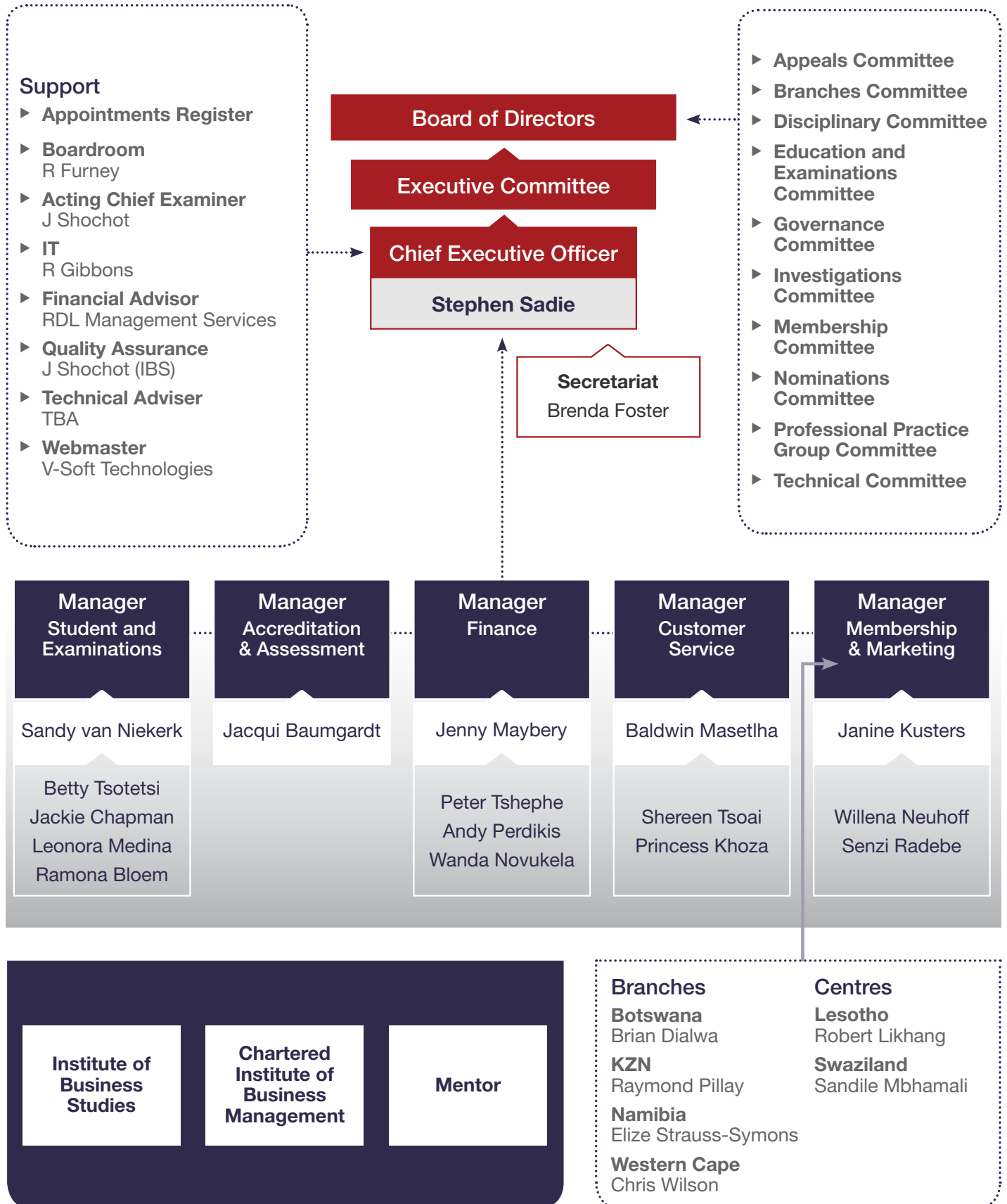
Is the qualification internationally recognised?

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 and Nigeria. All share a common interest in the promotion of good governance. CSIA represents approximately 70,000 governance professionals worldwide.



Chartered Secretaries Southern Africa – Organogram



Chief Executive Officer's Report 2014



The Companies Act which was implemented on 1 May 2011, broadened the scope of corporate governance.

Introduction

A number of key objectives were achieved in 2014. Our events such as the, premier corporate governance conference, integrated reporting awards and awards ceremony were all well organised and succeeded in improving the profile of CSSA. CPDs continued to be well supported around the country. 2014 was a tough year as a number of unexpected challenges were encountered, however we managed to deal with these challenges.

CPDs

We ran 37 CPDs during 2014, which offered our members and others the opportunity to stay abreast of current regulatory changes and developments in global best practice. Over 1 000 delegates attended the seminars, which addressed various areas from tax, accounting, governance, secretaryship to law. CPDs were spread out throughout Southern Africa including Johannesburg, Durban, Cape Town, Gaborone, Maseru, Windhoek and Mbabane. Speakers included leading presenters such as Caryn Maitland, Andrew Johnston, Annamarie van der Merwe, Kobla Quashie, Cynthia Schoeman, Dave Loxton, Zubair Wadee, Lerata Pekane and Allison Williams. In November we ran a two day corporate governance conference in Namibia, which attracted 25 delegates and a one day corporate governance conference in Gaborone, which attracted 30 delegates.

A new CPD ad campaign was launched and adverts were placed in the Business Day on a regular basis. Diligent Boardbooks continued as the official sponsor of the CPD programme. These events have positioned CSSA as a provider of choice amongst the business sector in fulfilling CPD requirements. We made a surplus of R210 495 on CPDs.

Conference

The 6th Premier Corporate Governance Conference took place on 17 and 18 September 2014 at the Wanderers Club in Illovo, Johannesburg. The conference made a healthy surplus of R478 443 and was hailed as the major corporate governance conference of the year. A successful marketing campaign was developed around the conference.

Professor Mervyn King was the keynote speaker and addressed the matter of stakeholder relationships in the 21st century. This was followed by an impressive line-up of speakers. Chris Gibbons, a firm favourite at the CSSA conference, was once again MC for the event. Two panel discussions were conducted on board diversity and the changing role of the company secretary.

200 delegates attended the conference. Delegates expressed their satisfaction at the quality of speakers and subject matter. Once again, CSSA positioned itself as a leader in corporate governance in Southern Africa.



