



**Chartered
Secretaries**
Southern Africa

Integrated Report
for the year ended 31 December 2015

CORPORATE INFORMATION

31 December 2015

Registered office and business address:

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

Postal address:

P O Box 3146, Houghton, 2041

Telephone: 011 551 4000

Fax: 011 551 4028

E-mail: info@chartsec.co.za

Website: www.chartsec.co.za

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

Registered auditors: Mazars, 54 Glenhove Road, Melrose Estate, Johannesburg, 2196

Nature of business and principal activities: Non-profit company acting as a professional body

Directors: N Bouwman, 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

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 2015

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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 Audit and Risk Committee Report on page 22 to page 40 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: 24 May 2016

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 Companies Act (71/2008)

and King III. This means that Chartered Secretaries can command competitive remuneration packages.

Different levels of Membership

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

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

International recognition

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 eight other divisions: Australia, Canada, China, Malaysia, New Zealand, Singapore, Ukriat 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 divisions above and the United States, India, Kenya, Bangladesh, Indonesia and Thailand. All share a common interest in the promotion of good governance. CSIA represents approximately 70,000 governance professionals worldwide.

Executive Committee



President
Johann Neethling

FCIS, M Com
Johann is Group Company Secretary and Director - Corporate Services of Vukile Property Fund Ltd



Senior Vice President
Karen Southgate

FCIS, B Com (Hons)
Karen is the sole member of TidySum CC, an accounting practice



Vice President
Shamida Smit

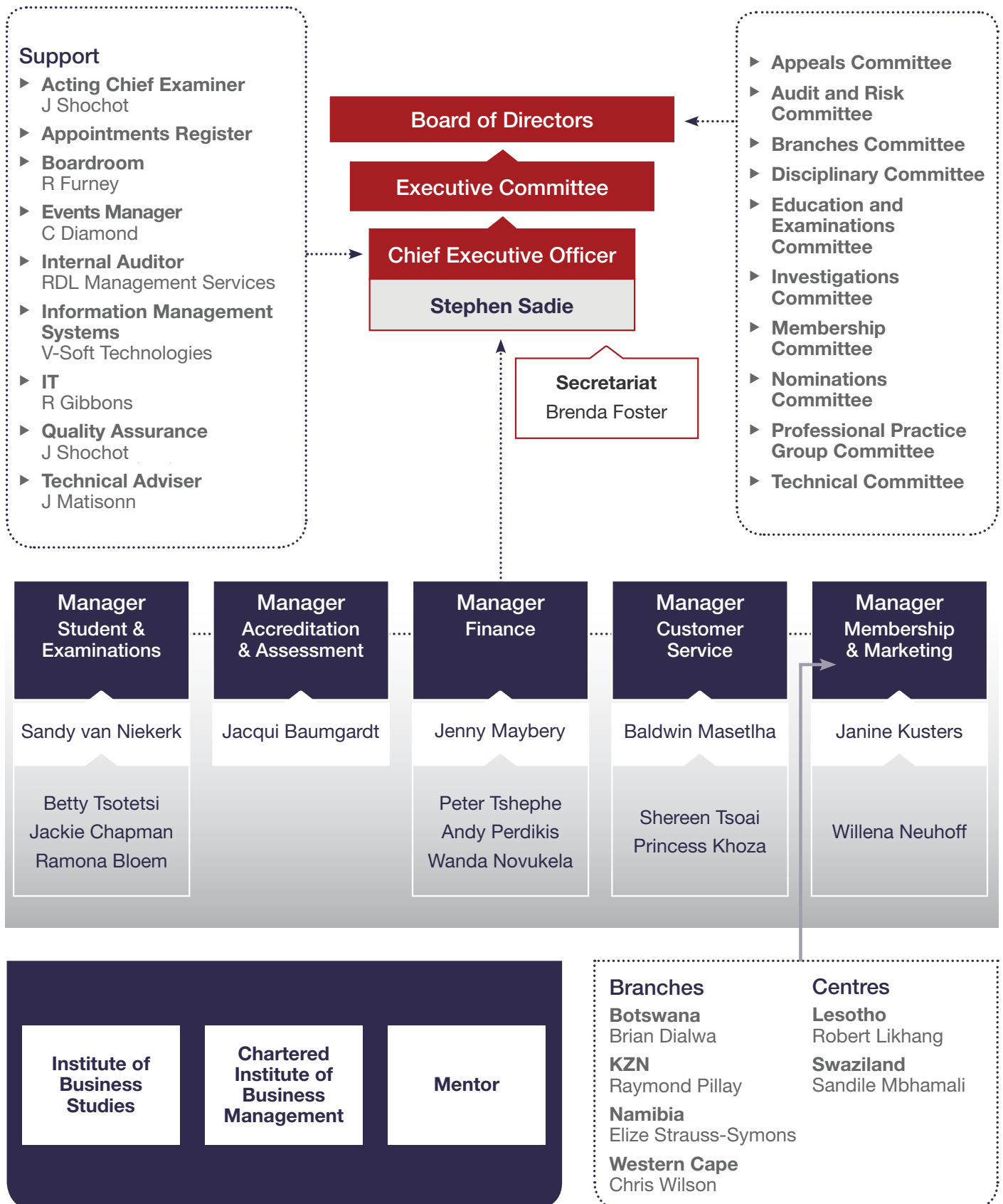
FCIS, B Com
Shamida is the Company Secretary of Anglo American Zimele



Past President
Zernobia Lachporia

FCIS, Nat. Dip. Company Administration
Zernobia is Assistant Group Secretary, Liberty Holdings Ltd

Chartered Secretaries Southern Africa – Organogram



Chief Executive Officer's Report 2015



CSSA continues to carve out a place for itself in the Southern African landscape as a credible professional body with a rich heritage and an exciting future.

INTRODUCTION

It gives me great pleasure to present the Chartered Secretaries Southern Africa (CSSA) Integrated Report for 2015. CSSA continues to carve out a place for itself in the Southern African landscape as a credible professional body with a rich heritage and an exciting future. We have spent considerable time and resources in consolidating our foundations in 2015 in order face the challenges of the future.



A successful board strategy session was held on 20 March, which culminated in a 2015 - 2016 strategic plan. The key priorities in the strategic plan were the new curriculum, public sector governance, improved financial systems, improved marketing plan and the new information management system, which are all discussed below.

There are five main sections in this report:

1. Events
2. Students
3. Members
4. International
5. Finance

1. EVENTS

1.1 CPD SEMINARS

We ran 41 CPD seminars during 2015, which offered not only our members but also the wider public, the opportunity to stay abreast of current regulatory changes and developments in global best practice in corporate governance and finance. Over 1000 people attended the seminars, which addressed a wide range of topics of interest in governance, secretaryship, tax, accounting and law. CPD seminars were held both locally in Johannesburg, Durban, Cape Town, as well as in Gaborone and Windhoek. Speakers with top-class expertise were selected to provide value for money to delegates. Speakers included leading presenters such as Caryn Maitland, Robby Coelho, Sandile Khoza, Zarina Kellerman, Karen Robinson, Tebogo Magang and Cynthia Schoeman. We also introduced half day and full day seminars, which have been well received.

CPD seminars were used to market the Institute by including copies of Boardroom as well as the latest brochures on the curriculum. Feedback on the seminars has been overwhelmingly positive, with people stating that they would attend in future and providing valuable feedback on topics they would like to have addressed, which fed into our CPD planning. Our CPD seminars have become known as interactive sessions whereby active participation is encouraged.

