



SAICA

THE SOUTH AFRICAN INSTITUTE
OF CHARTERED ACCOUNTANTS

develop.influence.lead.

ANNUAL INTEGRATED REPORT 2016

(NPO REGISTRATION
NUMBER – 020-050)

THE SAICA VALUE PROPOSITION



CREATING INSPIRATIONAL VALUE THROUGH COLLABORATION

CONTENTS

PART ONE

- 01** NAVIGATING OUR REPORT
page 1
- 02** ABOUT THIS REPORT
page 2
- 03** ORGANISATIONAL OVERVIEW
page 6
- 04** BUSINESS MODEL AND VALUE CREATION
page 22

NAVIGATION

STRATEGIC OBJECTIVES



SIX CAPITALS



PART TWO

- 05** GOVERNANCE
page 28
- 06** EXTERNAL ENVIRONMENT
page 60
- 07** STAKEHOLDER RELATIONSHIPS
page 66
- 08** RISKS AND OPPORTUNITIES
page 76

PART THREE

- 09** STRATEGY AND RESOURCE ALLOCATION
page 84
- 10** PERFORMANCE 2016
page 88
- 11** SUMMARY FINANCIAL INFORMATION
page 96
- 12** FUTURE OUTLOOK
page 102
- 13** GROUP FINANCIAL REPORT
page 108

01 NAVIGATING OUR REPORT

SAICA QUALIFICATION PIPELINE



PART ONE of the report provides an overview of SAICA and describes the circumstances under which it operates. It explains SAICA's strategic objectives and business model and explains how its governance structures support its ability to create value.

PART TWO of the report outlines changes to the external environment and those matters considered important by key stakeholders, material risks and opportunities and SAICA's response thereto.

PART THREE of the report highlights SAICA's performance in relation to the achievement of the strategic objectives for 2016 and explains how SAICA plans to achieve its strategy in the short, medium and long term.

*ITC = Initial Test of Competence
**APC = Assessment of Professional Competence

02

ABOUT THIS REPORT

ENHANCING THE VALUE OF THE
PROFESSION AND ELEVATING
THE CONTRIBUTION AND IMPACT
CREATED BY THE PROFESSION
TOWARDS THE ECONOMY
AND SOCIETY THROUGH
COLLABORATION



ABOUT THIS REPORT

INTRODUCTION

INTENDED AUDIENCE

This report has been prepared for the members and stakeholders of SAICA.

MATERIALITY DETERMINATION PROCESS

Material matters are those matters that substantively affect SAICA's ability to create value over the short, medium and long term.

The process to determine the information for inclusion in this report includes:

- A review of SAICA's external environment (*Refer to External Environment section*)
- Engagement with members and stakeholders which provided insight into the matters they consider important (*Refer to Stakeholder Relationships Section*)
- Assessment of risks and opportunities (*Refer to Risks and Opportunities Section*)
- Assessment of the critical issues discussed at Board, board sub-committee and executive management meetings throughout the year.

The structure and the content elements of the Integrated Report was presented and approved by the Board.

As such, the Board and management consider the information included in this report as material to SAICA with the Board approving the final content.

GROUP STRUCTURE AND REPORT BOUNDARY

During 2016 the SAICA Group comprised SAICA, the Thuthuka Education Upliftment Fund (TEUF), the Thuthuka Bursary Fund (TBF), The Hope Factory, and the Association for Accounting Technicians South Africa AAT(SA). All these entities are 100% controlled except for AAT(SA), which is a 50% joint venture with the Association of Accounting Technicians based in the United Kingdom. During the year 2016 the joint venture partners mutually agreed to dissolve the joint venture to make way for Accounting Technicians (SA), a business entity wholly owned by SAICA. The termination and release agreement between SAICA and AAT(UK) is scheduled to be signed in May 2017.

The reporting boundary includes those risks, opportunities and outcomes associated with entities or key stakeholders beyond the financial reporting structure which have a significant and direct effect on the ability of the SAICA Group to create value. (*Refer to Stakeholder Relationships, Risks and Opportunities and Performance 2016 Sections*)

MAIN FRAMEWORKS USED AND TIME FRAMES

The integrated report is prepared in accordance with the International <IR> Framework. The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards.

In this report, the short term is regarded as the next financial year, the medium term is the period to 2020, and the long term is the period beyond 2020.

ASSURANCE PROCESS

Our integrated reporting process, as well as the content of this report, is guided by the principles and requirements of the International Integrated Reporting Framework (IIRC) and the King Codes of Governance Principles for South Africa (King III and IV). Management prepares and validates the report ensuring it provides a balanced and reasonable view of SAICA. The Board, assisted by the Audit and Risk Committee, has reviewed and approved this report.