Delegates listening attentively



Tsakane Ratsela - Deputy Auditor-General (speaker)



Chris Gibbons, MC



A full house of delegates at the conference



Panel discussion on the changing role of the company secretary



Right: Delegates from National Treasury

Left: Isheunesu Munatsi (SARS)



Lerato Manaka (speaker), Palesa Vatsha, Noriah Sepuru (speaker) and Jacky Cuffley



Mervyn King (speaker)



Martin Westcott (speaker)



Mark Hodgson (speaker)



Mervyn King
Chairman, King & Co
Stakeholder relationships in the 21st century

Tsakani Ratsela
Deputy Auditor-General
Public sector governance

The best business practice, from the best minds in the business

The 6th Premier Corporate Governance Conference

17 & 18 SEPT 2014

The Wanderers Club, JHB

MC: Chris Gibbons

Early bird prices end 31 July 2014

For more information visit www.chartsec.co.za
Contact: colinda@chartsec.co.za to make your booking. Call: 083 798 0010 Fax: 086 503 8657

BusinessDay **Diligent** **trifecta**

Day 1: Wednesday 17 September 2014			
Session 1		Session 3	
09:00 – 09:30	Prof Mervyn King Chairman, King & Co Stakeholder relationships in the 21 st century	13:30 – 14:00	Richard Foster Governance Consultant Board diversity
09:30 – 10:00	Martin Westcott Executive Chairman, PS Corporate Services The governance of director remuneration	14:00 – 15:00	Panel discussion: Board diversity Rusella Kinyo – Group Company Secretary, ISA Holdings Ltd Lerato Manaka – Company Secretary, Barlows South Africa (Pty) Ltd Dumiso Mkhali – Company Secretary, Kagiso Media Ltd
10:00 – 10:30	Cyrus Wessels International President, CISA Enabling globally minded company secretaries The Corporate Secretaries International Association	15:00 – 15:30	Mid afternoon tea break
10:30 – 11:00	Mid morning tea break	15:30 – 16:00	Session 4
11:00 – 11:30	Martin Glynn Partner, Gresham Corporate Advisory The role of a JSE sponsor in assisting the company secretary		Jonathan Marks Managing Partner, Ictis Integrated Reporting: Reflections on recent experience and some thoughts on the way forward
11:30 – 12:00	Mark Hodgson Industrial and Corporate Governance analyst, Aker Research Rating corporate governance practices for JSE listed companies	16:00 – 16:30	Charlie Howell Managing Director, Diligent Boardworks Europe, Middle East and Africa Technology in the boardroom
12:00 – 12:30	Allen Greenblatt Editorial Director, Today's Trustee Shareholder Activism	16:30 – 17:00	Estelle de Jager Group Company Secretary, Trifecta Capital Services PCR – a practical guide for listed companies
12:30 – 13:00	Lunch	17:00 – 18:00	Cocktail networking hour
Day 2: Thursday 18 September 2014			
Session 5		Session 7	
09:00 – 09:30	Tsakani Ratsela Deputy Auditor-General Public sector governance	13:30 – 14:00	Lana van Zyl Senior Manager, Governance Surveillance and Enforcement, OPC TSC
09:30 – 10:00	Stephen Sadle CEO, Chartered Secretaries Southern Africa TSC	14:00 – 14:30	Yvonne Kleynhans Senior Associate, Corporate & Commercial, Otto Gekker Hofmeyr Inc. Director, Integrity & Liability
10:00 – 10:30	Neil Kirby Director, Workmans Attorneys Aspects of information governance	14:30 – 15:00	Michael Jordan Senior Partner, Gresham Jodis Inc. 20 Years of the King Code
10:30 – 11:00	Mid morning tea break		
11:00 – 11:30	Session 6		
11:30 – 12:00	Martin Hopking Partner, PricewaterhouseCoopers Non executive director practices and best Panel discussion: The changing role of the company secretary – from compliance to governance Jael Wolpert – Technical Advisor, Chartered Secretaries Southern Africa Natalia Steinhilber – Assistant Company Secretary, M&P Holdings Ltd Karen Robinson – Independent Governance Consultant and Company Secretary, Constructive Government		
12:00 – 12:30	Lunch		



Guest Speaker Ismail Momoniat, DDG at National Treasury



Chester Missing and Conrad Koch



Stephen Sadie – CSSA CEO



Carina Wessels, Past President CSSA, with Geoff Rothschild, Head: Government and International Affairs, JSE



Christina Rodrigues – entertains the delegates at the IRA



Integrated Reporting Awards 2014

13 November 2014, Montecasino, Fourways, Jhb

JSE

LINK
MARKET SERVICES

Keynote speaker
Ismail Momoniat
DDG National Treasury

MC/Comedian
Conrad Koch
Chester Missing

Deadline date for entries
30 September 2014

"The importance of state owned entities to the fabric of society in South Africa is undeniable. Their role must be underpinned by a level of trust between society and these companies. One of the ways of building this trust is through telling the story of how they create value, in an open and transparent manner, in the integrated report."

Zubair Wadwa, Convener of Judges

2014 Judges

Zubair Wadwa Director
Convener of Judges
Praxis/White & Carter

Prof Linda de Beer
Wits School of Accountancy

Stephen Cronman (Associate Editor)
Financial Mail

Joni Wolpert (Director)
Chartered Secretaries Southern Africa

Johann Newthling Director
Chartered Secretaries Southern Africa

Leigh Roberts
Project director: Integrated Reporting SAICA

Prof John Ford
Gordon Institute of Business Science

Tania Winderley
Head: Financial Reporting
Lower Regulations JSE Ltd

Ashley Green-Thompson
(Associate) Southern African Trust

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Tel: 020 955 5111 058 0444
Email: info@chartsec.co.za

BusinessDay **Diligent** **Gordon Institute of Business Science** **pic** **LIBERTY**

Students,

enrol with CSSA and build an exciting career path.

"I chose a career in Corporate Governance and am happy I did so"

– **Lerato Manaka, Group Company Secretary, Barloworld Ltd, ACIS**

A recognised CSSA Corporate Governance qualification gives you a unique edge to fast track your career.

Corporate Governance Excellence

Website: www.chartsec.co.za Email: students@chartsec.co.za Tel: 011 551 4000

Integrated Reporting Awards

The 47th Annual Report Awards took place at Montecasino on 13 November 2014. The ceremony continues to recognise the importance of good reporting in the face of ever changing reporting criteria.

President Zernobia Lachporia welcomed the 400 guests. A thought provoking key note address was delivered by Ismail Momoniat (DDG at National Treasury). Guests were treated to a gala dinner and entertainment from Conrad Koch and Chester Missing.

Our thanks go to our longstanding partner, the JSE Ltd and our sponsors: Link Market Services, BusinessDay, Gibbs, Diligent Boardbooks and Liberty. Without their generous sponsorship this event would not have been possible. We are also grateful to the judges that put in the time and effort in adjudicating the integrated reports.

We built on the proud tradition by refreshing and updating our approach to this award every year. Integrated reporting is here to stay and South Africa, under the leadership of Mervyn King, has become a world leader in integrated reporting. This event has undoubtedly become a firm favourite on the calendars of Southern African companies as more and more businesses recognise the importance and significance of the awards.