A quirky new CPD ad campaign entitled 'Superheroes' was launched and adverts were placed in the Business Day on a regular basis. These







Top 10 ethics trends for 2015
Cynthia Schoeman
MBA
MD, Ethics Monitoring & Management Services (Pty) Ltd
Bookings close: 30 April

5 MAY JHB
08:00 – 10:30

Students	Members	Public
R400	R500	R600



Director interlocks on the JSE
Justin Williams
CA (SA), MBA
Director of ITSec
Bookings close: 24 April

29 APRIL DBN
08:00 – 10:30

Students	Members	Public
R300	R400	R500



The basics of company secretarial work
Carina Wessels
LLM, FCIS
Group Company Secretary, Exxaro Resources; Past President, CSSA
Bookings close: 12 May

14 May JHB
08:00 – 15:30

Students	Members	Public
R700	R800	R900



Tax Administration Act update
Carmen Westermeyer
BCom (Hons), CA (SA)
Technical freelance consultant and trainer
Bookings close: 5 May

7 MAY DBN
08:00 – 10:30

Students	Members	Public
R300	R400	R500

Venue	Address
JHB venue	Chartered Secretaries Southern Africa, Riviera Road Office Park, 6 – 10 Riviera Road, Killarney
DBN venue	Westville Country Club, 1 Link Road, Westville

Contact: brenda@chartsec.co.za to make your booking.
Telephone: +27 11 551 4000 Fax: 011 551 4027
Block C, Riviera Road Office Park, 6 – 10 Riviera Road, Killarney, Johannesburg
CEO – Stephen Sadie
[Visit www.chartsec.co.za](http://www.chartsec.co.za) for more information

BusinessDay NEWS WORTH KNOWING **Diligent**



Conference delegates

There were two lively panel discussions. The first panel, that both sporting and non-sporting delegates alike, found fascinating was the governance in sport panel discussion. Distinguished guests including Dr Ali Bacher (Cricket), Dr Ismail Jakoet (Rugby), Dr Robin Petersen (Soccer), and Barry Mocke (Cycling) made for a lively panel discussion, where the connection between money, power and the opportunities for corruption emerged as the key themes. The second panel discussion was on international corporate governance. Representatives from the USA, India, Singapore, Australia, Kenya and Malaysia each spoke on a single theme, which was prominent in their home countries.

Other major topics explored during the course of the conference included cyber security, board evaluations, the Companies Act 71 of 2008 and the changing role of the company secretary. There was an impressive line-up of speakers: Prof Michael Katz (ENS), David Lewis (CorruptionWatch), Karen Robinson (The FedGroup), Rob Rose (Financial Mail), Tshediso Matona (Department of Planning, Monitoring and Evaluation), Patrick Bracher (Norton Rose), Carol Paton (Business Day), Ian Jameson (IIRC), Ansie Ramalho (King IV) and Norman Manoim (Competition Tribunal). Chris Gibbons, was once again, master of ceremonies at the conference.

The conference generated a surplus of R411 000 and was hailed as the major corporate governance conference of the year. A clever colourful marketing campaign was developed around the conference and the event was advertised in a variety of publications online and in print.

1.3 INTEGRATED REPORTING AWARDS

The 48th Integrated Reporting Awards took place at Montecasino on 11 November 2015. Over 400 guests were present to experience this occasion. The Integrated Reporting Awards is one of the ways that companies are learning more about the integrated reporting initiative. Those who compile integrated reports go through the winning reports very carefully to understand what it is that those companies are getting right.

initiatives have positioned CSSA as a provider of choice amongst a wide variety of professionals in fulfilling their CPD requirements.

1.2 CONFERENCE

The 7th Premier Corporate Governance Conference was held on 27 & 28 October at the Wanderers Club in Illovo, Johannesburg. 200 delegates attended and once again CSSA positioned itself as a leader in corporate governance in Southern Africa. The conference has continued to live up to its name.



Dr Robin Petersen, Dr Ali Bacher, Chris Gibbons (MC)



Integrated Reporting Awards - The winners in the small SOC category is the Development Bank of South Africa

President, Johann Neethling, spoke on how CSSA had kept these awards going for the past 59 years. We have much to be proud of in our history and have strong foundations on which to build to take the profession forward to face the challenges of the 21st century.

The key note speaker for the evening was Donna Oosthuysen, Director of Capital Markets, JSE Ltd who presented an excellent exposition on integrated reporting. The MC was comedian Alan Committie and guests were serenaded by the talented Soweto Opera Quadro during dinner. VIP guests included Mervyn King and Songezo Zibi, Editor, Business Day.

Our thanks go to our co-host, the JSE Ltd and the sponsors: Link Market Services, Business Day, GIBS and Diligent for ensuring that we were able to host this event. We are also grateful to the judges who showed great dedication in meticulously reviewing all the integrated reports.

We build on our proud tradition by refreshing and updating our approach to these awards 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. Mervyn King was



Sikkie Kajee (Board member); Nicky Edmunds (Board member); Shamida Smit (Vice president); Stephen Sadie (CEO) and Johann Neethling (President) addresses the graduates



CSSA graduates

congratulated on the night for the tremendous effort he has put into promoting integrated reporting both in Southern Africa and internationally.

2. STUDENTS

2.1 AWARDS CEREMONY

Student numbers continued to grow especially at the board level. The awards ceremony was held at the Linder Auditorium on 30 September and 60 graduates attended with their friends and families. There were numerous awards for the prize winners. We look forward to the day when these new graduates become well-rounded and fulfilled professionals. We have noted that a significant number of lawyers have enrolled in our board programme.

2.2 PUBLIC SECTOR GOVERNANCE

CSSA spent a great deal of time in 2015 developing a public sector governance module after recognising a need in our state-owned companies, national and provincial departments, public entities and municipalities to provide the requisite skills and knowledge in governance to public sector employees. After some extensive research, which included looking at what other divisions are offering, how their modules are structured and the content thereof, as well as what is available in terms of modules offered by tertiary institutions in the Southern Africa market, a unique module was finalised. Several meetings were held with relevant stakeholders and subject matter experts to design the module, which will be offered at the NQF8 level and form part of the Board programme. We believe this module will contribute to the enhancement of good governance in the public sector and will extend our influence as a thought leader in this regard.

2.3 ACCREDITATION

The Institute remains accredited with Fasset as a Quality Assurance Partner with delegated authority to conduct the assessments. CSSA is a registered professional body with the South African Qualifications Authority (SAQA), which carried out a monitoring review in June 2015 and found the Institute compliant in all respects.

Integrated Reporting Awards



Tshikululu Social Investments



Songezo Zibi (former Business Day editor) presents the winner of the Fledgling/Alt X category to Sue Hsieh, York Timbers Holdings Ltd



Alban Atkinson (Ince) and Iqbal Hannif (Link Market Services)



Jackey Cuffley (Link Market Services) presents the Top 40 winner award to Stephen Brickett, Standard Bank Group

Premier Corporate Governance Conference



Speaker, Norman Manoim, Commissioner, Competition Tribunal



Delegates: Lerato Manaka (Barloworld), Dr Nat Ofo (Nigeria) and John Mburugu (Kenya)



Speaker, Tshediso Matona (Dept of Planning, Monitoring and Evaluation)

A strategic decision was taken to enhance the footprint of our larger accredited tuition providers and meetings were held with Damelin National Office in this regard. SA Law School has established new branches in Durban and Pretoria. We continue to maintain good relationships with all our tuition providers by conducting monitoring visits on a regular basis and ongoing email communication.

2.4 ASSESSMENT

Assessment is the backbone of our business and successful examinations were held in May and October. This involved ensuring the appointment of suitably qualified examiners and moderators for each of the 18 modules that CSSA examined, ensuring that we complied with all our quality assurance processes and that deadlines were met. Each examination cycle involved the setting and moderation of question papers through an iterative process before being reviewed by the Acting Chief Examiner and then by the Review Groups which made recommendations on the papers and memoranda for the attention of the examiners and moderators. The marking was also quality assured and reviewed at the two Assessment Review meetings before the results were released. Finally, selected board papers, memoranda, reports and results were submitted for review by the international Professional Standards Committee. Assessment is an ongoing and intensive process backed by efficient administrative systems involving the collaboration and cooperation of a large number of people, including the student department, the customer service department and the assessment department. Despite the intense pressure of the examinations cycle, we have managed to provide a quality service to our students.

3. MEMBERS

3.1 REPRESENTING MEMBERS

We continued to represent our members on a range of bodies such as the King Committee, Integrated Reporting Committee, Fasset, Recognised Controlling Bodies Forum, Forum of Accounting Bodies, The Companies and Intellectual Property Commission (CIPC) and the South African Revenue Service (SARS). Substantial time and effort was expended on commenting on the various versions of the draft King IV Report in the course of 2015, with particular emphasis on strengthening and elevating the role of the company secretary prior to the version that was released for public comment.

We met regularly with other professional bodies in our sector such as SAICA, CIMA, IoDSA, SAIPA, SAIBA, ACCA and ICB. The CEO spoke on "Implementing sound governance principles within professional organisations" at the Professional Bodies Summit on 21 September.

Membership numbers continue to be affected by the general economic environment as more companies retrench employees and the increasing cost of living impacts on the ability of members to pay their fees. The pass rate of students has also had a negative impact on the

number of potential members. However there has been a promising number of students who have passed registering as GradICSAs.

Three disciplinary cases were handled by the investigations and disciplinary committees. CSSA continued to oversee that members were of requisite character, integrity and accountability as Chartered Secretaries.

