



**Chartered
Secretaries**
Southern Africa

Integrated Report

for the year ended 31 December 2016

CORPORATE INFORMATION

31 December 2016

Country of incorporation and domicile:

South Africa

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

Registration Number: 1972/000007/08

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: Irma Warriner, P O Box 1029, Sundowner, 2151

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 2016

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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 appearing from the Audit and Risk Committee Report on page 21 to page 41 of the notes to the financial statements are audited in compliance with the Companies Act 71 of 2008

Prepared: Jennifer Maybery ACIS

Position: Financial Manager

Publishing date: 01 April 2017

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. CSSA is the professional qualifying body for Chartered Secretaries offering an international qualification recognised in more than 80 countries. 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 2008 Companies Act and King IV. 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 GradI CSA. Once they have gained the necessary practical experience and are deemed to be of appropriate ethical character, they are admitted as members at Associate-level and become Chartered Secretary (ACIS). On admission as a Fellow, the senior grade of membership granted on more extensive experience, a Chartered Secretary may include the prestigious 'FCIS' designation after his/her name/title.

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

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

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 seven of the divisions above and the United States, India, Kenya, Bangladesh, Indonesia and Nigeria. All share a common interest in the promotion of good governance. CSIA represents approximately 100,000 governance professionals.

Executive Committee



President
Karen Southgate

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



Senior Vice President
Shamida Smit

FCIS, B Com
Shamida is Company Secretary at Saint Gobain.



Vice President
Sikkie Kajee

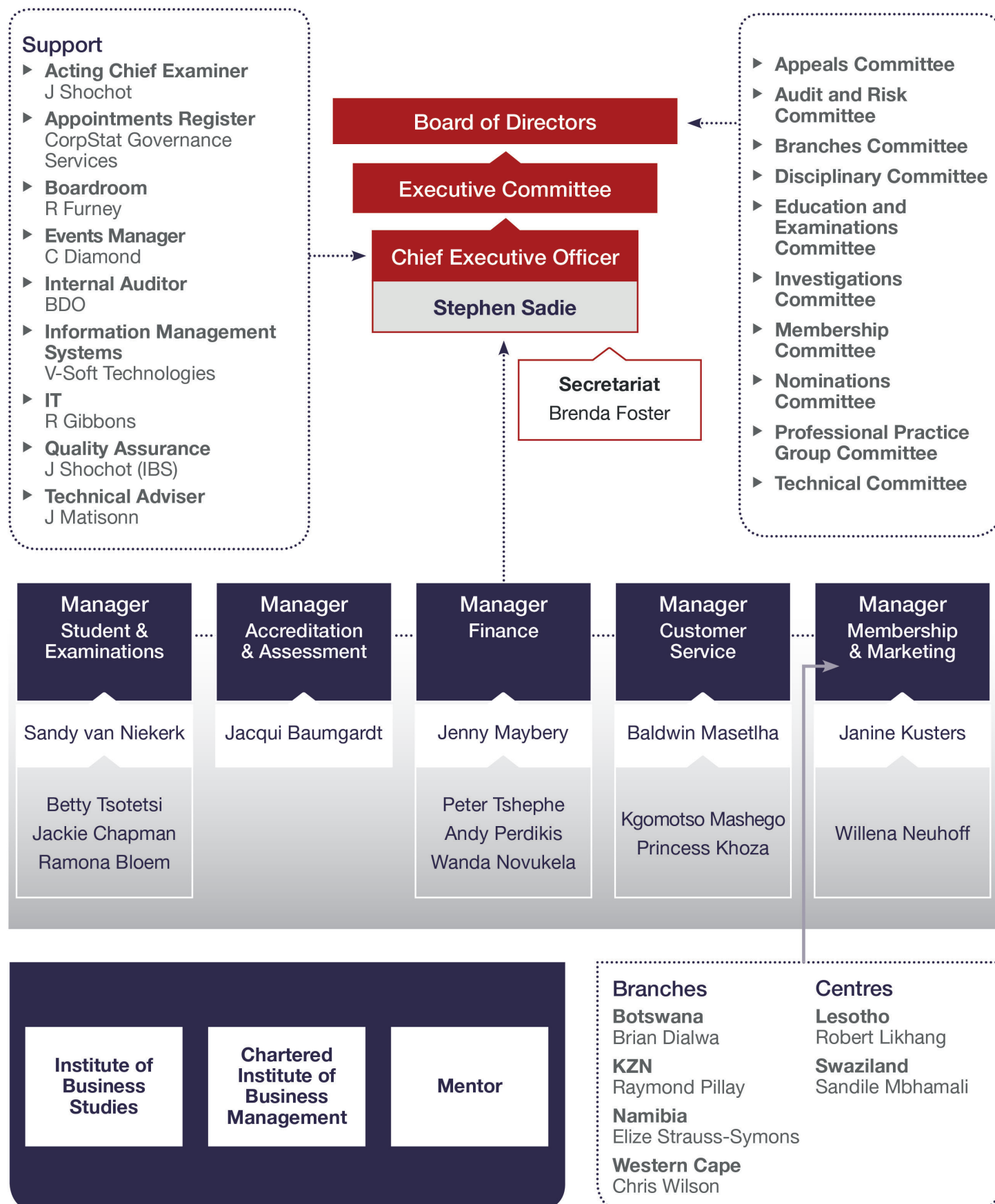
FCIS, B Compt (Hons), MBA
Sikkie is a Consultant.



Past President
Johann Neethling

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

Chartered Secretaries Southern Africa – Organogram



Chief Executive Officer's Report 2016



Stephen Sadie and Mervyn King at the Integrated Reporting Award

INTRODUCTION

It gives me great pleasure to present the Chartered Secretaries Southern Africa (CSSA) Integrated Report for 2016. CSSA has been in existence since 1909 and we continue to adapt and face up to the challenges of our changing society. We continue to build on our strong traditions and values in order to remain relevant and responsive to our times. 2016 was an important year in South Africa's calendar in which we witnessed major events unfolding on a weekly basis.

Corporate governance continues to be a burning need in Southern Africa. We witnessed SABC, SAA, Eskom, Transnet, Prasa, Denel and many other state-owned companies all imploding under the weight of poor governance. This makes it all the more important for an Institute like ours not only to continue but to strengthen good corporate governance. Your Institute took a number of important steps in the course of 2016, which I shed further light on 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

Although we are required by SARS, CIPC, SAQA and ICSA to demonstrate that our members have done CPD, we firmly believe that our members have to continually demonstrate that they have kept abreast of developments in governance, legislation and accounting.

We held 39 seminars in 2016 attended by approximately 1 000 delegates. We have increased the hours of some CPDs to four and seven hours respectively and these have been well supported. We have also managed to cover most of the key centres such as Johannesburg, Durban, Cape Town and Gaborone. There is the constant challenge of finding new speakers to keep the CPD programme fresh. General topics such as the role of the company secretary and effective minute-taking have been popular. We managed to attract top presenters such as Sandi Linford, Christina Pretorius, Gideon Pogrud, Alice Mathew, Sandile Khosa, Karen Robinson and Linda de Beer who are all considered thought leaders in their respective fields. CPDs have contributed considerably to our public profile.

A new CPD ad campaign featuring the secretary bird was launched and adverts were placed in the Business Day on a regular basis. 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 positive, with delegates 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 established a reputation for being interactive sessions.