Above: Xolisa Vabaza from MTN Group receiving the award from Geoff Rothschild of The JSE

Below: Nokuthula Khumalo from Transnet SOC receiving the award from Jacky Cuffey of Link Market Services





Join the corporate governance experts and improve your fiscal fitness



Prof Caryn Maitland
CA (SA), Member of IRBA

Compilation of financial statements Companies Act and Tax Administration Act implications

The workshop will cover:

- Who is the compiler;
- Compilation in terms of the Companies Act;
- Responsibilities in compiling financial statements (International Standard on Related Services 4410);
- What can SARS expect of a preparer;
- The way forward.



Allison Williams
Director: Norton Rose Fulbright

Intellectual property for small businesses

The workshop will cover:

- The importance of IP;
- What the different kinds of IP rights are;
- How these can be protected to optimise their value;
- Legislation that regulates the IP landscape in South Africa;
- The common law protection of IP;
- Global protection of IP;
- The most important recent developments in relation to IP in South Africa.

09 OCT CT | 15 OCT DBN | 21 OCT JHB

Bookings close
7 October 2014 13 October 2014 17 October 2014

09 OCT JHB

Bookings close
7 October 2014

30 OCT DBN

Bookings close
28 October 2014

Venue	Address	Students	Members	Public
JHB venue	Chartered Secretaries Southern Africa, Riviera Road Office Park, 6 – 10 Riviera Road, Killarney	R350	R450	R550
CT venue	Kilgertley Statutory Services, 9th Floor, Grant Thornton building, 119 Hertzog Blvd, Foreshore	R250	R350	R450
DBN venue	Woodhall Guesthouse, Tudor Place, 24 Kings Avenue Westville	R250	R350	R450
Time	08:00 – 10:30 (applicable to all sessions)			

www.chartsec.co.za

Contact: brenda@chartsec.co.za to make your booking.
 CEO – Stephen Sadie Telephone: +27 11 551 4000 Fax: 011 551 4027
 Block C, Riviera Road Office Park, 6 – 10 Riviera Road, Killarney
 Johannesburg (PO Box 3146, Houghton, 2041)






Johann Neethling congratulating a prize winner



Zernobia Lachporia capping a graduate



The gallery of graduates and their families



Graduates listening attentively to the guest speaker at the awards ceremony



The barnyard themed dinner party



Prosper Chipangura
2nd Prize Management Principles



Bronwyn Baker
1st Prize Advanced Commercial law



Joy Mjokozeli
1st Prize Financial Accounting II



Above: celebration of HKICS 65th anniversary Below: ICSA International Council meeting - Hong Kong October 2014



Student Information Management System

A major achievement in 2014 was the implementation of the new student information management system, which went live on 3 July 2014. This has been a giant step forward for the Institute. Students can perform a range of functions online such as: register, make payments, change their personal details, view academic records, view account details and academic results. They can download past papers and guidance notes. The next phase will be to bring the membership onto the new information management system.

Publications

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

Students

Student numbers at board level continued to grow from strength to strength. The awards ceremony was held at the Linder Auditorium in August and 45 graduates attended with their friends and families. There were numerous awards for the prize winners.

Second editions of three textbooks, which were extensively edited in the course of 2014, were published early in 2015. A number of our textbooks were sold to the broader public, which indicates the quality of our textbooks.

Members

We continued to represent our members on a range of bodies such as King III, Integrated Reporting Committee, Fasset, CIPC and SARS. We met regularly with other professional bodies in our sector such as SAICA, CIMA, IODSA, SAIPA, ACCA and ICB. CSSA continued to offer members invaluable opportunities for professional development through reasonably priced CPD seminars and networking opportunities.

Membership numbers have been affected by the general economic environment. Many companies have had mass retrenchments, which has affected the ability of members to pay their membership dues. The low pass rate of students in the exams has also affected the throughput of future members.

There were six disciplinary cases in 2014, which were ably handled by the investigations and disciplinary committees. CSSA continued to oversee that members were of requisite character, integrity and accountability to fulfil the demanding role of company secretary and accountant.

One of the major challenges during the year was on the Appointments Register. The Institute took legal action against Careers-in-Sync in order to retain the Appointments Register.

Unfortunately legal expenses were incurred but the case was eventually decided in our favour.

International

The Corporate Secretaries International Association (CSIA) made some impressive gains in 2014 under the presidency of Carina Wessels. Southern Africa made a good impression on corporate secretaries around the world. A successful Corporate Secretaries Toolkit launch was held in April in Hong Kong. The council meeting was held in Sao Paulo in October. Shortly after the council meeting, Carina addressed 600 delegates at the Brazilian Institute of Corporate Governance (IBGC) congress on the role of the company secretary.

On the ICSA side, Jill Parratt and I attended a successful Council meeting in Hong Kong in October to discuss a strategic plan for the next two years. A review of the international standard was initiated as each Division made submissions on the international standard. This will be a major issue in 2015.

Finance Department

There has been a major revamp of the finance department, under Jenny Maybery, the new financial manager. We look forward to the strengthening and streamlining of processes in the finance department, which will improve service levels to our members and students.

Mazars were appointed as external auditors in October. These annual financial statements have been prepared in accordance with the IFRS for SMEs.

Sustainability And Transformation

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

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



Joel Wolpert

Joel Wolpert passed away on 12 March 2015. Joel served the Institute as technical adviser for the past five years. He was also a director and chairman of the governance and technical committees. Joel represented CSSA on a number of forums such as the Integrated Reporting Committee, the Forum of Accounting Bodies, the Tax Indaba Steering Committee, the CIPC Liaison Committee and the Sars Stakeholder

Forum. He shared the breadth and depth of his knowledge with these collegial bodies. Joel was editor of the technical newsletter and produced excellent monthly editions for the past five years. He was always able to respond to the myriad of technical enquiries from members and students. Joel epitomised all that was good about a company secretary and is a huge loss to CSSA.

Appreciation

Our achievements during the year would not have been possible without the hard work and commitment of our President Zernobia Lachporia, the executive committee, the board of directors and all our employees. I thank everyone for their invaluable input and contribution to the affairs of the Institute. The year ahead promises to be another challenging year and I look forward to working together as we take CSSA, and the profession, to new heights.

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

Stephen Sadie (MBA, M. Ed)
Chief Executive Officer
May 2015

Statement on Corporate Governance

31 December 2014



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

The company operates under a delegation agreement with the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Committee for Southern Africa. In terms of this delegation agreement, certain rights and obligations are transferred to the Committee for Southern Africa. In turn certain of these rights and obligations are transferred to Chartered Secretaries Southern Africa.