3.2 INFORMATION MANAGEMENT SYSTEM

A lot of time and energy has gone into the implementation of the new information management system in 2015. The student information management system was completed and work began on a membership information management system. The new information management system is a dramatic improvement on the previous system. Students can make payments online, update their personal information, view academic records and retrieve past papers.

One of the challenges has been a delay in getting all systems functional as this was a major reconstruction of our systems. The student system, the membership system and the financial system all need to synchronise seamlessly with each other. However, as one part of the system was implemented it affected other parts of the system. Nonetheless we have managed to continue service delivery to our members and students in the midst of this major reconstruction of our information management systems.



"A legal qualification coupled with CSSA membership equates to professional mastery, that enables governance professionals to provide corporate governance guidance and leadership in complex business environments.

A solid understanding of the legislative framework ensures governance best practices become the norm."

Nompumelelo Nene, Company Secretary, National Lotteries Commission, ACIS, B Com, LLB

- There are natural synergies between the work that lawyers do and that of company secretaries. If you're working in law and are looking to broaden your horizons, then becoming a Chartered Secretary is the next step.
- CSSA is the international qualifying and membership body for the Company Secretary profession and a recognised authority on corporate governance in Southern Africa.
- Obtaining the globally recognised qualification (which is registered on NQF level 8/Honours) is a fast-track way of reaching the boardroom and becoming part of the senior executive team.
- If you have a degree, you only need to write the 4 board subjects: Corporate Governance; Corporate Financial Management; Corporate Secretaryship and Corporate Administration.
- Enhance your professional identity and join a century old professional body.



Premier Corporate Governance Conference



Sandi Linford, Group Company Secretary, Vodacom and Chris Gibbons, MC



Conference delegates

Awards Ceremony



Baldwin Masethla and Shamida Smit watch as Johann Neethling caps Florence Dzimwasha



Remember Wilfred Mubaiwa received a prize for Management Principles



Graduates and their families at the Linder Auditorium



Director Sikkie Kajee caps Romesha Narain Singh. Past President Nicky Edmunds looks on

3.3 MARKETING

Our profile in the market place continued to grow with an active marketing strategy. The business sector has become increasingly aware of Chartered Secretaries. In 2015 an information leaflet on CSSA was produced and distributed. The student campaign entitled 'One of a kind' was launched and a series of mailers and collateral was created, distributed and rolled out to Facebook. New campaigns were developed for the conference and Integrated Reporting Awards. CSSA had a stand at the popular Tax Indaba. The majority of marketing was done online through mailers and social media. A highlight of our marketing was through the well-known legal magazine, without prejudice. Our growing stature in the legal fraternity is partly due to our prominence in without prejudice.

3.4 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 in relation to the Companies Act, corporate governance, legal, accounting and taxation.

In 2015, CSSA published the second edition of its textbooks on Corporate Secretaryship, Corporate Administration and Corporate Financial Management. The books were updated in terms of new legislation such as the Protection of Personal Information Act (POPI), B-BBEE regulations, labour law, case law, developments in the governance arena, JSE listings requirements and corporate financial management. We have sold over 5 000 copies of our board textbooks since they were first published in 2012.

The second half of 2015 saw substantial work being done on a

completely overhauled edition of South African Corporate Business Administration published by Juta. The new publication will in future be known as Company Secretarial Practice. A host of new authors has been working on rewriting chapters. The CEO and Technical Adviser, together with some reviewers who are members have spent a lot of time ensuring the quality of the content. The new file is expected to be published in June 2016.

3.5 TECHNICAL SUPPORT

Joanne Matisonn joined CSSA as Technical Advisor in June 2015 and resumed the compilation of monthly technical newsletters to enhance members' knowledge of technical developments in the fields of governance, legal, accounting and tax matters. The articles focused on stimulating debate amongst members regarding the interpretation of complex issues. We have received positive feedback which is gratifying.

The number of technical enquiries has grown and CSSA's advisory service is an important value-add that CSSA offers to its members. Enquiries have ranged from basic company secretarial practice to more complex matters such as whether executive directors may vote to approve a remuneration policy that affects executive directors, whether a shareholder can ratify directors' actions that are contrary to the MOI that has not been updated to comply with the Companies Act and voting procedures to elect a chairman.

In 2015, a lengthy process was undertaken for members to have automatic status as a Commissioner of Oaths, which was finally successful. The initial rush of members applying for this benefit has been gratifying and has contributed to streamlining the work of members. Our thanks and appreciation are extended to Ms Lynda Eatwell who is a long-standing member, former company secretary at AngloGold and currently assisting with company secretarial at Teba Ltd. Linda drafted most of the documentation required, attended to the actual submission and made numerous follow-ups thereafter.

The Technical Committee has been re-energised with a clearer focus. Members of this Committee debate topical issues that they and their profession are grappling with. Regular emailers were sent out to members focusing on legal and tax changes, governance surveys and other matters of interest that need immediate attention.

4. INTERNATIONAL

4.1 NEW CURRICULUM

During 2015 a major review of the international curriculum was undertaken. The international curriculum was last finalised in 2002, and 13 years later, it was decided that an indepth review of the curriculum needed to be done. The international Institute of Chartered Secretaries and Administrators (ICSA) council appointed Dr Jenny Rees from Scotland as a consultant to facilitate the



Mervyn King and Stephen Sadie. Mervyn King was acknowledged for his outstanding contribution to integrated reporting in South Africa and internationally



During October CSSA hosted representatives from 11 member countries for the Corporate Secretaries International Association (CSIA) Council Meeting



Atul Mehta (India), Chua Siew Chuan (Malaysia), Grace Tan (Singapore), Peter Turnbull (Australia), Dr Nicholas Letting (Kenya), Kathy Combs (USA) at a panel on international trends in corporate governance

process. An International Standard Review Working Group was appointed by the international council. It included Dr Jenny Rees (consultant), Frank Bush (President), Andy Cowe (PSC Chairman), Tim Sheehy (Director General) and Stephen Sadie.

In March 2015, CSSA formed a local working group consisting of industry experts and academics to debate what the new curriculum should consist of and many hours were spent drafting reports and submissions according to the requests and timetable of the International Standard Review Working Group. The first report was a submission on the time required to achieve the qualification, credit values, the hierarchy of the curriculum, difficulties of students and assessment models. A second report on the structure of the curriculum (e.g. number of modules, nomenclature, outcomes) was made in December 2015 following wide consultation by means of interviews with members, company secretaries, and representatives of regulatory bodies, as well as a questionnaire. In addition, the report provided for input on new membership levels, designations and requirements which will allow people who do not necessarily want to become Chartered Secretaries, to become members with alternative designations. The information was collated into a submission document, which was fed into the final report for consideration by the ICSA Council. Many of our recommendations were accepted and incorporated into the final curriculum framework.

The eventual outcome of this will be to achieve a fully re-written international standard defining the requirements for membership at various levels. The process is ongoing and involves consultation with all the Divisions. The targeted completion date is September 2016.

4.2 CSIA

CSSA hosted representatives from 11 member countries for a Corporate Secretaries International Association (CSIA) Council

Meeting, which took place on 29 – 30 October 2015 in Johannesburg. CSSA is a founding member of the CSIA, which was launched in Paris in March 2010. CSIA consists of 16 member countries, covering some 70 000 corporate secretaries and governance professionals around the world. The ICSA divisions are part of CSIA and make up 50% of its members. The other 50% belong to various national company secretary associations outside of the ICSA body such as India, USA, Kenya, Bangladesh, Indonesia, and Thailand. CSSA has been active in both international bodies because it is important for company secretaries to speak with a united voice when promoting the profession to international organisations such as the World Trade Organisation, United Nations, International Finance Committee, and the World Bank.

5. FINANCE

The finance department was substantially strengthened early in 2015, with the addition of Wanda Novukela and Andy Perdikis. The face lift of the finance department also included the implementation of Sage Pastel Evolution as our accounting software, which went live in July 2015. Since then we have been busy with the reconciliation of the student management system to Sage Pastel Evolution, and incorporating the members' database. Once the new members management section is up and running an interface will work directly into Evolution, improving the efficiency and effectiveness of the finance department. This substantial investment in the future financial health of the Institute is immeasurable, and will be in use for the next 10 years.

The new system should go live with the interface by the end of May. Once this is accomplished the finance department amongst other things will be more proactive in maintaining credit control, insuring monthly statements are sent out to members, students and customers.