Be prepared
Arm yourself with the knowledge to protect your professional integrity

King IV at a glance

 <p>Linda de Beer Chartered Director (SA), CA(SA), MCom (Tax) Independent Non-executive Director</p>	21 November 2016 8h00 - 10h30						
The workshop will cover: <ul style="list-style-type: none">▪ A high level overview of King IV	<table><tr><td></td><td>Students R450</td></tr><tr><td></td><td>Members R550</td></tr><tr><td></td><td>Public R650</td></tr></table>		Students R450		Members R550		Public R650
	Students R450						
	Members R550						
	Public R650						

JHB venue

Address
Chartered Secretaries Southern Africa, Riviera Road Office Park
6 - 10 Riviera Road, Killamey

Bookings close
18 November

This is an automatically generated email, please do not reply to Chartered Secretaries. Please ensure that all bookings, payment confirmations & queries are sent to Brenda@chartsec.co.za.

Telephone: +27 11 551 4000
Fax: +27 11 551 4027
Block C, Riviera Road Office Park
6 - 10 Riviera Road, Killamey
Johannesburg

www.chartsec.co.za

BusinessDay
NEWS WORTH KNOWING

Diligent

Secretary bird (*Sagittarius serpentarius*)
noun

a slender long-legged African bird of prey that feeds on snakes, having a crest likened to a quill pen stuck behind the ear.



Dr Nimrod Mbele - speaker

1.2 CONFERENCE

Our 8th Premier Corporate Governance Conference took place on 30 August and 1 September 2016 at the Wanderers Club Johannesburg and was attended by over 200 delegates. The conference continued to live up to its name as the premier conference. The conference dealt with some of the hot topics in corporate governance by some of the best speakers as can be seen below.

Corporate governance and legislation

Mervyn King (historical overview of corporate governance), Michael Katz (broad overview of case law), Anthony Norton (criminalisation of cartel conduct).

Public sector governance

Carol Paton (state-owned companies), David Makovah (initiatives in the private and public sector), Tsakani Ratsela (accountability, transparency and governance).

Integrated reporting panel

Leigh Roberts (integrated reporting and thinking), Prof Warren Maroun (institutional investors' views), Sue Lund (targeting and measuring outcomes).

Boards

Linda de Beer (combined assurance), Mohamed Adam (board committees), Gregory Prinsloo (board portals).

Company secretaryship

Elsabé Kirsten (subsidiaries and downstream corporate governance), Ian Isdale (thirty years as a company secretary), Stephen Sadie (new curriculum for governance professionals).

Responsible investing and ratings agencies

Adrian Bertrand (responsible investment), Dr Nimrod Mbele (ratings agencies)

The advertising campaign which consisted of six different adverts was marketed in various publications such as Without Prejudice, Mail & Guardian and the Sunday Times. It was also the first time we ran





Hit and miss?

Gain tools to get your corporate governance on target.



an ad campaign on television by placing a series of ads on Business Day TV over a three month period. The majority of marketing was online through mailers and social media platforms.

The feedback from the conference was very positive and CSSA received a healthy surplus from the event, which is an indication of the popularity of the event by a wide range of stakeholders.

1.3 INTEGRATED REPORTING AWARDS

The Integrated Reporting Awards took place at the Montecasino ballroom on Wednesday 16 November 2016. Almost 100 companies entered and 420 guests attended the gala dinner. The guests of the event were entertained by the inimitable Ian van Memerty, who supported the speakers Tim Cohen (Editor, Business Day), Corli Le Roux (Head of Sustainability, Capital Markets Division, (JSE) and the President of CSSA, Karen Southgate



Karen Southgate (CSSA President), welcomes guests to the Integrated Reporting Awards dinner

This was the 60th anniversary of the reporting awards. The awards have been held every year except for the 1960s when they were held every second year. We changed the name from the Annual Report Awards in 2013 to the Integrated Reporting Awards to reflect the new focus.

Mervyn King was thanked for his worldwide contribution to integrated reporting. Rob Furney was also thanked for having been involved with the awards for the past 30 years.

1.4 AWARDS CEREMONY

We honoured 65 graduates at the awards ceremony held at the Wits Club on 3 November 2016. There were also numerous awards for the prize winners.

We look forward to these new graduates succeeding in the future after showing a great deal of determination, hard work and commitment. We also noted an increasing trend of lawyers enrolling for the board examinations.

2. STUDENTS

2.1 NEW CURRICULUM

The year was dominated by the development of the new international and local (Southern African) qualification. A major review of the international curriculum started in 2015 but continued steadily throughout 2016. The CEO served on the International Standard Review Working Group which co-ordinated the whole project. Other CSSA staff and directors served on certain Subject Advisory Committees. This provided CSSA with the opportunity to positively influence the decisions made about the new curriculum. Several online meetings of international experts from all the divisions were held, with the draft documents being submitted progressively for review and comment after each meeting. The Subject Advisory Committees were as follows (CSSA participation is indicated next to the relevant modules).

- Corporate Governance: Natasha Bouwman (CSSA director)
- Interpreting Financial Statements: John Shochot (former Chief Examiner)
- Corporate Law
- Risk & Compliance Jacqui Baumgardt: (Assessment and Accreditations Manager)
- Company Secretarial Practice
- Development of Strategy
- Enterprise Risk Management

The new international curriculum framework was finally approved in February 2017.

In addition, the process to redraft the lower level curriculum which is specific to Southern Africa (what has traditionally been called Programmes 1, 2 and 3) began in earnest in July 2016 after collation of research by way of questionnaires and interviews with members and other stakeholders in December 2015. This research was the foundation of the revised curriculum and fed into the new Board programme. A curriculum development task team was established consisting of the community of expert practitioners, members, academics and staff. Six curriculum development task team meetings were held during which the task team drafted the subject outlines together with a list of recommended textbooks and reading material. The technical committee, the EDEX committee, examiners and moderators were also asked to provide input into the document which was duly considered and then transferred into the three required Quality Council for Trades and Occupations (QCTO) templates and approved by the EDEX committee and the Board. The revised curriculum was submitted to the QCTO and SAQA on 15 May 2017.

The new curriculum will be offered from July 2018. This curriculum is of strategic importance for the foreseeable future of the Institute and will replace the old curriculum which has been in existence since 2002.

2.2 ACCREDITATION

The number of tuition providers remains fairly stable. We have had a good relationship with Wits University for the past 20 years. There is still much work to be done to increase the number of quality accredited tuition providers. Most tuition providers require a minimum number of students before they will offer tuition. I met with Varsity College on 28 September, with UJ faculty of law on 4 October and UJ faculty of accountancy on 5 October. They are interested in offering our qualification. I also met with Unisa on 24 October who will look into offering the board programme. This will be a strategic focus going forward as our qualification is offered at NQF 8 level.

2.3 TEXTBOOKS

We sold 787 copies of the four board textbooks in 2016. We are marketing the textbooks quite widely in Southern Africa to students, members, universities and other professional bodies as there are not many textbooks of this nature in SA. The major focus for the future is to produce textbooks for the new board curriculum.

A completely overhauled edition of South African Corporate Business Administration was published in June 2016 by Juta. The new publication is known as Company Secretarial Practice (CSP). Both the CEO and the technical adviser spent a lot of time ensuring the quality of the content is high. We endorse CSP and our logo appears prominently on the cover. CSP has been positively received by the market.

2.4 ASSESSMENT

Successful examinations were held in May and October with the able assistance 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. A highlight for 2016 was that we achieved the top rating on every aspect of our Board papers that were submitted to the Professional Standards Committee (PSC) of ICSA. This is a major step forward from previous years when the results tended to be variable, and shows the commitment of all involved to the ongoing improvement in the standard of the assessments.