BOARD OF DIRECTORS

All Directors are non-executive and are elected in terms of the Institute's Memorandum of Incorporation ("MOI") The MOI codifies the Board's composition, appointment, authorities, responsibilities and processes. In terms of the MOI, the Board should comprise between ten and thirty directors. As at 31 December 2014, the Board comprised 20 Directors who meet at least four times a year, but more regularly if required. The Board retains effective management over the affairs of Chartered Secretaries Southern Africa and monitors management. A list of directors is set out on page 1 and the photos of each director can be found on page 16.

The President of CSSA acts as Chairman of the Board. The roles of President and Chief Executive Officer (CEO) are separate in accordance with the recommendations of King III so as to endeavour to ensure that no single 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 solicits relevant input from the other Directors. Within defined levels of authority, the Chief Executive has the responsibility to implement all decisions by the Board. Further, he is accountable to the Board for the effective functioning of CSSA within Board-determined policy guidelines.

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

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

The following changes took place in 2014:

Name	Notes	Date Resigned/Appointed
L Kok	Resigned	14 June 2014
JE Shepherd	Resigned	3 November 2014
E Strauss-Symons	Appointed	3 November 2014

BOARD PROCESSES

Annual evaluation

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

Annual General Meetings

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

The Annual General Meeting has the purpose of:

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

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

Rotation of the Board

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

Nominations and appointments

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

Remuneration of Directors and members of Committees

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

Conflicts of interest

All Directors are obligated to disclose any conflict or potential conflict of interest at each Board and Board Committee meeting. The following directors declared a conflict of interest at the start of meetings and the conflict was managed: JM Parratt, PF Smit, J Wolpert, RW Furney, CH Wessels, J Neethling.

Compliance

The CEO, under the guidance of the Executive Committee is responsible for ensuring compliance with relevant legislation and regulations. The CEO is further responsible for continually updating the Board on legislative and/or regulatory developments. In light of the fact that most Directors are also employed in the corporate governance/ company secretarial/accounting officer/tax consultant fields, they are regarded as being more aware of relevant regulatory imperatives and requirements than a generic 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 may not be members of CSSA, to assist in their deliberations. These specialists may also vote. Senior members of staff attend, but are not members of the committees.

The Directors recognise that they are ultimately accountable and responsible for the performance and the affairs of the company and that the use of these delegated authorities in no way absolves the Board of the obligation to carry out its duties and responsibilities. The external auditors are given unrestricted access to the President and members of the Board and attend all meetings of the Governance Committee by invitation. The Board is of the opinion that its interests, and those of CSSA, are suitably served by inviting the auditors to attend these meetings.

Executive Committee

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

Governance Committee

This Committee considers matters pertaining to good corporate governance arising from the Institute's business, covering areas such as internal controls, risk and audit. The Governance Committee report is set out on page 18. The committee meets 3 times a year.

Nominations Committee

A nominations committee meets annually and has the responsibility of considering nominations received from members and short listing them for Board consideration. The nominations committee also recommends candidates to chair the various committees.

Professional Practice Group ("PPG")

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

Technical Committee

This Committee meets 3 times a year to consider matters arising from changes to legislation, the listings requirements of the JSE Limited and corporate governance in general, and how these changes or proposed changes could have an impact on corporate governance, accounting practices and taxation.

Education and Examinations Committee

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

Assessment and Review Committee

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

Membership Committee

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

Disciplinary Committees

These Committees are accountable to the Committee for Southern Africa.

1. Investigations Committee

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

2. Disciplinary Committee

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

3. Appeals Committee

This body reviews any appeals lodged.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

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

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

External Audit

The directors are required in terms of the Companies Act to prepare annual financial statements which fairly present the state of affairs of the company as at the end of the financial year and of the surplus or deficit for that period in conformity with International Financial Reporting Standards for Small and Medium-sized Entities. The company's external auditors are responsible for auditing the annual financial statements of the company and for reporting their opinion on these statements to shareholders. In addition, the external auditors are responsible for determining whether the annual financial statements meet the requirements of the Companies Act and the company's reporting accounting framework, International Financial Reporting Standards for Small and Medium-sized Entities.

Internal Audit

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

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

Risk Management

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

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

Review of the International Standard

The International Council has appointed a consultant to undertake a review of the international standard. One of the aims of the review is to have one qualifying scheme. Currently there are two schemes: the International Qualifying Scheme (IQS) and the Chartered Secretary Qualifying Scheme (CSQS). We follow the IQS as do most of the other Divisions. The UKRIAT and Canada follow the CSQS. The IQS curriculum was adopted in 2002. Since then there have been major developments requiring a fresh look at the curriculum, which could involve new subjects and probably more subject choices. CSSA has been actively involved in helping to develop a new qualifying scheme. This will have a big impact on what our curriculum looks like in Southern Africa.

Quality Council for Trades and Occupations

There has been a change in the regulatory environment with regard to the registration of the qualification. Previously this fell under Fasset. The qualifications for professional bodies were moved to the Quality Council for Trades and Occupations (QCTO). CSSA has applied to become the Development Quality Partner for our qualification. The next process would be to become the Assessment Quality Partner. This is a huge undertaking involving the agreement of numerous stakeholders. Once this has been achieved it has to be accepted by the QCTO. This will require a registration of all the subjects and levels of our qualification. We will have to carefully manage both the Review of the International Standard and the QCTO processes as they have different processes and timelines.

Tuition Providers

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

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 communications and to raise the profile of the Institute.

The Institute further communicates with its stakeholders through:

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

CODE OF ETHICS

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

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

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

SUSTAINABILITY

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

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

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

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

Employment Equity

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

- Black and female representation make up 30% and 40% of the Board, respectively.
- Black and female representation make up 29% and 57% of management respectively.
- Black and female representation make up 59% and 82% of the staff respectively