The 2015 financial year has been a very challenging year, in which the downturn of the economy in South Africa affected both members and students. CSSA does not exist in a bubble and was exposed to the difficulties that our members and students faced. Although we increased our revenue by R1.3 million year-on-year, we incurred a R1.3 million deficit. This was mainly due to substantial extraordinary expenses. This was in part due to the costs related to the appointment of our new auditors, Mazars, who had to perform additional audit procedures on information previously reported due to the correction of the discovered errors and the changes to the accounting policies. Other extraordinary expenses included the forensic investigation performed by ENSafrica relating to the embezzlement of money by a long-standing former employee. Both civil and criminal action was pursued against the former employee, which resulted in substantial legal costs.

Our international ICSA capitation fees are remitted in British pounds and the CSIA affiliation fees are remitted in US dollars, where the worsening exchange rate impacted us negatively. Marketing costs were also fairly high, for example without prejudice, but was also seen as necessary to boost the Institute's profile. The recruitment of higher calibre finance department members, which was necessary to overcome the problems in the finance department, also impacted on the salary line.

CONCLUSION

As can be seen from the above, the key priorities of the new curriculum, public sector governance, improved financial systems, improved marketing plan and the new information management

system were all put in place to provide a sound platform on which to take CSSA forward for the next few years.

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.

Our achievements during the year would not have been possible without the hard work and commitment of our President Johann Neethling, the Executive Committee, the board of directors and all our employees. We are a small staff with limited resources and a high level of commitment. I thank everyone for their invaluable input and contribution to the affairs of the Institute. The year ahead promises to be another challenging and rewarding one and I look forward to working together as we take CSSA, and the profession, to new heights.

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



Stephen Sadie
(MBA, M. Ed)
Chief Executive Officer
May 2016

Statement on Corporate Governance

31 December 2015

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

The Company operates under a delegation agreement with the international Institute of Chartered Secretaries and Administrators 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 2015, the board comprised twenty 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 pages 20-21 with photographs and brief resumes.

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

The board deliberates over a range of key issues to ensure proper direction and management of the Company. The President provides the board with leadership and guidance and encourages proper deliberation of all matters requiring the board's attention and solicits relevant input from the other directors. Within defined levels of authority, the CEO 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.

Key focus areas during the year under review included:

- Reviewing and approving the 2015 annual financial statements and integrated report
- Reviewing and approving the external auditor's report

- Reviewing the strategy and reports from board committees and various departments within CSSA
- Approving and monitoring the annual budget

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 to the board took place in 2015:

Name	Change	Date Resigned/Appointed
J Wolpert	Deceased	12 March 2015
N Bouwman	Appointed	11 June 2015

BOARD PROCESSES

Annual Evaluation

A self-evaluation process take place through questionnaires for the board and also 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:

- presenting the directors' report, the audited financial statements for the past year, report of the board of directors and the audit and risk committee report on the business of CSSA;
- the appointment and fixing of the remuneration of the auditors for the ensuing financial year and the appointment of an audit and risk committee;
- 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 all decisions taken at the annual general meeting are communicated promptly to members.

Rotation of the Board

According to the MOI, one-third of the longest-serving board members (excluding branch chairs, committee chairmen, 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, MOI, board minutes and strategic plan.

Remuneration of directors and members of committees

Directors of the board and board committee members receive no remuneration for their services as directors.

Conflicts of interest

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

Compliance

The CEO, under the guidance of the Exco 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 pertinent to the Company's activities. 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 to provide relevant input, 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 audit and risk 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 Exco comprises the President, two Vice-Presidents and the immediate Past-President. The CEO attends these meetings by invitation. The Exco attends to the operational management of CSSA in-between board meetings. The Exco considers matters referred to it by the board or which are yet to be referred to the board.

Audit and risk committee

This committee considers matters pertaining to good corporate governance arising from the Institute's business, covering areas such as internal controls, integrated and statutory reporting, compliance with laws, regulation and supervisory codes, external audit, risk management and appropriate, timely financial disclosure to the board. The audit and risk committee's terms of reference was adopted.

Nominations committee

The nominations committee has the responsibility of considering nominations received from members, taking into account the skills, experience, age, gender and diversity criteria required for a high performance board and providing a short list for board consideration. The nominations committee also recommends candidates to chair the various committees, the international representatives and honorary officers.

Professional Practice Group ("PPG")

This committee considers matters pertaining to PPG activities and communicates with and assists members by providing seminars and technical information. PPG 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. An annual general meeting is held which members are encouraged to attend.

Technical committee

This committee considers matters arising from changes to legislation and interpretation of complex legislative and regulatory matters, the listings requirements of the JSE Limited and corporate governance, and how these changes or proposed changes may impact corporate governance and company secretarial practice.

During the year under review, this committee approved its terms of reference which has focused the committee on debating and enhancing their legislative and governance knowledge on complex areas pertinent to the high performing function of company secretaries. The top risks that concern directors and the impact of cyber-security on the macro-environment were key matters discussed. During 2015, a key focus was understanding and providing comment on the Draft King IV report. Members of this committee have also provided articles for various technical publications and conducted continuing professional development seminars, focusing on areas of company secretarial practice that are challenging for members.

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, tuition providers and any policy matters relating to students. The committee also deals with reports from the international Professional Standards Committee and develops remedial action plans.

Assessment and review committee

As a sub-committee of the education and examinations committee, this committee manages the Institute's overall assessment process and ensures compliance by all role players. Further, it reviews all examination question papers and results to endeavour to ensure that both international and local standards are maintained. All question papers and memoranda go through the law, financial or general review groups composed of moderators who meticulously quality assure all question papers and memoranda.

Membership committee

This committee decides on applications for admission as Associate or Fellow members of CSSA. It is accountable to the Committee for Southern Africa, but has to adhere to international standards and practices. The membership committee looks at all matters involving members. It is also responsible for improving applications to Associate or Fellow.

Disciplinary committees

These committees are accountable to the Committee for Southern Africa.

● **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. There were three cases investigated in this year.

● **Disciplinary Committee**

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

● **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 papers, 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 exists, including the possibility of human error and the circumvention or overriding of controls. Furthermore, effectiveness of an internal control system changes with circumstances. The audit and risk committee regularly receives reports on and reviews the effectiveness of internal controls and the exercise of delegated authority. As part of the audit and risk 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

It is the responsibility of the external auditor, currently Mazars, to express an opinion on whether the annual financial statements are fairly presented in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs). The preparation of the annual financial statements remains the responsibility of the directors.

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

Internal audit

The internal audit function is the ongoing responsibility of the audit and risk committee. RDL Management Services were appointed as the internal audit service provider.

The audit and risk 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 audit and risk 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 CEO presents a risk report to every board and audit and risk committee meeting.

The major risks facing CSSA are as follows, together with relevant risk mitigation processes are shown on the next page.

Key risks	Risk	Mitigating strategy
1. International standard review	The transition from the previous curriculum to the new curriculum could pose problems in the expanded quantity of board subjects with the concurrent requirements to produce new textbooks, source new examiners and moderators and liaise with tuition providers.	CSSA participated fully in all deliberations and submitted detailed reports outlining its recommendations. The CEO was also appointed to the 5 person International Standard Review Working Group. ¹
2. Information management system and accounting package	Inaccurate accounting records would significantly impact on the financial performance and position of the company.	The student information management system was completed and the membership information management system was developed. The Sage Pastel Evolution package was implemented and work is ongoing in synchronising these 3 systems.
3. Membership	A declining membership due to an ageing membership, a low pass rate of board exams, and the general economic environment reducing employment opportunities could impact on the sustainability of CSSA.	An extensive marketing strategy has been implemented focusing on enhancing the CSSA brand and qualification as a premium product. A focussed strategy of improving the GradICSA conversion rate was undertaken.
4. Examiners, moderators, tuition providers	Need to ensure standards of excellence are maintained.	Tuition Providers are vetted and relationships cultivated. Examiners and moderators are appointed by a selection panel. Ongoing support is provided.
5. Textbooks	Textbooks must be kept up-to-date.	Three second editions of textbooks were published in 2015. A new company secretarial practice file will be published in 2016.
6. High failure rate	Students are not always fully prepared for examinations and/or may not have the necessary skills and ability to pass the internationally quality assured examinations.	Pre-exam seminars were arranged. Students were encouraged to attend tuition classes.
7. CPDs	Members may not be up to date with regulatory and legislative changes which could result in poor service delivery.	41 CPD seminars were arranged. Evaluation forms were provided at all CPDs. Members were asked for relevant topics.
8. Public sector governance	CSSA does not have a substantial presence in the public sector and thus loses the potential revenue stream.	A public sector governance module was developed. The module has been introduced for the second half of 2016 which has the potential to increase membership, and enhance good corporate governance in the public sector.

STAKEHOLDER ENGAGEMENT

CSSA is committed to timely, consistent, open and transparent communication with all relevant stakeholders. The table below indicates the various stakeholders, how we engage with them and the outcome.