Financial information is extracted from the audited financial statements. Limited assurance is expressed over the actual performance information used to evaluate performance over the strategic objectives. For a detailed understanding of the assurance obtained, our assurance statements are available online. (*Refer to https://www.saica.co.za/Portals/0/documents/SAICA_Assurance_FY16_Assurance_Conclusions_Final.pdf*)

STATEMENT BY THE BOARD

The Board acknowledges its responsibility to ensure the integrity of this report. The Board has applied its collective mind to the preparation and presentation of the report and the information it contains. The Board is satisfied that the information contained in this report is presented in accordance with the International <IR> Framework.

This integrated report was approved by the Board on 16 May 2017.



GC Gorgulho
SAICA Board Chairman

CHAIRMAN'S MESSAGE

It gives me great pleasure to present SAICA's Annual Integrated Report for 2016, in my last year as chairman of the SAICA Board. As we lead the profession, we continuously strive to enhance the clarity of our strategy.

Our refined strategic objectives were approved by the SAICA Board on 24 November 2016. This was a culmination of a series of continuous assessments of external and internal matters, stakeholder issues, risks and opportunities and current performance. The principled theme was to enhance the value of the profession through:

- The elevation of the positive contribution and impact the accountancy profession has to make to the South African economy and society, in line with the SAICA constitution
- Principles of good governance and citizenship.

SAICA and the profession continues to work hard with other like-minded organisations and individuals to address the socio-economic imbalances and challenges that still exist in our country. SAICA remains steadfast in its vision to 'Develop Responsible Leaders' who, through their competence, contribute to:

- Uniting South Africa for a greater purpose
- The professionalisation of the public sector
- A sustainable skills pipeline through an appropriate funding model
- Sustainable economic growth through SMME support.

Through the increased impact of the entire profession the value it creates will be enhanced.

SAICA also continues to increase its efforts in skills development amongst historically disadvantaged individuals through a variety of Nation-building initiatives. In so doing, SAICA aims to ensure that the demographics of the CA(SA) profession are transformed in line with the gender and racial demographics of our country.

It is recognised that many successful initiatives intended to achieve the above already exist, albeit not at a level of mass impact. The Board has agreed that greater focus will be given to increasing the impact of such initiatives in the achievement of our strategic objectives. The Board, management, members and stakeholders continue to work closely and in a collaborative manner to further enhance the value created by the accountancy profession.

I am confident that, with the collective effort and integration of members, stakeholders, the Board and management of SAICA, the opportunities that will present themselves are endless. I am grateful for the opportunity I have had to lead the Board and the profession.

I thank the Board, the members, all stakeholders and the staff and management of SAICA for their support over the past years and look forward to experiencing a profession principled on our constitutional objectives.



GC Gorgulho
SAICA Board Chairman

I AM CONFIDENT THAT, WITH THE COLLECTIVE EFFORT AND INTEGRATION OF MEMBERS, STAKEHOLDERS, THE BOARD AND MANAGEMENT OF SAICA, THE OPPORTUNITIES THAT WILL PRESENT THEMSELVES ARE ENDLESS. I AM GRATEFUL FOR THE OPPORTUNITY I HAVE HAD TO LEAD THE BOARD AND THE PROFESSION.



GC Gorgulho
SAICA Board Chairman

03

ORGANISATIONAL OVERVIEW

ELEVATION OF OUR STRATEGIC OBJECTIVES TO MAKE A MEANINGFUL IMPACT ON THE SOUTH AFRICAN ECONOMY AND SOCIETY LEVERAGING OFF GROWTH IN OUR MEMBERSHIP



Delighted members and stakeholders

HIGHLIGHTS

Stakeholder satisfaction 90%.

Unprompted brand awareness 41%.

Most admired business brand 71%.



Nation-building

HIGHLIGHTS

82% Eligible members convert to members.

49% Eligible members are African and coloured.

Recognition of the Thuthuka model as a blueprint for skills development and transformation of the profession.



Long-term financial sustainability of SAICA

HIGHLIGHTS

SAICA Group surplus R14 million.

R2,4 million voluntary contributions by members towards nation-building initiatives.



Enhance internal operating efficiencies

HIGHLIGHTS

Increased focus on effective project management.

Sustainable increase in business process maturity.



Culture of excellence and innovation

HIGHLIGHTS

Sustainable enhancement of performance management in governance policies and principles.

Continued focus on principles of integrated thinking.

ORGANISATIONAL OVERVIEW

WHO WE ARE

SAICA was constituted and operates in terms of its constitution (Refer <https://www.saica.co.za/Technical/Ethics/ConstitutionandBylaws/tabid/2976/language/en-ZA/Default.aspx>), the main object of which is to promote the interests of the members of the institute and support the development of the South African economy and society.

SAICA operates as a voluntary association not-for-gain and is registered in terms of the Non-profit Organisations Act 71 of 1997. In meeting this objective, our long-term value creation is aligned to public interest and the development of responsible leadership.