The number of students continue to grow steadily and there is a growing trend of students with prior degrees going directly to the board. There has been a huge increase of LLB students registering for our board courses.

2.5 PUBLIC SECTOR GOVERNANCE

The first public sector governance examinations were written in October 2016 and there is considerable interest in this module. CSSA introduced a public sector governance module after recognising the need for improved governance in our state-owned companies, national and provincial departments, public entities and municipalities.

We have researched the offerings on public sector governance and

found that there was not much available in SA. This could be a new revenue stream for CSSA. We have marketed the course through mailers and printed leaflets. An ad was placed in the Skills Development supplement of the 12 June edition of the Sunday Times.

The CEO spoke to the company secretary forum of the 11 SOCs, which fall under the City of Johannesburg on 10 June. There are three public sector categories in the Integrated Reporting Awards i.e. large SOCs, small SOCs, and public sector, which has resulted in a significant increase in entrants.

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 of South Africa, 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 2016, with particular emphasis on strengthening and elevating the role of the company secretary.

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.

Two 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

The Institute has made a major investment in the information management system. The information management system synchronises with the Sage Pastel Evolution Accounting system. This was a major focus for 2016 in building a system which improves service delivery to our members and students.

3.3 APPOINTMENTS REGISTER

Another major development in 2016 was the launching of the new Chartered Secretaries Appointments Register in August 2016. This service is provided to our members and students exclusively. Given the high unemployment levels in Southern Africa, there is a premium on getting a job. The Appointments Register team have many years of experience in the field.

Integrated Reporting Awards



Top 40 winner - Jacky Cuffley (Link Market Services) presents the award to Alfred Visagie, Nedbank Group Ltd



Winner mid cap - Rodney Bastion presents the award to Liberty Holdings Ltd



Keynote speaker Corli le Roux from the JSE



Winner small cap - ArcelorMittal South Africa Ltd



Tim Cohen, Editor, Business Day



Regional award winner - Sandile Mbhamali (right) presents the award to the Swaziland Sugar Association

3.4 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. New campaigns were developed for the conference, CPD 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. The databases were cleaned and grew steadily during the year, in particular the public sector and SOC lists.

3.5 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. A number of leaflets were printed as supporting collateral and these were distributed by email as well as hard copies to all tuition providers, members and students and the general public.

3.6 PPG COMMITTEE

The PPG committee met bimonthly and arranged a number of seminars for their members. Yvonne Jeffries and Tinty Mpye represented PPG members at SARS National Stakeholders meetings and Chris Wilson and Stan Kelly represented members in the Western Cape.

3.7 TECHNICAL SUPPORT

Following protracted communication between CSSA and the Department of Justice and Correctional Services, we were delighted to announce in February 2016 that Fellow Members and Associate Members of CSSA have been granted the designation of Commissioner of Oaths. This was a huge added value to the membership benefits. Our thanks go to Lynda Eatwell, who played a major role in driving this process.

Our Technical Adviser, Joanne Matisonn left CSSA in the course of 2016 and has been replaced by Elizabeth Bagley who comes with years of experience.

3.8 NEW MOI

A major exercise was undertaken to develop a new MOI. The Articles of Association were developed in 2002 and were in need of modernisation. Norton Rose Fulbright assisted in this exercise. There were numerous meetings in working with the Charter and Bylaws, the Companies Act and our old Articles of Association to develop a new MOI. The new MOI is now fit for purpose and was adopted by members on 31 March 2017. This will improve the governance structures of the Institute.

4 INTERNATIONAL

4.1 ICSA

CSSA was well represented on ICSA structures. Jill Parratt was elected onto the Executive Committee. Jill Parratt and the CEO continue to make positive contributions on the ICSA Council. Karen Robinson serves on the Professional Standards Committee (PSC) and Natasha Bouwman was appointed to the International Thought Leadership Committee. There were a number of developments in ICSA in 2016 which continue to promote the profession throughout the world. Tim Sheehy was appointed as Director General and he is helping the Institute to implement its decisions. A new ICSA website has been developed.

4.2 CSIA

Carina Wessels served as Treasurer and continued to represent CSSA on the CSIA Council. CSIA consists of 15 member countries, covering some 100 000 corporate secretaries and governance professionals around the world. Rick Summers from Zimbabwe was President and Carina Wessels and the CEO provided extensive support to Zimbabwe. CSIA also decided to appoint a CEO. Zahra Cassim who was previously the head of CIMA in SA was appointed CEO. This should provide CSIA with a boost. It was decided to move the domicile from Geneva to Hong Kong. CSIA published professional editions of Global Governance Voice.

5 FINANCE

The finance department has remained stable and focused during 2016 and the implementation of Sage Pastel Evolution as our accounting software has been a success. The new member information management system is up and running and interfaces directly with Evolution, improving the efficiency and effectiveness of the finance department. Members and students would have seen the improvements of the system with regular communication in the form of monthly statements and mailers. The Audit and Risk Committee met quarterly and discussed the state of CSSA's finances and the major risks facing the Institute.

The 2016 financial year has been a challenging year, in which the continued state of the economy in Southern Africa affected both members and students. CSSA members and students were affected by the vagaries of the economy such as the low growth rate, the threat of rating agencies downgrades and the spiralling increase in the cost of living. A significant number of members and students struggled to pay their fees and many went onto payment plans. The results for the year ended December 2016 showed an increase in revenue year-on-year but a R1.3 million loss resulted mostly due to high expenses.

We had a number of extraordinary/non-recurring expenses in 2016, namely, further legal fees regarding the embezzlement of money by a longstanding former employee. The drafting of the new MOI which was long overdue also incurred significant legal expenses. However the new MOI should be in place for years to come with possibly only minor adjustments. The new information management system is still being improved but these monthly expenses should decrease over time. 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.

Unallocated deposits are a constant issue with the Institute. We request our members and students to please always use their full name and/ or member/ student number as the bank reference. This will reduce the frustration on both sides and improve accuracy of your accounts.

Mazars were re-appointed as external auditors for the 2016 financial year. These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium Enterprises.

CONCLUSION

As can be seen from the above, the key priorities of the new curriculum, improved financial systems, the new information management system and our positive role internationally were all bedded down and should assist to build the Institute in the years to come. Our events continue to be world class and highly subscribed. We are attracting a younger cohort of professionals which will give the Institute a strong pipeline to improve on the troubled corporate governance that is so evident all around us. Our profile has grown as

many more people become aware of CSSA. Although we have gone through a difficult year, our resolve to build the Institute continues to drive our actions.

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 Karen Southgate, 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 2017

Annual General Meeting



Karen Southgate, hands over the Senior Vice President's medallion to Shamida Smit.



Elize Strauss-Symons, Sandile Mbhamali, Brian Dialwa - CSSA directors interact with members at the AGM

Premier Corporate Governance Conference



Tsakani Ratsela, Deputy Auditor General - speaker



Prof Mervyn King - speaker



Ben & Bebe - entertainment for cocktail hour



Panel on Integrated Reporting



Joyce Khosa (Standard Bank) and Janine Viljoen (FirstRand)



Howard Brown (Sasfin) and Linda de Beer (speaker)



Speaker Prof Michael Katz and MC Jeremy Maggs



Sydwell Vushemakota (SOS Childrens Village), Bev Gardner (Ferrum Crescent Ltd)

Corporate Governance Report

31 December 2016

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 No. 71 of 2008 ("the 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 King III, 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 the Company.