Stakeholder	How we engage	Outcome
Members	Emails, Boardroom magazine, e-Zine, continuing professional development seminars, support from technical advisor, technical committee, Professional Practice Group, annual general meeting, maintenance of professional body accreditation with SAQA, annual integrated reporting awards, annual premier corporate governance conference	<ul style="list-style-type: none"> Continuous improvement in the standard of company secretarial practice, accounting and taxation Cultivates a loyal membership base Reliable, accessible and relevant information
Students	Examinations, course material, pre-exam seminars, syllabuses, comprehensive information on website.	<ul style="list-style-type: none"> Maintain international standards of education Equip graduates to enter the employment market
Business and industry	Representation on various forums such as King Committee, CIPC, Sars, Forum of Accounting Bodies, RCB Forum.	<ul style="list-style-type: none"> Collaboration on matters that benefit business and industry
Board	Quarterly board meetings	<ul style="list-style-type: none"> Satisfactory disclosure to the board to fulfil its fiduciary duties
Employees	Weekly staff meetings Informal and formal interactions, one-on-one discussions on matters affecting individual departments.	<ul style="list-style-type: none"> Keep staff informed on CSSA activities Cultivates a committed team
Examiners and moderators	Monitor quality of examination material Evaluation of examination papers	<ul style="list-style-type: none"> Ensures international standards of the CSSA qualification are maintained and enhanced Compliance with SA regulatory requirements
Tuition providers	Ongoing interaction, provide support materials and ensure quality of tuition meets satisfactory standards. Evaluation of tuition providers	<ul style="list-style-type: none"> Ensure students are obtaining the best tuition and support materials to achieve their qualifications
Government	Engage with various arms of government on legislative matters	<ul style="list-style-type: none"> Influence legislation and policy making which is in the best interests of our membership
Media	Advertising and editorial in numerous magazines, social media – Facebook, LinkedIn. Collateral – banners, pamphlets, posters	<ul style="list-style-type: none"> Ensure CSSA maintains a high profile Build a credible and visible brand

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 complete 20 hours of CPD per annum, of which seven hours 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. Anyone using the title or designations without authorisation are advised to desist or they may be prosecuted.

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 NPC (IBS) and the Chartered Institute of Business Management NPC (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 its 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 is committed to creating 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 cognisant of the need to represent South African demographics. Whilst an improvement is aspired to, the current demographics are as follows:

- Black and female representation make up 30% and 45% of the board, respectively.
- Black and female representation make up 17% and 67% of management respectively.
- Black and female representation make up 50% and 75% 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 strict compliance with relevant legislation. Matters of employee health and safety are addressed as part of the responsibilities of management.

2015 Meeting Attendance schedule



Board of Directors		Committee for Southern Africa		Nominations Committee		Audit and Risk Committee	
Bouwman N	1/2	Bouwman N	1/2	Edmunds MG	1/1	Furney RW	3/4
Dialwa MB	5/5	Dialwa MB	4/4	Lachporia Z	1/1	Grant AR	4/4
Edmunds MG	2/5	Edmunds MG	2/4	Parratt J	0/1	Kajee SAH	4/4
Furney RW	5/5	Furney RW	4/4	Pillay R	1/1	Kocks H	2/2
Kajee SAH	3/5	Kajee SAH	3/4	Wessels CH	0/1	Roberts JV	3/4
Kocks H	4/5	Kocks H	4/4				
Lachporia Z	4/5	Lachporia Z	3/4	EDEX Committee		Executive Committee	
Likhang R	5/5	Likhang R	4/4	Kocks H	2/2	Lachporia Z	3/4
Mbhamali S	4/5	Mbhamali S	3/4	Parratt J	2/2	Neethling J	3/4
Neethling J	4/5	Neethling J	3/4	Rissik M	1/2	Pillay R	2/2
Parratt J	3/5	Parratt J	3/4	Shochot J	2/2	Smit S	2/2
Pillay R	3/5	Pillay R	2/4			Southgate K	4/4
Sello MA	4/5	Sello MA	3/4	Assessment & Review Committee			
Strauss-Symons E	3/5	Strauss-Symons E	2/4	Kocks H	1/2	Technical Committee	
Smit PF	4/5	Smit PF	3/4	Parratt J	2/2	Bouwman N	3/3
Smit S	4/5	Smit S	3/4	Rissik M	2/2	Defillo E	1/3
Southgate K	3/5	Southgate K	3/4	Shochot J	2/2	Dyke M	1/3
Thebenyane B	2/5	Thebenyane B	1/4			Foster R	1/3
Wessels CH	2/5	Wessels CH	2/4	Branches Committee		Goldstone-Hoffman K	1/3
Wilson C	5/5	Wilson C	4/4	Dialwa B	3/3	Jeffries Y	2/3
				Mbhamali S	1/3	Kirsten E	2/3
				Likhang R	2/3	Kleyn R	1/3
Membership Committee		PPG Committee		Pillay R	1/3	Linford S	3/3
Furney RW	2/4	Benson N	4/5	Strauss-Symons E	1/3	Maduna G	1/3
Russell VE	3/4	Dyke M	2/5	Wilson C	3/3	Mathew A	2/3
Roberts JV	4/4	Fletcher D	3/5			Matwa A	1/3
Sello MA	4/4	Jefferies YC	5/5			Pinto M	1/3
Smit P	2/4	Knight H	5/5			Robinson K	2/3
		Malatji J	2/4			Sander C	2/3
		Mpye T	4/5			Somerville W	1/3
		Piyose T	1/5				
		Southgate K	2/5				
		Vushemakota S	3/5				

BOARD OF DIRECTORS



1. N Bouwman

ACIS, LLB, LLM

Natasha is Assistant Company Secretary at MMI Holdings. She serves on the Technical Committee.

2. B Dialwa

FCIS, ACIBM, Acc-Tech (Botswana)

Brian is self-employed. He is the Chairman of the Botswana Branch and serves on the Branches Committee.

3. M G Edmunds

FCIS, FCIBM, B. Compt, Diploma in Advanced Trust Law

Nicky is Company Secretary of E Oppenheimer & Son. She serves on the Nominations Committee.

4. R W Furney

FCIS

Rob is the owner of Eagle Publishing Company. He serves on the Membership, Disciplinary, and Audit and Risk Committees.

5. S A H Kajee

FCIS, B Compt (Hons), MBA

Sikkie is a Consultant. He serves on the Audit and Risk Committee.

6. H F Kocks

FCIS, LLB, B Com

Herman is Head of Legal, Risk and Compliance at Bravura Capital. He serves on the Education and Examinations, and Audit and Risk Committees.

7. Z Lachporia

FCIS, National Diploma: Company Administration

Zernobia is Assistant Group Secretary, Liberty Holdings Ltd. She serves on the Executive and Nominations Committees.

8. R Likhanga

FCIS, ACMA, CA (Lesotho)

Robert is the Principal of RL Associates. He serves on the Branches Committee and Appeals Tribunal.

9. S P Mbhamali

FCIS, FCIBM, RA(SD) (Swaziland)

Sandile has his own business. He is Chairman of the Swaziland Centre and serves on the Branches Committee.

10. J Neethling

FCIS, M Com

Johann holds the position of Director-Corporate Services/Group Company Secretary at Vukile Property Fund. He serves on the Executive and Nominations Committees.

11. J M Parratt

FCIS, B Com

Jill is Group Secretary, Liberty Holdings. She is the international representative to ICSA and serves on the Education and Examinations Committee.

12. R D Pillay

FCIS, FCIBM

Raymond is General Manager: National Trunking Operations, Woolworths. He serves on the Disciplinary, Nominations and Branches Committees.

13. M A Sello

FCIS

Andy is a Consultant. He serves on the Membership Committee.

14. P F Smit

FCIS, B. Juris, Post Grad Diplomas in Company Law and Corporate Governance

Pat is Group Company Secretary of SA Coal Mining Holdings. She serves on the Investigations and Membership Committees.

15. S Smit

FCIS, B Com (Acc)

Shamida is Company Secretary at Anglo American Zimele. She serves on the Executive Committee.

16. K J Southgate

FCIS B Com (Hons)

Karen is the owner of TidySum Accounting Services CC. She serves on the Executive and PPG Committees.

17. E Strauss-Symons

ACIS, MBA (Namibia)

Elize is self-employed and provides accounting and company secretarial services to mining companies. She is chairman of the Namibia Branch and serves on the Branches Committee.