VISION

TO DEVELOP RESPONSIBLE LEADERS.

MISSION

TO PROMOTE AND LEAD THE ACCOUNTANCY PROFESSION SO AS TO CREATE SUSTAINABLE VALUE FOR ITS MEMBERS AND OTHER STAKEHOLDERS.

In terms of the Chartered Accountants Designation (Private) Act 67 of 1993, chartered accountants may offer a professional service to the public on condition that they are members of SAICA.

In return, chartered accountants need to operate in accordance with a strict code of professional conduct. (Refer <https://www.saica.co.za/TechnicalInformation/Discipline/CodeofProfessionalConduct/tabid/701/language/en-ZA/Default.aspx>)

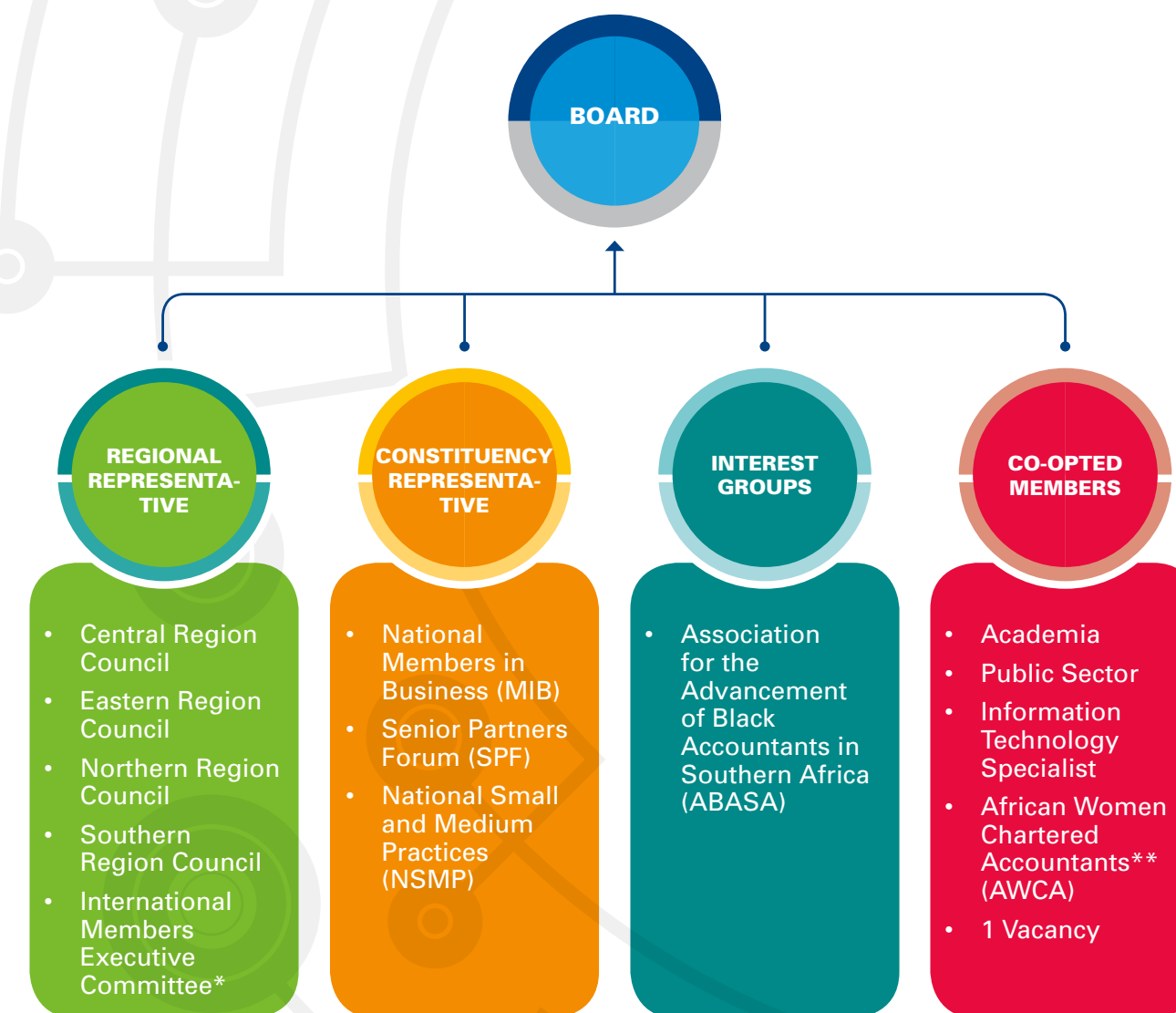
VALUES

- WE SERVE OUR MEMBERS
- WE LEAD BY EXAMPLE
- WE WORK AS A TEAM
- WE RESPECT THE INDIVIDUAL
- WE TAKE ACCOUNTABILITY
- WE STRIVE FOR QUALITY IN ALL THAT WE DO, AND
- ABOVE ALL, WE ACT WITH INTEGRITY