Skills Development and Training

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

Health and Safety

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

BOARD OF DIRECTORS



MB Dialwa



MG Edmunds



RW Furney



SAH Kajee



HF Kocks



Z Lachporia



R Likhang



SP Mbhamali



J Neethling



JM Parratt



R Pillay



MA Sello



PF Smit



S Smit



KJ Southgate



E Strauss-Symons



B Thebenyane



CH Wessels



CE Wilson



J Wolpert

2014 MEETING ATTENDANCE SCHEDULE

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

Salient Financial Statistics – 7 Year Review

	2008	2009	2010	2011	2012	2013	2014
INCOME	9 436 779	9 435 239	9 786 431	11 661 194	13 031 487	16 536 425	14 308 921
Student Fees	3 727 598	3 536 882	3 602 058	4 261 812	4 799 068	5 818 480	5 143 644
Member Subscriptions	3 480 686	3 844 458	4 004 437	4 612 264	4 714 134	4 454 527	4 549 855
Interest Received	326 513	268 358	216 640	211 195	262 548	441 691	388 906
Associated Companies							
Administration Fees Received	1 050 000	1 191 000	1 522 997	1 794 100	2 084 968	1 847 045	1 074 961
Seminars/Conferences	327 487	165 384	139 397	346 869	399 249	1 925 348	1 773 868
Other Income	524 495	429 157	300 902	434 954	771 520	2 049 334	1 377 687
EXPENDITURE	9 075 509	9 167 936	9 453 605	10 937 579	10 920 288	14 123 810	15 210 916
OPERATING SURPLUS/(DEFICIT)	361 270	267 303	332 826	723 615	2 111 199	2 412 615	(901 995)
UNUSUAL ITEMS	5 010	102 480	313 606	646 306	506 620	136 474	75 486
NET SURPLUS/(DEFICIT)	356 260	164 823	19 220	77 309	1 604 579	2 276 141	(977 481)
RESERVES	2 127 077	2 541 678	2 588 200	2 694 531	4 355 441	6 330 660	5 930 179
CASH RESOURCES	4 074 966	4 073 655	4 712 473	5 450 380	6 818 445	8 789 138	6 733 519

Governance Committee Report

Membership

J Wolpert, RW Furney (Acting Chairman), AR Grant, JV Roberts, SAH Kajee

Structure

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

Role and Activities

- Reviewed and recommended for board approval, the Annual Financial Statements of CSSA for the year ended 31 December 2014
- 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 2014
- Reviewed and recommended for Board approval, the annual budget for the ensuing year.

Note:

- 1) The external auditors are appointed by the Board of Directors at the Annual General Meeting. The fees of the external auditor are determined by the Board on an annual basis.
- 2) The Annual Financial Statements of the Company are required to be audited pursuant to Regulation 28(2) of the Companies Act.
- 3) The Chairman of the Governance Committee, Joel Wolpert, passed away on 12 March 2015.



RW Furney FCIS
Governance Committee Acting Chairman
Johannesburg
May 2015

Directors' Responsibilities and Approval

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company.

The financial statements have been audited by the independent auditing firm, Mazars, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of members, the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' unqualified audit report is presented on page 20.

The annual financial statements as set out on pages 21 to 36 were approved by the board on 12 May 2015 and were signed on its behalf by:



Zernobia Lachporia
President

Johann Neethling
Senior Vice President

Independent Auditor's Report to the Members of The Southern African Institute of Chartered Secretaries and Administrators NPC

We have audited the financial statements of The Southern African Institute of Chartered Secretaries and Administrators NPC set out on pages 22 to 36, which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Southern African Institute of Chartered Secretaries and Administrators NPC at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 20 to the financial statements which indicates the company incurred a loss as a result of misappropriation of company funds by a former employee.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2014, we have read the Directors' Report and the Governance Committee's Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these report we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion thereon.



Mazars
Registered Auditor
Partner: Gareth Jackson
Registered Auditor
Chartered Accountant (SA)
15 May 2015
Johannesburg

Report of the Directors

31 December 2014

The directors present their report for the year ended 31 December 2014.

1. Review of activities

Main business and operations

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.

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after reporting date

Subsequent to year-end fraud was detected within the company for which the profit and loss has been adjusted over the period that the fraud occurred, see note 20 for more detail. With the exception of the matter detailed in note 20 of the financial statements, the Directors are not aware of any material reportable event which occurred after the reporting date and up to the date of this report.

4. Directors' interest in contracts

Please refer to the Related Party note 19.

5. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008, and have concluded that The Southern African Institute Chartered Secretaries and Administrators NPC is liquid and solvent.

6. Property, Plant and Equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

At 31 December 2014 the company's plant and equipment amounted to R679 861 (2013:R 461 636), of which R538 196 (2013: R219 897) was added in the current year through additions.

7. Changes in the accounting framework and correction of prior period errors

The financial statements for the year ended 31 December 2014 are its first annual financial statements prepared under accounting policies that comply with the IFRS for SME's.

The Southern African Institute of Chartered Secretaries and Administrators transition date is 1 January 2014. The entity prepared its opening IFRS for SME's statement of financial position at that date.

In preparing these financial statements in accordance with the IFRS for SME's, the entity has applied all the mandatory exceptions and certain of the optional exemptions from full retrospective application of the IFRS for SME's.

In preparation of the financial statements for the year certain errors in accounting and reporting were noted in the prior periods. The corrections of these errors are reported in note 21.

Statement of Financial Position

at 31 December 2014

Figures in Rand	Note(s)	2014	2013
Assets			
Non-Current Assets			
Property, plant and equipment	3	679 861	461 636
Intangible assets	4	13 500	15 000
		693 361	476 636
Current Assets			
Inventories	5	122 162	87 315
Loans receivable	6	1 074 102	387 608
Trade and other receivables	7	851 283	318 029
Cash and cash equivalents	8	6 733 518	8 789 138
		8 781 065	9 582 090
Total Assets		9 474 426	10 058 726
Equity and Liabilities			
Equity			
Other Reserves		436 000	(141 000)
Retained income		5 494 179	6 471 660
		5 930 179	6 330 660
Non-Current Liabilities			
Post-retirement Medical aid Liability	9	472 060	1 009 060
Current Liabilities			
Provisions	10	260 911	268 406
Trade and other payables	11	2 737 769	2 290 659
Operating lease liability	12	73 507	159 941
		3 072 187	2 719 006
Total Equity and Liabilities		9 474 426	10 058 726

Statement of Comprehensive Income

for the year ended 31 December 2014

Figures in Rand	Note(s)	2014	2013
Revenue	13	13 920 015	16 094 734
Operating costs		(15 190 983)	(14 181 036)
Operating (deficit)/surplus	14	(1 270 968)	1 913 698
Investment revenue	15	388 906	441 691
Finance costs	16	(95 419)	(79 248)
(Deficit)/surplus before taxation		(977 481)	2 276 141
Taxation	17	-	-
(Deficit)/surplus for the year		(977 481)	2 276 141
Other comprehensive income			
Revaluation - PR Medical Liability	9	577 000	(37 000)
Total other comprehensive income		577 000	(37 000)
Total comprehensive (deficit)/surplus for the year		(400 481)	2 239 141

Statement of Changes in Equity

for the year ended 31 December 2014

Figures in Rand	PPG	Other Reserves	Retained Income	Total
Balance at 1 January 2013 4,355,441	1,001,997		3,353,444	
Total comprehensive income for the year				
Correction prior period error (263,922)	(1,001,997)	(104,000)	842,075	
Surplus for the year 2,276,141			2,276,141	
Total other comprehensive income		(37,000)		(37,000)
Total comprehensive income for the year 6,330,660		(141,000)	6,471,660	
Balance at 31 December 2013 6,330,660		(141,000)	6,471,660	
Balance at 1 January 2014 6,330,660		(141,000)	6,471,660	
Total comprehensive income for the year				
Surplus for the year (977,481)			(977,481)	
Total other comprehensive income		577,000		577,000
Total comprehensive income for the year 5,930,179		436,000	5,494,179	
Balance at 31 December 2014 5,930,179		436,000	5,494,179	