18. B Thebenyane

FCIS (Botswana)

Bonny is Group Secretary of Debswana Diamond Company. He serves on the Appeals Tribunal.

19. C H Wessels

FCIS, LLB, LLM

Carina is Group Company Secretary of Exxaro Resources. She serves on the Nominations Committee and is the international representative to CSIA.

20. C E Wilson

FCIS

Chris is the Managing Director at Kilgetty Statutory Services. He is Chairman of the Western Cape Branch and serves on the Branches Committee.

Salient Financial Statistics – 7 Year Review

	2009	2010	2011	2012	2013	2014	2015
INCOME	9 435 239	9 786 431	11 661 194	13 031 487	16 536 425	14 308 921	15 534 412
Student Fees	3 536 882	3 602 058	4 261 812	4 799 068	5 818 480	5 143 644	6 029 013
Member Subscriptions	3 844 458	4 004 437	4 612 264	4 714 134	4 454 527	4 549 8554	4 281 057
Interest Received	268 358	216 640	211 195	262 548	441 691	388 906	236 522
Associated Companies							
Administration Fees Received	1 191 000	1 522 997	1 794 100	2 084 968	1 847 045	1 074 961	764 326
Seminars/Conferences	165 384	139 397	346 869	399 249	1 925 348	1 773 868	2 519 870
Other Income	429 157	300 902	434 954	771 520	2 049 334	1 377 687	1 703 623
EXPENDITURE	9 167 936	9 453 605	10 937 579	10 920 288	14 123 810	15 210 916	16 846 128
OPERATING SURPLUS/(DEFICIT)	267 303	332 826	723 615	2 111 199	2 412 615	(901 995)	(1 311 716)
UNUSUAL ITEMS	102 480	313 606	646 306	506 620	136 474	75 486	(37 000)
NET SURPLUS/(DEFICIT)	164 823	19 220	77 309	1 604 579	2 276 141	(977 481)	(1 348 716)
RESERVES	2 541 678	2 588 200	2 694 531	4 355 441	6 330 660	5 930 179	4 585 463
CASH RESOURCES	4 073 655	4 712 473	5 450 380	6 818 445	8 789 138	6 733 519	5 418 408

Audit and Risk Committee Report

Membership

SAH Kajee (Chair), RW Furney, J Wolpert (deceased 12 March 2015), AR Grant (resigned 23 October 2015), HF Kocks (appointed 6 August 2015)
JV Roberts

Structure

The committee was appointed by the Board to hold office for the year under review. The Committee met four times in 2015. Attendance at Committee meetings is set out on page 19. The external auditor, the CEO, Finance Manager and Internal Audit service provider attend meetings by standing invitation.

Role and Activities

- Reviewed and recommended for board approval, the Annual Financial Statements of CSSA for the year ended 31 December 2015
- Monitored and reviewed the effectiveness of internal control systems, including IT systems and internal financial reporting
- Reviewed and evaluated the effectiveness of financial and non-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 2015
- Reviewed and recommended for Board approval, the annual Budget for the ensuing year
- Developed terms of reference for the audit and risk committee



SAH Kajee FCIS
Chairman
Audit and Risk Committee
Johannesburg
24 May 2016

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 International Financial Reporting Standards for Small and Medium-sized Entities 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 shareholders, 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 pages 24.

The annual financial statements as set out on pages 24 to 40 were approved by the board on 17 March 2016 and were signed on their behalf by

A handwritten signature in black ink, appearing to read "Johann Neethling".

Johann Neethling
President

A handwritten signature in black ink, appearing to read "Karen Southgate".

Karen Southgate
Senior Vice President

A handwritten signature in black ink, appearing to read "Stephen Sadie".

Stephen Sadie
Chief Executive Officer

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 26 to 40, which comprise the statement of financial position as at 31 December 2015, 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 2015, 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 26 to the annual financial statements which indicate that the previously issued financial statements for the year ended 31 December 2015, on which we issued an auditor's report dated 6 May 2016, have been revised and reissued. As explained in Note 26, this is to reflect the effects of the correction of the disclosure of revenue.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2015, 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 our reading these reports 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 on these reports.



Mazars
Registered Auditor
Partner: Gareth Jackson
Registered Auditor
Chartered Accountant (SA)
24 May 2016
Johannesburg

Report of the Directors

31 December 2015



The directors present their report for the year ended 31 December 2015.

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, remains 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.

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

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect of the financial position of the company.

4. Directors' interest in contracts

Please refer to the Related Party note 21.

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 the company is liquid and solvent.

6. Directors

The directors of the company during the year and to the date of this report are as follows:

Johann Neethling - President	Karen Southgate - Senior Vice President
Shamida Smit - Vice President	Zemobia Lachporia - Past President
Andrew Sello	Bonny Thebenyane
Brian Dialwa	Catharina Wessels
Christopher Wilson	Elize Strauss-Symons
Herman Kocks	Jill Parratt
Joel Wolpert (Deceased 12 March 2015)	Maria Edmunds
Natasha Bouwman (Appointed 11 June 2015)	Patricia Smit
Raymond Pillay	Robert Furney
Robert Likhong	Sandile Mbhamali
Sikander Kajee	

7. Secretary

The company's designated secretary is Claire Middlemiss.
24 Phoenix Avenue
Morehill
Benoni 1500

8. Auditors

Mazars were the auditors for the year under review.

Statement of Financial Position at 31 December 2015

Figures in Rand	Notes	2015	2014
Assets			
Non-Current Assets			
Property, plant and equipment	3	809,323	679,861
Intangible assets	4	12,000	13,500
		821,323	693,361
Current Assets			
Inventories	5	184,479	122,162
Loans receivable	6	299,610	1,074,102
Trade and other receivables	7	556,255	851,283
Cash and cash equivalents	8	5,418,408	6,733,518
		6,458,752	8,781,065
Total Assets		7,280,075	9,474,426
Equity and Liabilities			
Equity			
Other reserves	9	440,000	436,000
Retained income		4,145,463	5,494,179
		4,585,463	5,930,179
Non-Current Liabilities			
Post-retirement medical aid liability	10	461,060	472,060
Current Liabilities			
Trade and other payables	11	2,045,154	2,998,680
Loans payable	12	118,545	–
Operating lease liability	13	69,853	73,507
		2,233,552	3,072,187
Total Equity and Liabilities		7,280,075	9,474,426

Statement of Comprehensive Income

for the year ended 31 December 2015



Figures in Rand	Notes	2015	2014
Revenue	14	14,841,112	13,920,015
Operating costs		(16,846,128)	(15,190,983)
Operating deficit	15	(2,005,016)	(1,270,968)
Other income	16	456,778	-
Investment revenue	17	236,522	388,906
Finance costs	18	(37,000)	(95,419)
Deficit for the year		(1,348,716)	(977,481)
Other comprehensive income			
Revaluation - PR Medical Liability	10	4,000	577,000
Total other comprehensive income		4,000	577,000
Total comprehensive deficit for the year		(1,344,716)	(400,481)

Statement of Changes in Equity for the year ended 31 December 2015

Figures in Rand

	Post-retirement Medical aid Reserve	Retained Income	Total
Balance at 1 January 2014	(141,000)	6,471,660	6,330,660
Deficit for the year		(977,481)	(977,481)
Total other comprehensive income	577,000	-	577,000
Total comprehensive income / (deficit) for the year	577,000	(977,481)	(400,481)
Balance at 31 December 2014	436,000	5,494,179	5,930,179
Balance at 1 January 2015	436,000	5,494,179	5,930,179
Deficit for the year		(1,348,716)	(1,348,716)
Total other comprehensive income	4,000	-	4,000
Total comprehensive income / (deficit) for the year	4,000	(1,348,716)	(1,344,716)
Balance at 31 December 2015	440,000	4,145,463	4,585,463

Note

9

Statement of Cash Flows

for the year ended 31 December 2015



Figures in Rand	Notes	2015	2014
Cash flows from operating activities			
Cash receipts from customers		15,557,648	15,139,763
Cash payments to suppliers and employees		(16,532,599)	(16,950,674)
Cash generated from operations	20	(974,951)	(1,810,911)
Investment income	15	236,522	388,906
Finance costs	16	(37,000)	(95,419)
Net cash from operating activities		(775,429)	(1,517,424)
Cash flows from investing activities			
Property, plant and equipment acquired	3	(546,181)	(538,196)
Proceeds on disposals of property, plant and equipment		6,500	-
Net cash utilised in investing activities		(539,681)	(538,196)
Decrease in cash and cash equivalents		(1,315,110)	(2,055,620)
Cash and cash equivalents at beginning of the year		6,733,518	8,789,138
Cash and cash equivalents at end of the year	8	5,418,408	6,733,518

Notes to the Annual Financial Statements

31 December 2015

1. General information

CSSA 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 and the requirements of the Companies Act 71 of 2008 of South Africa. 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.