BOARD OF DIRECTORS

All directors are non-executive and are elected in terms of the Company's Memorandum of Incorporation ("MOI"). The MOI codifies the board's composition, appointment, authorities, responsibilities and processes. In terms of the MOI, the board shall consist of not less than ten nor more than thirty directors. As at 31 December 2016, the board comprised 20 directors who meet at least four times a year, but more regularly if required. The board retains effective management over the affairs of the Company and monitors the performance of management. A list of directors is set out on the inside front cover and the photographs and brief resumes of each director can be found on pages 18 and 19.

The President of the Company 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 for, 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 of the board. Further, he is accountable to the board for the effective functioning of the Company within board-determined policy guidelines.

Key focus areas during the year under review included:

- Reviewing and approving the 2016 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 the Company

- Approving and monitoring compliance with the annual budget

Directors are comprehensively briefed well in advance of board 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 the Company.

No changes to the board took place in 2016.

BOARD PROCESSES

Annual Evaluation

A self-evaluation exercise is undertaken annually in terms of which each board member is requested to complete a questionnaire for purposes of evaluating the performance of the board. Where this is deemed necessary a review is also undertaken by the Company's executive committee.

Annual general meetings

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

The annual general meeting is held for the purposes of:

- receiving and considering the audited financial statements for the past year, the report of the board of directors on the business of the Company, the report of the audit and risk committee, and the report of the auditors;
- the appointment of the auditors;
- announcing the result of the election of members to the board of directors for the following year; and
- the consideration of any other matter of which due notice has been given.

The results of 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 directors (excluding branch chairmen, committee chairmen, office bearers, and past Presidents) are required to retire at each annual general meeting, but shall be eligible for re-election without re-nomination. The directors so to retire shall be those who have been longest in office since their last election.

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 for the office of director requires nomination by two members of the Company and the consent of the nominated member. The CEO is responsible for the informal but comprehensive induction programme, which provides new directors with a strategy and operational

briefing. As part of the induction programme, new directors are furnished with copies of the Company's most recent financial results and annual integrated report, the Charter and Byelaws, the Company's MOI, board minutes and the Company's strategic plan.

Remuneration of directors and members of committees

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

Conflicts of interest

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

Compliance

The CEO, under the guidance of the Company's executive committee is responsible for ensuring compliance with relevant legislation and regulations. The CEO is further responsible for continually updating the board on legislative and/or regulatory developments 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 consulting fields, they are regarded as being aware of relevant regulatory imperatives and requirements and, as such, regularly provide guidance to the Company. The Company Secretary also provides advice to the board.

COMMITTEES

In order to effectively discharge its duties and responsibilities, the board has appointed a number of committees that attend to specific aspects of the Company's affairs. The President is an ex-officio member of all committees. Certain committees have the right to co-opt such persons as they may think fit as members of the relevant committee to assist in their deliberations. The majority of members of such committee shall be members of the Company. Co-opted members do not have a right to vote. Senior members of staff attend committee meetings 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 delegation of any powers to a committee in no way absolves the board of the obligation to carry out its duties and responsibilities. The auditors are given unrestricted access to the President and other 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 the Company, are suitably served by inviting the auditors to attend these meetings.

Executive committee

The executive committee comprises the President, two Vice-Presidents and the immediate past President. The CEO attends these meetings by invitation. The executive committee attends to the operational management of the Company between board meetings. The executive committee considers matters referred to it by the board and also matters

which have not yet been referred to the board.

Audit and risk committee

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

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 of candidates to the board for board consideration. The nominations committee also recommends candidates to chair the various committees, and to assume the roles of 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. The PPG ensures practising members of the Company conduct themselves in a professional manner so as to create public awareness of, and demand for, the professional service available from practising members. The committee is tasked with ensuring the interests of its members. The committee holds an annual general meeting which PPG members are encouraged to attend.

Technical committee

This committee considers how changes or proposed changes in legislation and regulation may impact corporate governance and company secretarial practice. It also considers the interpretation of legislation and regulation, including the listings requirements of the JSE Limited, and related matters that may affect members of the Company. The committee focuses on enhancing the legislative and governance knowledge of its members in relation to complex areas pertinent to the company secretarial function.

The committee has adopted terms of reference that deal with the committee's role and responsibilities. Members of the committee have provided articles for various technical publications and conducted continuing professional development seminars, focusing on challenging areas of company secretarial practice.

Education and examinations committee

All educational and examination matters fall under the brief of this committee. The issues dealt with by the committee include the standard of the examination question papers, the examination marking process, tuition providers to assist the Company's students, and any policy matters relating to students. The committee also deals with reports from the international

Corporate Governance Report (Continued)

31 December 2016

Professional Standards Committee and develops remedial action plans where appropriate. The new international curriculum framework and the detailed subject outlines were approved during the year under review.

Assessment and review committee

This committee, as a sub-committee of the education and examinations committee, manages the Company's overall assessment process and ensures compliance by all role players with the Company's requirements. Further, it reviews all examination question papers and examination results to endeavour to ensure that both international and local standards are maintained. Law, financial and general review groups have been established and moderators serve on these review groups. The moderators review all question papers and examination results for purposes of quality assurance.

Membership committee

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

Disciplinary committees

These committees are accountable to the Committee for Southern Africa.

1. Investigations Committee

This body is required to investigate all matters relating to alleged misdemeanours of members. Any member of the public can lodge a written complaint against any member of the Company. There were two cases investigated in the year under review.

2. Disciplinary Committee

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

3. Appeals Committee

This body deals with any appeals lodged against the findings of the Disciplinary Committee.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal control

The Institute 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 the Company's management and the board regarding internal control, the preparation of reliable financial statements and the safeguarding of the Company'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, there are inherent limitations to the effectiveness of any system of internal control, 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 Company was carried out during the year under review and changes were implemented.

External audit

It is the responsibility of the external auditor, currently Mazars, to report on whether the annual financial statements are presented in compliance with International Financial Reporting Standards (IFRS) for SMEs. The external auditor performs an assessment of internal controls as part of the audit, but the preparation of the annual financial statements remains the responsibility of the directors.

Where the external auditor is appointed for non-audit purposes, such as tax compliance services, the audit and risk committee must pre-approve these services in line with guidelines designed to ensure that the external auditor remains independent.

Internal audit

The internal audit function is the ongoing responsibility of the audit and risk committee. BDO was appointed as the internal audit service provider.