Statement of Cash Flows

for the year ended 31 December 2014

Figures in Rand	Note(s)	2014	2013
Cash flows from operating activities			
Cash receipts from customers		15,139,763	15,995,169
Cash payments to suppliers and employees		(16,950,674)	(14,167,024)
Cash generated from operations	18	(1,810,911)	1,828,148
Investment income	15	388,906	441,690
Finance costs	16	(95,419)	(79,248)
Net cash from operating activities		(1,517,424)	2,190,590
Cash flows from investing activities			
Property, plant and equipment acquired	3	(538,196)	(219,897)
			(535,196)
			(219,897)
Net cash utilised in investing activities		-	-
Cash flows from financing activities		-	-
Net cash utilised in financing activities		-	-
(Decrease)/Increase in cash and cash equivalents		(2,055,620)	1,970,693
Cash and cash equivalents at beginning of the year		8,789,138	6,818,445
Cash and cash equivalents at end of the year	8	6,733,518	8,789,138

Notes to the Annual Financial Statements

31 December 2014

ACCOUNTING POLICIES

1. General information

The Southern African Institute of Chartered Secretaries and Administrators NPC is a non-profit company incorporated in South Africa.

2. Summary of significant accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities. The annual financial statements have been prepared on the historical cost basis, except as indicated below, and incorporate the principal accounting policies set out below. They are presented in South African Rands. These accounting policies are consistent with the previous period, except for the changes set out note 22 to the financial statements, First time adoption of International Financial Reporting Standards for Small and Medium-sized Entities.

2.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Depreciation of property, plant and equipment

Depreciation on assets is calculated using the straight-line method to allocate their cost to residual values over the period management expects to use the asset. Property, plant and equipment are depreciated over their useful lives, taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining lives of the assets and projected disposable values.

Going concern

Management expects that there will be adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing its annual financial statements.

2.2 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

Motor vehicles	5 Years
Computer Equipment	3 Years
Office Equipment	5 Years
Furniture & Fittings	10 Years

2.3 Intangible assets

Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives, as follows:

Trademarks	10 Years
------------	----------

2.4 Impairment of non-current assets

At each balance sheet date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If the fair value less costs to sell of an asset (or group of assets) is estimated to be less than its carrying amount, the carrying amount of the asset (or group of assets) is reduced to its fair value less costs to sell. An impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of assets) is increased to the revised estimate of its fair value less costs to sell, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.5 Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the first-in, first-out (FIFO) method.

The cost of inventories comprise all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the relative revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.6 Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments. These balances are measured at amortised cost

2.8 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, and discounts. The company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities, as described below:

Student Fees

Examination fees and registration fees are recognised when no significant uncertainty as to its collectability exists.

Member Subscriptions

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

Services revenue

The service rendered is recognised as revenue by reference to the stage of completion of the transaction at the reporting date.

Royalties

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Interest income

Interest income is recognised using the effective interest method.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating the interest on that instrument over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the instrument.

2.9 Employee benefit obligations

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

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.

Post-retirement medical aid liability

The entity has both defined benefit and defined contribution plans. A defined contribution plan is a medical plan under which the entity pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a medical plan that is not a defined contribution plan. Typically defined benefit plans define an amount of medical benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit medical plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related medical liability.

1. Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.
2. Past-service costs are recognised immediately in profit or loss.

For defined contribution plans, the entity pays contributions to publicly or privately administered medical insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

2.10 Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

2.11 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.

2.12 Borrowing costs

Borrowing costs are recognised on the basis of the effective interest method and is included in finance costs.

2.13 Related Parties

A related party is related to an entity if any of the following situations apply to it:

- Individual control/significant influence: The party is controlled or significantly influenced by a member of key management personnel or by a person who controls the entity.
- Key Management: The party is a member of an entity's or its parent's key management personnel.

All transactions entered into with related parties are under terms no more favourable than those with third parties.

2.14 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

All other leases are classified as operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

2.15 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 translated at the rates prevailing at the balance sheet date. Exchange differences are recognised in profit or loss in the period in which they arise.

Figures in Rand
3. Property, plant and equipment

	Cost	Accumulated depreciation	2014 Carrying value	Cost	Accumulated depreciation	2013 Carrying value
<i>Owned assets</i>						
Motor vehicles	144 925	70 047	74 878	144 925	41 062	103 863
Furniture and fittings	195 110	179 191	15 919	195 110	86 468	108 642
Office equipment	133 380	97 792	35 588	109 670	83 425	26 245
Computer Equipment	1 006 885	453 409	553 476	499 685	276 799	222 886
	1 480 300	800 439	679 861	949 390	487 754	461 636

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2014 Carrying value at end of year
<i>Owned assets</i>					
Motor vehicles	103 863	-	-	(28 985)	74 878
Furniture and fittings	108 642	-	-	(92 723)	15 919
Office equipment	26 245	30 996	(2 255)	(19 398)	35 588
Computer Equipment	222 886	507 200	-	(176 610)	553 476
	461 636	538 196	(2 255)	(317 716)	679 861

	Carrying value at beginning of year	Additions	Depreciation	2013 Carrying value at end of year
<i>Owned assets</i>				
Motor vehicles	132 848	-	(28 985)	103 863
Furniture and fittings	125 852	-	(17 210)	108 642
Office equipment	42 936	263	(16 954)	26 245
Computer Equipment	61 657	219 634	(58 405)	222 886
	363 293	219 897	(121 554)	461 636

4. Intangible assets

	Cost	Accumulated depreciation	2014 Carrying value	Cost	Accumulated depreciation	2013 Carrying value
Trade marks	15 000	(1 500)	13 500	15 000	-	15 000

The carrying amounts of intangible assets can be reconciled as follows:

	Carrying value at beginning of year	Amortisation	2014 Carrying value at end of year
Trade Marks	15 000	(1 500)	13 500

	Carrying value at beginning of year	Amortisation	2013 Carrying value at end of year
Trade Marks	15 000	-	15 000

Figures in Rand
2014
2013
5. Inventories

Inventories comprise:

Text Books/Study materials

122 162

87 315

6. Loans receivable

The Chartered Institute of Business Management NPC

633 926

216 975

Institute of Business Studies NPC

381 614

170 633

The Business Administrators Educational Foundation Trust - MENTOR

58 562

-

1 074 102

387 608

The above loans are unsecured, interest free and have no fixed terms of repayment.