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. judgements include:

Depreciation and useful lives 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.

Provision for post-retirement medical aid contributions

Post-retirement healthcare benefits are provided to certain retired employees. Actuarial valuations are performed to assess the financial position of the fund. Assumptions used include the discount rate, healthcare cost inflation, mortality rates, withdrawal rates and membership. By obtaining an external valuation by accredited valuers, management is of the opinion that the risk relating to estimation uncertainty has been mitigated. Details can be found in note 10.

Impairment of financial instruments

Loans and receivables

On loans receivable an impairment loss is recognised in the statement of comprehensive income when there is objective evidence that the loan receivable is impaired. Significant financial difficulties, probability that the company will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered as objective evidence of impairment.

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.

An item of property, plant and equipment is derecognised upon disposal or where no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit and loss and is calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item at the date of derecognition.

The residual values, useful lives and depreciation methods applied to property, plant and equipment are reviewed, and adjusted if necessary, at each year-end. These changes are accounted for as a change in estimate. 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:

Category:	Useful lives:
Motor Vehicles	5 Years
Furniture and Fittings	10 Years
Office Equipment	5 Years
Computer Equipment	3 Years
Computer Software	3 Years

Intangible assets

Intangible assets are initially recognised at cost.

The cost of an intangible asset includes its purchase price and any directly attributable cost of preparing the asset for its intended use. Amortisation is provided for all intangible assets on a straight-line basis so as to write down the cost of the intangible assets, on the straight-line basis over their useful lives as determined when the purchase price allocation is done.

Useful lives of intangibles are as follows: Trade marks: 10 years

The amortisation charge is recognised through profit and loss as it is incurred. The amortisation period and amortisation method applied to an intangible asset with a useful life is reviewed, and adjusted if necessary, on an annual basis. These changes are accounted for as a change in estimate.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition of an intangible asset is included in profit and loss and is calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the asset at the date of derecognition.

2.3 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.

2.4 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.

2.5 Financial Instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are measured initially at the transaction price, unless the arrangement includes a financing transaction.

If the arrangement includes a financing transaction the financial instrument is measured at the present value of the future payments discounted at a market rate, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest rate, less accumulated impairment losses.

Financial liabilities, classified as financial liabilities measured at amortised cost, are subsequently measured at amortised cost, using the effective interest rate method.

Notes to the Annual Financial Statements (continued)

31 December 2015

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Effective interest rate

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.

Trade Receivables

Trade receivables are classified as financial assets - loans and receivables. 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.

Cash and Cash Equivalents

Cash and cash equivalents, classified as loans and receivables, comprise bank balances.

Cash and cash equivalents are short, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are subsequently recorded at amortised cost.

Trade Payables

Trade payables are classified as financial liabilities measured at amortised cost.

Loans receivable

Loans receivable, classified as loans and receivables, comprise loans to associated institutes.

Loans payable

Loans payable, classified as financial liabilities measured at amortised cost, comprise loans from associated institutes.

2.6 Related Parties

A related party is related to a company 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 company.
- Key Management: The party is a member of an company's or its parent's key management personnel.

2.7 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 company; 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

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.

2.8 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 CSSA, 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 company has both defined benefit and defined contribution plans. A defined contribution plan is a medical plan under which the company 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 pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

For defined contribution plans, the company pays contributions to publicly or privately administered pension 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.

2.9 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 liability. This liability is not discounted.

2.10 Foreign Currencies

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

Notes to the Annual Financial Statements (continued)

31 December 2015

Figures in Rand

3. Property, plant and equipment

	Cost	Accumulated depreciation	2015 Carrying value	Cost	Accumulated depreciation	2014 Carrying value
<i>Owned assets</i>						
Motor Vehicles	144,925	99,032	45,893	144,925	70,047	74,878
Furniture and Fittings	195,110	183,508	11,602	195,110	179,191	15,919
Computer Software	1,102,087	436,499	665,588	-	-	-
Office Equipment	138,028	112,625	25,403	133,380	97,792	35,588
Computer Equipment	439,633	378,796	60,837	1,006,885	453,409	553,476
	2,019,783	1,210,460	809,323	1,480,300	800,439	679,861

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

	Carrying value at beginning of year	Additions	Depreciation	Transfer Accumulated Depreciation to/from asset	Transfer cost to / from other asset	2015 Carrying value at end of year
<i>Owned assets</i>						
Motor Vehicles	74,878	-	(28,985)	-	-	45,893
Furniture and Fittings	15,919	-	(4,317)	-	-	11,602
Office Equipment	35,588	4,648	(14,833)			25,403
Computer Equipment	553,476	110,722	(219,005)	286,920	(671,276)	60,837
Computer Software	-	430,811	(149,579)	(286,920)	671,276	665,588
	679,861	546,181	(416,719)	-	-	809,323

	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

4. Intangible assets

	Cost	Accumulated amortisation	2015 Carrying value	Cost	Accumulated amortisation	2014 Carrying value
Trade marks	15,000	(3,000)	12,000	15,000	(1,500)	13,500

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

	Carrying value at beginning of year	Amortisation	2015 Carrying value at end of year
Trade Marks	13 500	(1 500)	12 000

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

Figures in Rand	2015	2014
5. Inventories		
Inventories comprise:		
Text Books / Study materials	184,479	122,162
6. Loans receivable		
The Chartered Institute of Business Management NPC	-	633,926
Institute of Business Studies NPC	-	381,614
The Business Administrators Educational Foundation Trust - MENTOR	299,610	58,562
	<u>299,610</u>	<u>1,074,102</u>
The above loan is unsecured, interest free and has no fixed terms of repayment.		
7. Trade and other receivables		
Trade Debtors	426,709	338,691
Sundry debtors	-	30,570
Prepaid expenses	42,324	2,351
Value Added Taxation	87,222	479,671
	<u>556,255</u>	<u>851,283</u>
8. Cash and cash equivalents		
Cash on hand	514	1,646
Current Accounts	4,640,619	2,493,796
Call Accounts	777,275	4,238,076
	<u>5,418,408</u>	<u>6,733,518</u>
For purposes of the statement of cash flow, cash and cash equivalents comprise the balances disclosed above.		
A guarantee of R 222,348, is held by Standard Bank that relates to CSSA lease of property from Growthpoint Limited.		
9. Other reserves		
Post-retirement Medical Aid	440,000	436,000
10. Post-retirement medical aid liability		
Valuation has been performed as at 31 December 2015.		
Accrued liability	(461,060)	(472,060)
<i>Net Statement of financial position</i>		
Healthcare liability at 31 December 2014	(472,060)	
(Cost) / income recognised in P&L	(37,000)	
Remeasurment recognised in OCI	4,000	
Company contributions paid*	44,000	
Healthcare liability at 31 December 2015	(461,060)	
*The contributions have been estimated using actual contributions paid by the Company to pensioners in the year to 31 December 2015 and the membership data supplied. Any adjustment to the figure will result in a corresponding change to the remeasurement effects. R48 000 of the total liability of R461 060 relates to short-term liabilities which are payments expected to be made within the next year.		
<i>Current and previous statement of Net Healthcare Liability</i>		
Plan assets at 31 December 2014	-	
Liability at 31 December 2014	(472,060)	
Nets asset / (liability) at 31 December 2014	(472, 060)	

Notes to the Annual Financial Statements (continued)

31 December 2015

Figures in Rand

2015

2014

10. Post-retirement medical aid liability (continued)

Plan assets at 31 December 2015	-
Liability at 31 December 2015	(461,060)
Nets asset / (liability) at 31 December 2015	(461, 060)

Change in liability over current year

Over the financial year the benefit obligation changed as follows:

Healthcare liability at 31 December 2014	472,060
Current service cost	-
Interest cost	37,000
Actuarial (gain) / loss - experience	21,000
Actuarial (gain) / loss - demographic assumptions	-
Actuarial (gain) / loss - financial assumptions	-25,000
Contributions / benefits paid	-44,000
Healthcare liability at 31 December 2015	461 060

*The actuarial loss attributable to experience of R21 000 is as a result of the pensioner being present in both years, where with a larger group some mortality would have been expected given the age of the pensioner.