The audit and risk committee has the responsibility of monitoring risk, the accuracy of information within the Company, compliance with standard operating procedures, regulatory compliance by the Company 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 the Company are as follows, together with the relevant risk mitigation processes:

Key risks	Risk analysis	Mitigating controls
New international curriculum	The transition to the new curriculum could pose a number of interrelated problems with an increase in the number of board subjects and the addition of completely new subjects. New textbooks, examiners and moderators will be required, and the assessment processes may be disrupted. Tuition providers will need to be informed of the changes.	The new curriculum framework was approved in March 2016 at the international council meeting. The new curriculum has four core subjects with a further two electives. Seven Subject Advisory Committees (SACs) were established to do detailed subject outlines. Natasha Bouwman, John Shochot and Jacqui Baumgardt from CSSA served on 3 SACs. The CEO served on overall curriculum review group. The detailed subject outlines were approved at the September 2016 Council. Considerable preparation has gone into implementation of the new curriculum.
Quality Council for Trades and Occupations (QCTO)	The Company's qualification has to be registered with QCTO to enable the Company to operate in South Africa. QCTO requires the South African curriculum to be redesigned. The current registration will expire in June 2018.	Given that the board subjects had been redesigned internationally, a Curriculum Development Task Team was established to redesign programmes 1 – 3. The entire new curriculum was submitted to the QCTO and Saqa for their approval on 15 May 2017.
Information management system and accounting package	A new information management system and accounting package was required in order to improve service delivery to members and students.	The information system and accounting package has been completed. Maintenance and further development is underway.
Membership	Membership has declined due to an ageing membership, a low pass rate of board exams and the general economic environment reducing employment opportunities.	An extensive marketing strategy has been implemented focusing on enhancing the Company's brand and qualification as a premium product. A focussed strategy of improving the GradICSA conversion rate was undertaken.
Tuition providers	Students' lack of access to affordable and excellent tuition opportunities may lead to an exacerbation of the already low pass rate.	The search for suitable tuition providers continues and a number of universities were approached.
Examinations	The Company is essentially an examining body. A high turnover of examiners and moderators has been experienced. Standards of excellence need to be maintained.	A major effort was undertaken to improve the calibre of new examiners and moderators. We have received green ratings from the Professional Standards Committee of ICSA for our board papers.
Textbooks	Textbooks must be kept up-to-date which is challenging in an evolving environment. The new curriculum will also impact heavily on the development of new textbooks.	The board textbooks continue to sell well not only to our students but to the broader public. A completely overhauled edition of South African Corporate Business Administration was published in June 2016, now known as Company Secretarial Practice (CSP). There is ongoing work to produce new textbooks for the new curriculum.
CPDs	Members may not be up to date with regulatory and legislative changes which could result in poor service delivery.	39 CPD seminars were held throughout Southern Africa. General topics such as the role of the company secretary and effective minute taking were well received. Members were asked to suggest other relevant topics.
Public sector	The Company did not have a substantial presence in the public sector.	A public sector governance module was developed and the first exam was written in October 2016. The module has the potential to not only increase membership but also enhance good governance in the public sector which has deteriorated in the past few years. The Integrated Reporting Awards have 3 public sector categories to cater for large SOC's, small SOC's and other public sector departments.

Corporate Governance Report (Continued)

31 December 2016

STAKEHOLDER ENGAGEMENT

The Company 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 adviser, 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 Cultivation of a loyal membership base Reliable, accessible and relevant information
Students	Examinations, course material, pre-exam seminars, syllabuses, tuition providers, comprehensive information on website.	<ul style="list-style-type: none"> Maintenance of international standards of education Graduates are equipped 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 enable it 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"> Staff are kept informed of the Company's activities Cultivation of a committed team
Examiners and moderators	Monitor quality of examination material Evaluation of examination papers Review of examination results	<ul style="list-style-type: none"> Maintenance and enhancement of international standards in relation to the Company's qualification 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"> Students obtain 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"> The Company influences legislation and policy making which is in the best interests of its membership
Media	Advertising and editorial in numerous magazines, social media – Facebook, LinkedIn. Collateral – banners, pamphlets, posters	<ul style="list-style-type: none"> The Company's high profile is maintained A credible and visible brand is built
Professional bodies	Representation on various forums such as Fasset. Close cooperation with like-minded professional bodies.	<ul style="list-style-type: none"> Collaboration where our interests are aligned
Regulators and policy makers	Representation on various bodies, cultivate relationships with key decision makers	<ul style="list-style-type: none"> The Company remains abreast of legislative and governance developments and trends The Company influences legislation and policy making in the best interests of members

CODE OF ETHICS

The very nature of the Company's operating model requires surveillance of members' compliance with professional ethics. The Code of Ethics aims to facilitate the enforcement of ethical standards through disciplinary procedures. Adherence to the Code is a condition of membership. Overall, the Company 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 the Company. The Code outlines the commitment to sound and ethical business practices and stipulates the operational standards to which all members are required to subscribe. It further supports good corporate governance and responsibility.

According to the Code, members are obliged to maintain current knowledge through Continuous Professional Development (CPD) initiatives. Annually, members are required to undertake 20 CPD hours of which seven may be non-verifiable. Practising members are required to retain professional independence, ensure confidentiality when dealing with sensitive information, deliver professional work, and to use the title 'Chartered Secretary' correctly, in accordance with the Company's requirements.

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. Any member using a title or designation without authorisation is advised to desist or face prosecution.

SUSTAINABILITY

The inherent vision and mission on which the business model of the Company is predicated, is the maximisation of its student and member numbers, its two main stakeholder groups. In addition the Company conducts robust advocacy amongst the relevant regulatory and professional bodies to endeavour to enhance the reputation and employment credentials of its members.

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

The future vision of the Company 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 the Company in meeting its objectives manifest themselves in the annual financial statements and corporate governance narrative, which together form this integrated report.

Employment Equity

The Company 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 for its workforce to be representative of 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 66% of management respectively.
- Black and female representation make up 53% and 73% of the staff respectively.

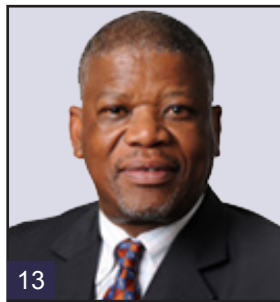
Skills Development and Training

The Company prioritises ongoing training to facilitate continual development of staff by requiring them to attend relevant CPD seminars, conferences and workshops.

Health and Safety

The Company 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.

BOARD OF DIRECTORS



1. N Bouwman

ACIS, LLB, LLM

Natasha is Global Governance Partner at Naspers. She served on the Technical Committee.

2. B Dialwa

FCIS, ACIBM, Acc-Tech (Botswana)

Brian is self-employed. He was the Chairman of the Botswana Branch and served 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 served on the Nominations Committee.

4. R W Furney

FCIS

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

5. S A H Kajee

FCIS, B Compt (Hons), MBA

Sikkie is a Consultant. He served on the Executive and Audit and Risk Committees.

6. H F Kocks

FCIS, LLB, B Com

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

7. Z Lachporia

FCIS, National Diploma: Company Administration

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

8. R Likhanga

FCIS, ACMA, CA (Lesotho)

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

9. S P Mbhamali

FCIS, FCIBM, RA(SD) (Swaziland)

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

10. J Neethling

FCIS, M Com

Johann is the Director-Corporate Services/Group Company Secretary at Vukile Property Fund. He served on the Executive and Nominations Committees.

11. J M Parratt

FCIS, H Dip Company Law

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

12. R D Pillay

FCIS, FCIBM

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

13. M A Sello

FCIS

Andy is a Consultant. He served 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 served on the Investigations and Membership Committees.

15. S Smit

FCIS, B Com (Acc)

Shamida is Company Secretary at Saint Gobain. She served on the Executive and Education and Examinations Committees.

16. K J Southgate

FCIS B Com (Hons)

Karen is the owner of TidySum Accounting Services CC. She served 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 was chairman of the Namibia Branch and served on the Branches Committee.