7. Trade and other receivables

Trade Debtors

338 691

-

Sundry debtors

30 570

307 892

Prepaid expenses

2 351

10 137

Value Added Taxation

479 671

-

851 283

318 029

8. Cash and cash equivalents

Cash on hand

1 646

180

Current Accounts

2 493 796

473 949

Call Accounts

4 238 076

8 315 009

6 733 518

8 789 138

A guarantee of R222 348, is held by Standard Bank that relates to The Southern African Institute of Chartered Secretaries and Administrators NPC lease of property, from Growthpoint Limited.

9. Post-retirement Medical aid Liability

Accrued liability

(472 000)

(1 009 000)

Net Statement of financial position
Healthcare liability at 31 December 2013
(1 009 000)

(Cost)/income recognised in P&L

(80 000)

Remeasurements recognised in OCI

577 000

Company contributions paid*

40 000

Healthcare liability at 31 December 2014
(472 000)

*The contributions have been estimated using actual contributions paid by the Company to pensioners in the year to 31 December 2014 and the membership data supplied. Any adjustment to the figure will result in a corresponding change to the remeasurement effects.

R40 000 of the total liability of R472 000 relates to short-term liabilities which are payments expected to be made within the next year.

Current and previous statement of Net Healthcare Liability

Plan Assets at 31 December 2013

-

Liability at 31 December 2013

(1 009 000)

Net asset/(liability) at 31 December 2013
(1 009 000)

Figures in Rand	2014	2013
Plan Assets at 31 December 2014	-	
Liability at 31 December 2014	(472 000)	
Net asset/(liability) at 31 December 2014	(472 000)	

Change in liability over current year

Over the financial year the benefit obligation changed as follows:

Healthcare liability at 31 December 2013	1 009 000
Current service cost	-
Interest cost	80 000
Actuarial (gain)/loss - experience	(582 000)
Actuarial (gain)/loss - demographic assumptions	-
Actuarial (gain)/loss - financial assumptions	5 000
Contributions/benefits paid	(40 000)
Healthcare liability at 31 December 2014	472 000

*The actuarial gain attributable to experience of R582 000 is as a result of one of the pensioners, as well as the spouse of the surviving pensioner, passing away during 2014.

Financial Assumptions

Discount rate

A rate of 8.25% per annum has been assumed (8.40% used at 31 December 2013). This is set having regard to the market yield on long term government bonds at the valuation date. The term of the liabilities remains approximately 10 years, and the discount rate has been set in line with this.

Long term price inflation

A long-term future inflation rate of 6.00% per annum has been assumed (6.00% was used at 31 December 2013). This is set having regard to the relationship between yields on suitable long term fixed and inflation linked government bonds.

Healthcare cost inflation

It is therefore assumed that the combined effect of price and utilisation increases will result in healthcare cost inflation of 2.0% pa in excess of price inflation i.e. 8.00% pa. The same approach was used in 2013, resulting in a healthcare cost inflation of 8.00% as at 31 December 2013.

As a result the 2014 net discount rate is assumed to be 0.23% per annum which is greater than the assumption of 0.37% which was used in 2013. All else being equal, this change increased the liability by R4 840.

10. Provisions

Provision for Leave Pay

Carrying amount at the beginning of the year	136 637	140 295
Increase in provision	147 796	-
Amounts incurred and charged against the provision	(23 521)	(3 658)
Carrying amount at end of the year	260 911	136 637

Leave pay provision represents the amount of leave due to employees at year end and is expected to be realised in the next 12 months.

Provision for Audit Fees

Carrying amount at the beginning of the year	131 769	119 790
Increase in provision	-	131 979
Amounts incurred and charged against the provision	(131 769)	(120 000)
Carrying amount at end of the year	-	131 769

Figures in Rand
2014
2013
11. Trade and other payables

Trade and other payables	1 979 407	762 129
Fees received in advance	758 362	1 405 964
Value Added Taxation	-	122 566
	<u>2 737 769</u>	<u>2 290 659</u>

12. Operating lease liability

Operating lease liability	<u>73 507</u>	<u>159 941</u>
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Growthpoint Property Lease - expires 31st July 2015

The entity rents offices under operating lease. The lease is for an average period of five years, with fixed rentals over the same period.

Minimum lease payments under operating leases recognised as an expense during the year.

At year-end, the company has outstanding commitments under non-cancellable operating leases that fall due as follows:

Within one year	534 310	876 382
Later than one year but within five years	-	534 310
Later than five years	-	-
	<u>534 310</u>	<u>1 410 692</u>

13. Revenue

An analysis of revenue is as follows:

Sales - Physical Stock	266 820	425 175
Administration fees received	1 074 961	1 847 045
Corporate Governance Conference	1 267 417	1 386 989
Integrated Reporting Awards	467 328	547 413
Member Income	4 549 855	4 454 527
Other Income	118 901	507 774
PPG Income	494 016	423 714
Royalties received	1 030	3 662
Seminar Income	506 451	538 359
Student Income	5 143 644	5 818 480
Technical Support Package	29 592	141 596
	<u>13 920 015</u>	<u>16 094 734</u>

Figures in Rand	2014	2013
14. Operating profit		
Operating profit is arrived at after taking into account the following items:		
<i>Depreciation</i>		
<i>Owned assets</i>		
Motor vehicles	(28 985)	(28 985)
Furniture and fittings	(92 723)	(17 210)
Office equipment	(19 398)	(16 954)
Computer Equipment	(176 610)	(58 405)
	<u>(317 716)</u>	<u>(121 554)</u>
Secretarial fees	<u>788 974</u>	<u>935 311</u>
<i>Operating lease charges</i>		
Premises	<u>1 166 474</u>	<u>1 187 001</u>
Loss due to theft	<u>204 644</u>	<u>267 181</u>
Employee Costs	<u>6 095 068</u>	<u>5 811 613</u>
15. Investment revenue		
Interest income		
Interest received	<u>388 906</u>	<u>441 691</u>
16. Finance costs		
SARS	15 419	248
Interest Paid - post-retirement medical liability	<u>80 000</u>	<u>79 000</u>
	<u>95 419</u>	<u>79 248</u>
17. Taxation		
No provision has been made for 2014 taxation as CSSA is exempt from income tax in terms of Section 10(1)(d)(iv)(bb) of the Income Tax Act No 58 of 1962.		
18. Cash generated from operations		
(Deficit)/Surplus for the year	(977 479)	2 276 140
Adjustments for:		
Finance costs	95 419	79 248
Amortisation of Intangible assets	1 500	-
Depreciation of Tangible assets	317 716	121 554
Investment income	(388 906)	(441 690)
Cash contributions	40 000	110 940
Loss on disposal of plant and equipment	2 233	-
Non-cash results of prior errors	-	(242 706)
	<u>(909 517)</u>	<u>1 903 486</u>
Operating cash flow before working capital changes		
<i>Working capital changes</i>		
Inventories	(34 847)	26 418
Trade and other receivables	(1 219 744)	99 565
Trade and other payables	<u>353 197</u>	<u>(201 321)</u>
	<u>(1 810 911)</u>	<u>1 828 148</u>