Financial Assumptions

Discount rate

A rate of 10.20% per annum has been assumed (8.25% used at 31 December 2014). This is set having regard to the market yield on long term government bonds at the valuation date. The term of the liabilities is 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 7.20% per annum has been assumed (6.00% was used at 31 December 2014). 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 assumed that the present contribution structure of Discovery Health Medical Scheme will remain substantially unchanged in the future. In considering future healthcare cost inflation, a distinction may be drawn between the following underlying factors.

- Increases in tariffs and prices of medical services and products which may be expected to increase in line with general inflation levels; and
- Increased utilisation of medical services and products, on account of factors such as improvements in medical technology, increased patient awareness and the emergence of new diseases.

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. 9.20% pa. The same approach was used in 2014, resulting in a healthcare cost inflation of 8.00% as at 31 December 2014.

As a result the 2015 net discount rate is assumed to be 0.92% per annum which is greater than the assumption of 0.23% which was used in 2014. All else being equal, this change reduced the liability by R25 000.

Figures in Rand	2015	2014
11. Trade and other payables		
Trade and other payables	1,196,326	823,465
Fees received in advance	3,860	758,362
Unallocated deposits	247,297	335,855
Leave Pay and other accrual	597,671	1,080,998
	<u>2,045,154</u>	<u>2,998,680</u>
12. Loans payable		
Institute of Business Studies NPC	46,819	-
Chartered Institute of Business Management NPC	71,726	-
	<u>118,545</u>	
The above loans are unsecured, interest free and have no fixed terms of repayment.		
13. Operating lease liability		
Operating lease liability	69,853	73,507
Growthpoint Property Lease - expires 31st July 2020		
The Institute 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.	987,625	876,382
At year-end, the company has outstanding commitments under non-cancellable operating leases that fall due as follows:		
Within one year	1,120,459	534,310
Later than one year but within five years	4,704,240	-
Later than five years	-	-
	<u>5,824,699</u>	<u>534,310</u>
14. Revenue		
An analysis of revenue is as follows:		
Sales - Physical Stock	403,156	266,820
Administration Fees Received	764,326	1,074,961
Corporate Governance Conference	1,312,560	1,267,417
Integrated Reporting Awards	688,009	467,328
Member Income	4,281,057	4,549,855
Other Income	141,474	108,401
Hire of Boardroom	9,700	10,500
Professional Practice Group Technical Services Income	95,625	-
Professional Practice Group Income	529,318	494,016
Royalties Received	19,342	1,030
Seminar Income	519,301	506,451
Student Income	6,029,013	5,143,644
Technical Support Package	48,231	29,592
	<u>14,841,112</u>	<u>13,920,015</u>

Notes to the Annual Financial Statements (continued)

31 December 2015

Figures in Rand	2015	2014
15. Operating deficit		
Operating surplus / deficit is arrived at after taking into account the following items:		
Depreciation		
Owned assets		
Motor Vehicles	(28,985)	(28,985)
Furniture and Fittings	(4,317)	(92,723)
Computer Software	(149,579)	-
Office Equipment	(14,833)	(19,398)
Computer Equipment	(219,005)	(176,610)
	<u>(416,719)</u>	<u>(317,716)</u>
Auditors' remuneration		
Audit fees		
-current	(361,068)	3,269
Operating lease charges		
Premises	(987,625)	(876,382)
Electricity, water and rates	(325,944)	(290,092)
Advertising	(730,994)	(457,856)
Consulting fees	(255,881)	(164,630)
Employee Costs	(6,740,582)	(6,095,068)
Loss due to theft	-	(204,644)
International Capitation Fees	(526,418)	(321,388)
Integrated Reporting Awards and Corporate Governance Conference	(1,835,542)	(1,244,711)
Student Expenses	(947,972)	(1,012,497)
Technical Support Services	(263,232)	(380,000)
Legal Fees	(332,546)	(695,998)
16. Other Income		
Gain on disposal of property, plant and equipment	6,500	-
Insurance payout - fraud claim	450,278	-
	<u>456,778</u>	<u>-</u>
17. Investment revenue		
Interest income		
Interest received on call accounts	236,522	388,906
18. Finance costs		
SARS - Penalties and interest	-	15,419
Interest Paid - post-retirement medical liability	37,000	80,000
	<u>37,000</u>	<u>95,419</u>
19. Taxation		
No provision has been made for 2015 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.		

Figures in Rand	2015	2014
20. Cash generated from operations		
Deficit for the year	(1,344,716)	(977,481)
<i>Adjustments for:</i>		
Finance costs	37,000	95,419
Amortisation of Intangible assets	1,500	1,500
Depreciation of Property, plant and equipment	416,719	317,716
Investment income	(236,522)	(388,906)
(Profit) / loss on disposal of plant and equipment	(6,500)	2,233
Decrease in post-retirement employee benefits	(11,000)	40,000
Operating cash flow before working capital changes	(1,143,519)	(909,519)
<i>Working capital changes</i>		
Increase in inventories	(62,317)	(34,847)
Increase in trade and other receivables	266,258	(521,719)
Decrease in short-term loans receivable	774,492	(698,025)
Increase in short-term loans payable	118,545	-
Decrease in trade and other payables	(928,410)	353,199
	(974,951)	(1,810,911)

21. Related party transactions and balances

Name	Relationship	Transactions	Transactions with related parties during the year		Amounts owed (to) / by the related party at year-end	
			2015	2014	2015	2014
Institute of Business Studies NPC	Fellow Institute	Administration fee income	(127,379)	(406,558)	(46,819)	381,614
Chartered Institute of Business Management NPC	Fellow Institute	Administration fee income	(476,472)	(668,403)	(71,726)	633,926
The Business Administrators Educational Foundation Trust - MENTOR	Fellow Institute		-	-	299,610	58,562

Publishing costs were paid to Eagle Publishing (Pty) Ltd (of which R W Furney is a shareholder) R217 905 (2014:R220 000).

Fees for the Integrated Report printing were paid to Commercial and Club Secretaries CC (of which R W Furney's wife is a member) in the amount of R74 200 (2014:R104 195).

Fees for payroll administration fees were paid to Commercial and Club Secretaries CC (of which R W Furney's wife is a member) in the amount of R22 293 (2014: R22 800); Technical newsletter R0 (2014:R11 400) and Printing (Certificates) R0 (2014:R20 871).

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

- J Parratt (Moderator and exam report Fees) – R6 963 (2014:R15 931)
- PF Smit (Examination Fees) – R12 670 (2014: R30 450)

Other professional fees were paid as follows during the year

- J Wolpert (Technical Adviser) – R81 420 (2014: R393 123)
- J Wolpert (CPD Seminars) – R0 (2014:R2 497)
- J Wolpert (IRA Judge) – R0 (2014:R5 500)
- C H Wessels (CPD Seminars) – R19 500 (2014:R4 690)
- N Bouwman (CPD Seminars) – R3 500 (2014:R0)
- J Neethling (IRA Judge) – R5 500 (2014:R5 500)

Notes to the Annual Financial Statements (continued)

31 December 2015

Figures in Rand

22. Financial instruments

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

	Loans and receivables	Total
2015		
Loan Receivable (note 6)	299,610	299,610
Trade and other receivables (note 7)	426,709	426,709
Cash and cash equivalents (note 8)	5,418,408	5,418,408
2014		
Loan Receivable (note 6)	1,074,102	1,074,102
Trade and other receivables (note 7)	369,261	369,261
Cash and cash equivalents (note 8)	6,733,518	6,733,518

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

	Loans and payables	Total
2015		
Trade and other payables (note 11)	2,045,154	2,045,154
Loan payable (note 12)	118,545	118,545
2014		
Trade and other payables (note 11)	2,998,680	2,998,680

23. Going Concern

The directors have reviewed the company's current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

24. Approval of annual financial statements

These financial statements were approved by the board of directors and authorised for issue on 17 March 2016.

25. COMPARATIVE FIGURES

CERTAIN COMPARATIVE FIGURES HAVE BEEN RECLASSIFIED FOR BETTER PRESENTATION:

Statement of Financial Position

Equity and Liabilities

	2015	2014
Trade and other payables	-	(260,911)
Provisions	-	260,911

26. ISSUE OF REVISED FINANCIAL STATEMENTS

The previous issued financial statements for the year ended 31 December 2015, approved by the directors on 17 March 2016 and issued on 6 May 2016 have been re-issued as revenue was incorrectly disclosed. Income from the proceeds from the insurance claim was erroneously included in the revenue of the company. Management have corrected the disclosure and the income is now correctly included in Other income, as disclosed in note 16, in the Statement of Other Comprehensive Income.





www.chartsec.co.za

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

PO Box 3146
Houghton
2041

Tel 011 551 4000
Fax 086 698 5095
E-mail info@chartsec.co.za