18. B Thebenyane

FCIS (Botswana)

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

19. C H Wessels

FCIS, LLB, LLM

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

20. C E Wilson

FCIS

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

2016 Meeting Attendance Schedule

Board of Directors		Committee for Southern Africa		Nominations Committee		Audit and Risk Committee	
Bouwman N	4/4	Bouwman N	4/4	Edmunds N	1/1	Furney RW	0/4
Dialwa MB	4/4	Dialwa MB	4/4	Lachporia Z	1/1	Giuricich S	1/2
Edmunds MG	4/4	Edmunds MG	3/4	Neethling J	1/1	Kajee S	4/4
Furney RW	3/4	Furney RW	3/4	Pillay R	1/1	Khangale B	1/2
Kajee S	2/4	Kajee S	2/4	Wessels C	0/1	Kocks H	3/4
Kocks H	3/4	Kocks H	2/4			Roberts J	3/4
Lachporia Z	2/4	Lachporia Z	1/4	Assessment & Review Committee			
Likhang R	4/4	Likhang R	4/4	Rissik M	2/2	EDEX Committee	
Mbhamali S	4/4	Mbhamali S	4/4	Parratt J	2/2	Rissik M	2/2
Neethling J	3/4	Neethling J	3/4	Kocks H	2/2	Parratt J	2/2
Parratt J	3/4	Parratt J	2/4	Shochot J	2/2	Kocks H	2/2
Pillay R	0/4	Pillay R	0/4	Smit S	1/2	Shochot J	2/2
Sello MA	4/4	Sello MA	4/4	Robinson K	2/2	Smit S	1/1
Strauss-Symons E	4/4	Strauss-Symons E	4/4			Robinson K	2/2
Smit PF	2/4	Smit PF	2/4	Executive Committee			
Smit S	3/4	Smit S	3/4	Kajee S	2/2	Branches Committee	
Southgate K	3/4	Southgate K	3/4	Lachporia Z	1/2	Dialwa B	2/2
Thebenyane B	4/4	Thebenyane B	3/4	Neethling J	3/4	Mbhamali S	2/2
Wessels CH	2/4	Wessels CH	2/4	Smit S	4/4	Likhang R	2/2
Wilson C	3/4	Wilson C	2/4	Southgate K	4/4	Pillay R	0/2
						Strauss-Symons E	2/2
						Wilson C	1/2
Membership Committee		PPG Committee					
Furney RW	0/4	Benson N	4/4				
Russell V	4/4	Heiden R	3/4				
Smit P	1/4	Knight H	4/4				
Roberts J	4/4	Piyose T	2/4				
Sello A	4/4	Mina P	1/4				
		Southgate K	2/4				
		Jeffries Y	3/4				
		Mpye T	1/4				

Audit And Risk Committee Report

Membership

SAH Kajee (Chair)
RW Furney
HF Kocks
JV Roberts
S Giuricich (appointed 28 July 2016)
B Khangale (appointed 28 July 2016)

Structure

The committee was appointed by the Board to hold office for the year under review. The Committee met four times in 2016. Attendance at Committee meetings is set out on page 20. 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 2016
- Monitored and reviewed the effectiveness of internal control systems, including IT systems and internal financial reporting
- Reviewed and evaluated the effectiveness of financial risk management and compliance functions
- Assessed the independence of the external auditor
- Reviewed and recommended for Board approval, the scope and fees pertaining to the external audit process
- Reviewed the effectiveness of the external audit process following the end of the annual audit cycle
- Reviewed and recommended for Board approval, the integrated report for the year ended 31 December 2016
- Reviewed and recommended for Board approval, the annual Budget for the ensuing year
- Reviewed the audit and risk committee terms of reference.



SAH Kajee
Chairman
Audit and Risk Committee
Johannesburg
23 May 2017

Directors' Responsibilities and Approval

31 December 2016

The directors are required by the Companies Act 71 of 2008 of South Africa 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 annual 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 the 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' disclaimed audit report is presented on pages 23 to 25.

The annual financial statements as set out on pages 26 to 41 were approved by the board on 1 April 2017 and were signed on their behalf by:



Karen Southgate - President



Shamida Smit - Senior Vice President



Stephen Sadie - CEO

Independent Auditor's Report

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

Opinion

We have audited the financial statements of The Southern African Institute of Chartered Secretaries and Administrators NPC set out on pages 27 to 41, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of The Southern African Institute of Chartered Secretaries and Administrators NPC for the year ended 31 December 2016 are prepared, in all material respects, in accordance with the basis of accounting described in note 2 to the financial statements and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Integrated Report and the Directors' Report, as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with the basis of accounting described in note 2 and the requirements of the Companies Act of South Africa, for determining that the basis of preparation is acceptable in the circumstances 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.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads "Mazars".

Mazars
Registered Auditor
Partner: Gareth Jackson
Registered Auditor
Chartered Accountant (SA)
31 May 2017
Johannesburg

DIRECTORS' REPORT

31 December 2016

The directors present their report for the year ended 31 December 2016.

1. Review of activities

Main business and operations

CSSA operates as a Non Profit Company in terms of the Companies Act 71 of 2008 of South Africa. 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 on the financial position of the company.

4. Directors' interest in contracts

Publishing costs were paid to Eagle Publishing (Pty) Ltd (of which R W Furney is a shareholder) R211 541 (2015: R217 905).

Fees for printing the Integrated Report paid to Commercial and Club Secretaries CC (of which R W Furney's wife is a member) amounted to R93 047 (2015: R74 200).

Fees for payroll administration were paid to Commercial and Club Secretaries CC (of which R W Furney's wife is a member) in the amount of R24 660 (2015: R22 293) and Printing (Certificates) R1 824 (2015: R0).

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

- J Parratt (Moderator and exam report Fees) – R0 (2015: R6 963)
- PF Smit (Examination Fees) – R0 (2015: R12 670)

Other professional fees were paid as follows during the year

- J Wolpert (Technical Adviser) – R0 (2015: R81 420)
- C H Wessels (CPD Seminars) – R0 (2015: R19 500)
- N Bouwman (CPD Seminars) – R0 (2015: R3 500)
- J Neethling (IRA Judge) – R5 500 (2014: R5 500)

5. Reclassification adjustment

In preparation of the financial statements for the year certain errors in accounting and reporting were noted in the prior periods. The corrections of these errors are reported in note 25.

6. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008 of South Africa, and have concluded the company is liquid and solvent.

7. Directors

The directors of the company during the year are as follows:

Karen Southgate - President	Shamida Smit - Senior Vice President	Sikander Kajee - Vice President	Johann Neethling - Past President
Andrew Sello	Bonny Thebenyane	Brian Dialwa	Catharina Wessels
Christopher Wilson	Elizabeth Strauss-Symons	Herman Kocks	Jill Parratt
Maria Edmunds	Natasha Bouwman	Patricia Smit	Raymond Pillay
Robert Furney	Robert Likhong	Sandile Mbhamali	Zernobia Lachporia

8. Secretary

The company's designated secretary is Irma Warriner, P O Box 1029, Sundowner 2151

9. Independent Auditors

Mazars were the independent auditors for the year under review.