19. Related party transactions and balances

Name	Relationship	Transactions	2014	2013	Amounts owed (to)/by the related party at year-end	
					2014	2013
IBS	Fellow Institute	Administration fee income	406 558	719 300	381 614	170 633
CIBM	Fellow Institute	Administration fee income	668 403	958 259	633 926	216 975
Mentor	Fellow Institute	Interest	-	-	58 562	-

Publishing costs were paid to Eagle Publishing (Pty) Ltd (of which RW Furney is a shareholder) R109 473 (2013: R202 177).

Fees for the Integrated Report printing were paid to Commercial and Club Secretaries CC (of which RW Furney's wife is a member) in the amount of R118 782 (2013: R106 576).

Fees for payroll administration fees were paid to Commercial and Club Secretaries CC (of which RW Furney's wife is a member) in the amount of R22 800 (2013: R19 165); Technical newsletter R11 400 (2013: R0) and Printing (Certificates) R20 871 (2013: R5 016).

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 Fees) – R15 931 (2013: R15 481)
- HF Kocks (Examination Fees) – R0 (2013: R26 240)
- PF Smit (Examination Fees) – R30 450 (2013: R28 160)
- MA Sello (Invigilator Fees) – R0 (2013: R6 774)

Other professional fees were paid as follows during the year

- J Wolpert (Technical Adviser) – R393 123 (2013: R349 000)
- J Wolpert (CPD Seminars) – R2 497 (2013: R6 000)
- J Wolpert (IRA Judge) – R5 500 (2013: R5 500)
- CH Wessels (CPD Seminars) – R4 690 (2013: R0)
- HF Kocks (CPD Seminars) – R0 (2013: R3 000)
- J Parratt (CPD Seminars) – R0 (2013: R3 000)
- J Neethling (IRA Judge) – R5 500 (2013: R5 500)

20. Events after the reporting period

Subsequent to year end management were made aware of fraudulent activity perpetrated by a former employee. Upon further investigation of the matter management discovered the total value of the fraud amounted to R1,131,161. The fraud was committed over a period of at least the last 5 financial years. The financial statements have been amended to disclose the effect of the loss for both the reporting periods presented. Losses incurred for the periods not presented are as follows: 2009: R60,848; 2010: R177,589; 2011: R163,927 and 2012: R256,969.

In response to the fraud, management have amended the internal control environment to prevent such fraudulent activity in future. Furthermore, management have initiated criminal proceedings against the former employee. In addition an investigation was conducted by the company's legal representation, ENSafrica. Management have lodged an insurance claim with the company's insurers to minimise the impact for the loss.

With the exception of the matter identified above, no other material reportable event which occurred after the reporting date and up to the date of this report has been identified.

Figures in Rand

2014

2013

21. Prior period errors

The following errors were noted:

Post-retirement Medical Aid liability – the actuarial valuations were not performed for the liability. As a result the liability was understated in the prior year financial statements.

Trade receivables and the provision for doubtful debts – trade receivables and the related provision for doubtful debts were overstated as a result of the recognition of trade receivables for membership fees. In terms of the company's membership policies, unpaid fees are reversed and the member is struck off the membership roll.

Professional Practice Group – this division was accounted for using reserve accounting, which is prohibited. As a result the company results and reserves have been misstated.

Operating lease liability – the effects of the straight lining of the lease payments were not previously accounted, which resulted in the understatement of the company's liabilities.

Unallocated deposits – relate to the deposits made by members and students which have not been identified. Previously the unallocated deposits at year end were recognised as revenue. As a consequence, revenue was overstated and the company's liabilities were understated.

The correction for the errors results in adjustments as follows:

Statement of Financial Position

Assets

Trade and other receivables – members debtors	(135 848)
Provision for bad debts	61 131

Equity and Liabilities

Professional Practice Group Fund	1 026 674
Other reserves	141 000
Retained income	842 075
Post-retirement medical aid liability	(109 060)
Trade and other payables	(175 381)
Operating lease liability	(159 941)

Statement of Other Comprehensive Income

Surplus/ (deficit)

Revenue	(173 616)
Investment income	(35 070)
Finance costs – post-retirement medical aid	79 000
Expenses – post-retirement medical aid	(110 940)
Expenses – operating expenses	434 107

Other Comprehensive Income

Remeasurements for the period	37 000
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Changes to Comparative figures

Certain comparative figures have been reclassified due to the incorrect offsetting of income and expenditure relating to the seminars and conference held during the year and the effect of loss due to fraud. The effect of the reclassification is as follows:

Statement of Other Comprehensive Income

Corporate Governance Conference - Income	(1 386 989)
Corporate Governance Conference - expenses	1 386 989
Seminars - Income	(538 359)
Seminars - expenses	538 359
Operating expenses - loss due to fraud	(267 181)

22. First-time adoption of International Financial Reporting Standards for Small and Medium-sized Entities

The company has applied the International Financial Reporting Standards for Small and Medium-sized Entities for the first time for the 2014 year end. On principle these standards have been applied retrospectively and the 2013 comparatives contained in these annual financial statements do not differ from those published in the annual financial statements published for the year ended 31 December 2013, with the exception of the prior period errors noted above.

The date of transition was 1 January 2013. It has been decided not to present a statement of financial position as at 1 January 2013 as no balances for the financial year required restatement or reclassification as a result of the application of the standard.

23. Financial instruments

The company has classified its financial assets in the following categories:

	Loans and receivables	Total
2014		
Loan Receivable	1 074 102	1 074 102
Trade and other receivables (note 7)	371 612	371 612
Cash and cash equivalents (note 8)	6 733 518	6 733 518
2013		
Loan Receivable	387 608	387 608
Trade and other receivables (note 6)	318 028	318 028
Cash and cash equivalents (note 7)	8 789 138	8 789 138

The company has classified its financial liabilities into the following categories:

	Loans and payables	Total
2014		
Trade and other payables (note 12)	2 562 386	2 562 386
2013		
Trade and other payables (note 12)	1 992 712	1 992 712

24. Going Concern

The directors believe that the company will be a going concern in the year ahead.

For this reason we continue to adopt the going concern basis in preparing the annual financial statements.

25. Approval of annual financial statements

These financial statements were approved by the board of directors and authorised for issue on 12 May 2015.



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