Statement of Financial Position

at 31 December 2016



Figures in Rand	Notes	2016	2015
Assets			
Non-Current Assets			
Property, plant and equipment	3	671 581	809 323
Intangible assets	4	10 500	12 000
		682 081	821 323
Current Assets			
Inventories	5	183 108	184 479
Loans receivable	6	-	299 610
Trade and other receivables	7	749 819	556 255
Cash and cash equivalents	8	6 526 488	5 418 408
		7 459 415	6 458 752
Total Assets		8 141 496	7 280 075
Equity and Liabilities			
Equity			
Other reserves	9	415 000	440 000
Retained income		2 829 442	4 145 463
		3 244 442	4 585 463
Non-Current Liabilities			
Post-retirement medical aid liability	10	429 060	413 060
Current Liabilities			
Trade and other payables	11	3 942 840	2 045 154
Loans payable	12	266 157	118 545
Post Retirement Medical Aid Liability	10	54 000	48 000
Operating lease liability	13	204 997	69 853
		4 467 994	2 281 552
Total Equity and Liabilities		8 141 496	7 280 075

Statement of Comprehensive Income for the year ended 31 December 2016

Figures in Rand	Notes	2016	2015
Revenue	14	14 606 782	14 450 012
Operating costs		(16 525 849)	(16 455 028)
Operating deficit	15	(1 919 067)	(2 005 016)
Other income	16	315 857	456 777
Investment revenue	17	401 602	236 522
Finance costs	18	(114 413)	(37 000)
Deficit for the year		(1 316 021)	(1 348 717)
Other comprehensive income			
Revaluation - PR Medical Liability	10	(25 000)	4 000
Total other comprehensive income		(25 000)	4 000
Total comprehensive deficit for the year		(1 341 021)	(1 344 717)

Statement of Changes in Equity

for the year ended 31 December 2016



Figures in Rand

	Post-retirement Medical aid Reserve	Retained Income	Total
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
Balance at 1 January 2016	440 000	4 145 463	4 585 463
Deficit for the year		(1 316 021)	(1 316 021)
Total other comprehensive income	(25 000)	-	(25 000)
Total comprehensive income/(deficit) for the year	(25 000)	(1 316 021)	(1 341 021)
Balance at 31 December 2016	415 000	2 829 442	3 244 442

Note

9

Statement of Cash Flows

for the year ended 31 December 2016

Figures in Rand	Notes	2016	2015
Cash flows from operating activities			
Cash receipts from customers		14 413 218	15 557 648
Cash payments to suppliers and employees		(13 226 292)	(16 532 600)
Cash generated from operations	20	1 186 926	(974 952)
Investment income	17	401 602	236 522
Finance costs	18	(114 413)	(37 000)
Net cash from operating activities		1 474 115	(775 429)
Cash flows from investing activities			
Property plant and equipment acquired	3	(374 535)	(546 181)
Proceeds on disposals of property plant and equipment		8 500	6 500
Net cash utilised in investing activities		(366 035)	(539 681)
Increase/(decrease) in cash and cash equivalents		1 108 080	(1 315 110)
Cash and cash equivalents at beginning of the year		5 418 408	6 733 518
Cash and cash equivalents at end of the year	8	6 526 488	5 418 408

ACCOUNTING POLICIES

31 December 2016



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. Significant 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
Computer Software	3 Years
Office Equipment	5 Years
Computer Equipment	3 Years

ACCOUNTING POLICIES (continued)

31 December 2016

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.

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.

Trademarks

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

Category:

Trademarks

Useful lives:

10 Years

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.

ACCOUNTING POLICIES (continued)

31 December 2016



2.5 Financial Instruments (continued)

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.

ACCOUNTING POLICIES (continued)

31 December 2016

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

31 December 2016



Figures in Rand	2016			2015		
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3. Property, plant and equipment

	Cost	Accumulated depreciation	2016 Carrying value	Cost	Accumulated depreciation	2015 Carrying value
<i>Owned assets</i>						
Motor Vehicles	144 925	128 017	16 908	144 925	99 032	45 893
Furniture and Fittings	41 014	32 601	8 413	195 110	183 508	11 602
Computer Software	1 457 137	864 550	592 587	1 102 087	436 499	665 588
Office Equipment	55 129	18 994	36 135	138 028	112 625	25 403
Computer Equipment	217 142	199 604	17 538	439 633	378 796	60 837
	1 915 347	1 243 766	671 581	2 019 783	1 210 460	809 323

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

	Carrying value at beginning of year	Additions	Depreciation	2016 Carrying value at end of year
<i>Owned assets</i>				
Motor vehicles	45 893	-	(28 985)	16 908
Furniture and fittings	11 602	-	(3 189)	8 413
Computer Software	665 588	355 050	(428 051)	592 587
Office equipment	25 403	19 485	(8 753)	36 135
Computer Equipment	60 837	-	(43 299)	17 538
	809 323	374 535	(512 277)	671 581

	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
Computer Software	-	430 811	(149 579)	(286 920)	671 276	665 588
Office Equipment	35 588	4 648	(14 833)	-	-	25 403
Computer Equipment	553 476	110 722	(219 005)	286 920	(671 276)	60 837
	679 861	546 181	(416 719)	-	-	809 323

4. Intangible assets

	Cost	Accumulated amortisation	2016 Carrying value	Cost	Accumulated amortisation	2015 Carrying value
Trade marks	15 000	(4 500)	10 500	15 000	(3 000)	12 000

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

	Carrying value at beginning of year	Amortisation	2016 Carrying value at end of year
Trade Marks	12 000	(1 500)	10 500

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

Notes to the Annual Financial Statements (continued)

31 December 2016

Figures in Rand	2016	2015
5. Inventories		
Inventories comprise:		
Merchandise for resale - Text Books	183 108	184 479
6. Loans receivable		
The Business Administrators Educational Foundation Trust - MENTOR	-	299 610
	-	299 610
The above loan is unsecured, interest is charged at 5.15% per annum on month end balance and has no fixed terms of repayment.		
7. Trade and other receivables		
Trade Debtors	527 431	426 709
Prepaid expenses	222 388	42 324
Value Added Taxation	-	87 222
	749 819	556 255
8. Cash and cash equivalents		
Favourable cash balances		
Cash on hand	2 458	514
Current Accounts	5 643 400	4 640 619
Call Accounts	880 630	777 275
	6 526 488	5 418 408
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	415 000	440 000
10. Post-retirement medical aid liability		
Valuation has been performed as at 31 December 2016.		
Accrued liability	(429 060)	(413 060)
Current liability	(54 000)	(48 000)
	(483 060)	(461 060)
<i>Net Statement of financial position</i>		
Healthcare liability at 31 December 2015	(461 060)	
(Cost) / income recognised in P&L	(45 000)	
Remeasurment recognised in OCI	(25 000)	
Company contributions paid*	48 000	
Healthcare liability at 31 December 2016	(483 060)	

*The contributions have been estimated using actual contributions paid by the Company to pensioners in the year to 31 December 2016 and the membership data supplied. Any adjustment to the figure will result in a corresponding change to the remeasurement effects.

R54 000 (2015: R48 000) of the total liability of R483 060 relates to short-term liabilities which are payments expected to be made within the next year.

Notes to the Annual Financial Statements (continued)

31 December 2016



Figures in Rand	2016	2015
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10. Post-retirement medical aid liability (continued)

Current and previous statement of Net Healthcare Liability

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

Plan assets at 31 December 2016	-
Liability at 31 December 2016	(483 060)
Net asset / (liability) at 31 December 2016	(483 060)

Change in liability over current year

Over the financial year the benefit obligation changed as follows:

Healthcare liability at 31 December 2015	461 060
Current service cost	-
Interest cost	45 000
Actuarial (gain) / loss - experience	31 000
Actuarial (gain) / loss - demographic assumptions	-
Actuarial (gain) / loss - financial assumptions	(6 000)
Contributions / benefits paid	(48 000)
Healthcare liability at 31 December 2016	483 060

*The actuarial loss attributable to experience of R31 000 is as a result of higher than expected healthcare inflation as outlined in the earlier sections, as well as the same 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 9.30% per annum has been assumed (10.20% used at 31 December 2015). 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 6.00% per annum has been assumed (7.20% was used at 31 December 2015). 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. 8.00% pa. The same approach was used in 2015, resulting in a healthcare cost inflation of 9.20% as at 31 December 2015.

As a result the 2016 net discount rate is assumed to be 1.20% per annum which is greater than the assumption of 0.92% which was used in 2015. All else being equal, this change reduced the liability by R6 461.

Notes to the Annual Financial Statements (continued)

31 December 2016

Figures in Rand	2016	2015
11. Trade and other payables		
Trade and other payables	923 616	1 196 326
Fees received in advance	1 789 418	3 860
Unallocated student deposits	180 165	-
Unallocated deposits	419 655	247 297
Leave Pay and other accrual	451 834	597 671
Value Added Tax	178 152	-
	3 942 840	2 045 154
12. Loans payable		
Institute of Business Studies NPC	101 520	46 819
Chartered Institute of Business Management NPC	104 471	71 726
The Business Administrators Educational Foundation Trust	60 166	-
	266 157	118 545
The above loans are unsecured, interest is charged at 5.15% per annum on month end balance and has no fixed terms of repayment.		
13. Operating lease liability		
Operating lease liability	204 997	69 853
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.	1 255 603	987 625
At year-end, the company has outstanding commitments under non-cancellable operating leases that fall due as follows:		
Within one year	1 200 806	1 120 459
Later than one year but within five years	3 503 435	4 704 240
	4 704 240	5 824 699
14. Revenue		
An analysis of revenue is as follows:		
Sales - Physical Stock	353 097	403 156
Administration Fees Received	665 500	603 851
Corporate Governance Conference	1 485 830	1 312 560
Integrated Reporting Awards	685 383	688 009
Member Income	4 250 990	4 259 864
Other Income	-	141 474
Hire of Boardroom	1 850	9 700
Professional Practice Group Income	496 378	415 511
Royalties Received	8 321	19 342
Seminar Income	504 560	519 301
Student Income	6 123 031	6 029 013
Technical Support Package	31 842	48 231
	14 606 782	14 450 012

Notes to the Annual Financial Statements (continued)

31 December 2016



Figures in Rand	2016	2015
15. Operating deficit		
Operating surplus / deficit is arrived at after taking into account the following items:		
Income		
Exchange rate profits on foreign exchange	23 834	-
<i>Expenditure</i>		
Amortisation	(1 500)	(1 500)
Trademarks		
<i>Depreciation</i>		
<i>Owned assets</i>		
Motor Vehicles	(28 985)	(28 985)
Furniture and Fittings	(3 189)	(4 317)
Computer Software	(428 051)	(149 579)
Office Equipment	(8 753)	(14 833)
Computer Equipment	(43 299)	(219 005)
	<u>(512 277)</u>	<u>(416 719)</u>
Auditors' remuneration		
Audit fees		
-current	(142 750)	(361 068)
<i>Operating lease charges</i>		
Premises	(1 255 603)	(987 625)
Electricity water and rates	(344 613)	(325 943)
Advertising	(601 955)	(537 409)
Employee Costs	(7 057 823)	(6 815 332)
Integrated Reporting Awards and Corporate Governance Conference	(1 782 618)	(1 739 917)
International Capitation Fees	(211 595)	(526 418)
Student Expenses	(1 029 193)	(1 103 163)
Legal Fees	(233 976)	(332 546)
16. Other Income		
Gain on disposal of property, plant and equipment	8 500	6 500
Insurance claim payout	274 598	450 277
Donation received	8 925	-
Profit on foreign exchange	23 834	-
	<u>315 857</u>	<u>456 777</u>
17. Investment revenue		
Interest income		
Interest received on call accounts	394 955	236 522
Interest received - Chartered Institute of Business Management NPC	6 647	-
	<u>401 602</u>	<u>236 522</u>
18. Finance costs		
Liberty Life - late payment	292	-
Interest Paid - Institute of Business Studies NPC	6 779	-
Interest Paid - Chartered Institute of Business Management NPC	2 177	-
Interest Paid - The Business Administrators Educational Foundation Trust NPC	60 166	-
Interest Paid - post-retirement medical liability	45 000	37 000
	<u>114 413</u>	<u>37 000</u>

Notes to the Annual Financial Statements (continued)

31 December 2016

Figures in Rand	2016	2015
19. Taxation		
No provision has been made for 2016 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.		
20. Cash generated from operations		
Deficit for the year	(1 341 021)	(1 344 717)
<i>Adjustments for:</i>		
Finance costs	114 413	37 000
Amortisation of Intangible assets	1 500	1 500
Depreciation of Property, plant and equipment	512 277	416 719
Investment income	(401 602)	(236 522)
(Profit)/loss on disposal of plant and equipment	(8 500)	(6 500)
Increase/(decrease) in post-retirement employee benefits	16 000	(11 000)
Operating cash flow before working capital changes	(1 106 933)	(1 143 520)
<i>Working capital changes</i>		
Decrease/(increase) in inventories	1 371	(62 317)
(Decrease)/increase in trade and other receivables	(193 564)	266 258
Decrease in short-term loans receivable	299 610	774 492
Increase in short-term loans payable	147 612	118 545
Increase/(decrease) in trade and other payables	2 038 830	(928 410)
	1 186 926	(974 952)

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	
			2016	2015	2016	2015
Institute of Business Studies NPC	Fellow Institute	Administration fee income and interest paid	(21 721)	(127 379)	(101 520)	(46 819)
Chartered Institute of Business Management NPC	Fellow Institute	Administration fee income and interest paid	(641 471)	(476 472)	(104 471)	(71 726)
The Business Administrators Educational Foundation Trust - MENTOR	Fellow Institute	Interest paid	60 166	-	(60 166)	299 610

Publishing costs were paid to Eagle Publishing (Pty) Ltd (of which R W Furney is a shareholder) R211 541 (2015: R217 905).

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 R93 047 (2015: R74 200).

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 R24 660 (2015: R22 293) and Printing (Certificates) R1 824 (2015: R0).

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

- J Parratt (Moderator and exam report Fees) – R0 (2015: R6 963)
- PF Smit (Examination Fees) – R0 (2015: R12 670)

Other professional fees were paid as follows during the year

- J Wolpert (Technical Adviser) – R0 (2015: R81 420)
- C H Wessels (CPD Seminars) – R0 (2015: R19 500)
- N Bouwman (CPD Seminars) – R0 (2015: R3 500)
- J Neethling (IRA Judge) – R5 500 (2014: R5 500)

Notes to the Annual Financial Statements (continued)

31 December 2016



Figures in Rand	2016	2015
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22. Financial instruments

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

	Loans and receivables	Total
2016		
Trade and other receivables (note 7)	527 431	527 431
Cash and cash equivalents (note 8)	6 526 488	6 526 488
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

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

	Loans and payables	Total
2016		
Trade and other payables (note 11)	3 942 840	3 942 840
Loan payable (note 12)	266 157	266 157
2015		
Trade and other payables (note 11)	2 045 154	2 045 154
Loan payable (note 12)	118 545	118 545

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 1 April 2017.

25. Comparative figures

Certain comparative figures have been reclassified for better presentation

Statement of Financial Position

Non-current Liabilities

Post-retirement medical aid liability	48 000
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Current Liabilities

Trade and other payables	(48 000)
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Statement of Comprehensive Income

Revenue	391 100
Operating costs	(391 100)



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