HOW WE ARE GOVERNED

SAICA's Board is elected and appointed in terms of the SAICA constitution and operates in terms of its by-laws and board charter. The Board is representative of our membership base and is committed to implementing the principles of the King Code of Governance. Members are appointed to SAICA's Board via their elected seat on

regional councils and constituency committees. Members outside South Africa are represented on the SAICA Board through international regional structures in America, the UK and Ireland, Australia, and Europe and Asia. (Refer to Governance Section)



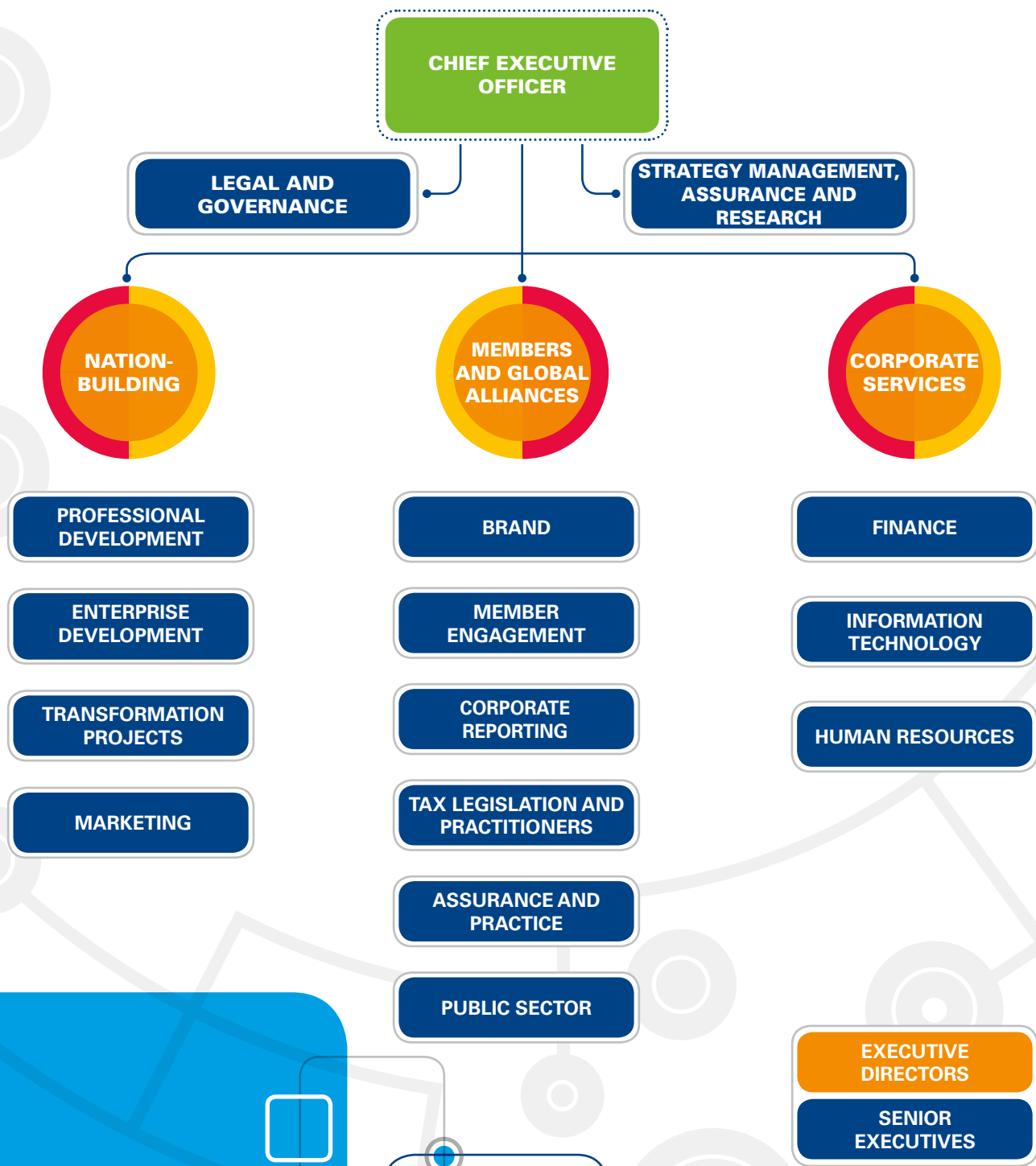
*Representative of members outside South Africa. (Refer www.saica.co.za)

(Refer www.abasa.org.za)

(**Refer www.awca.co.za)

ORGANISATIONAL OVERVIEW

SAICA ORGANOGRAM



HOW WE OPERATE

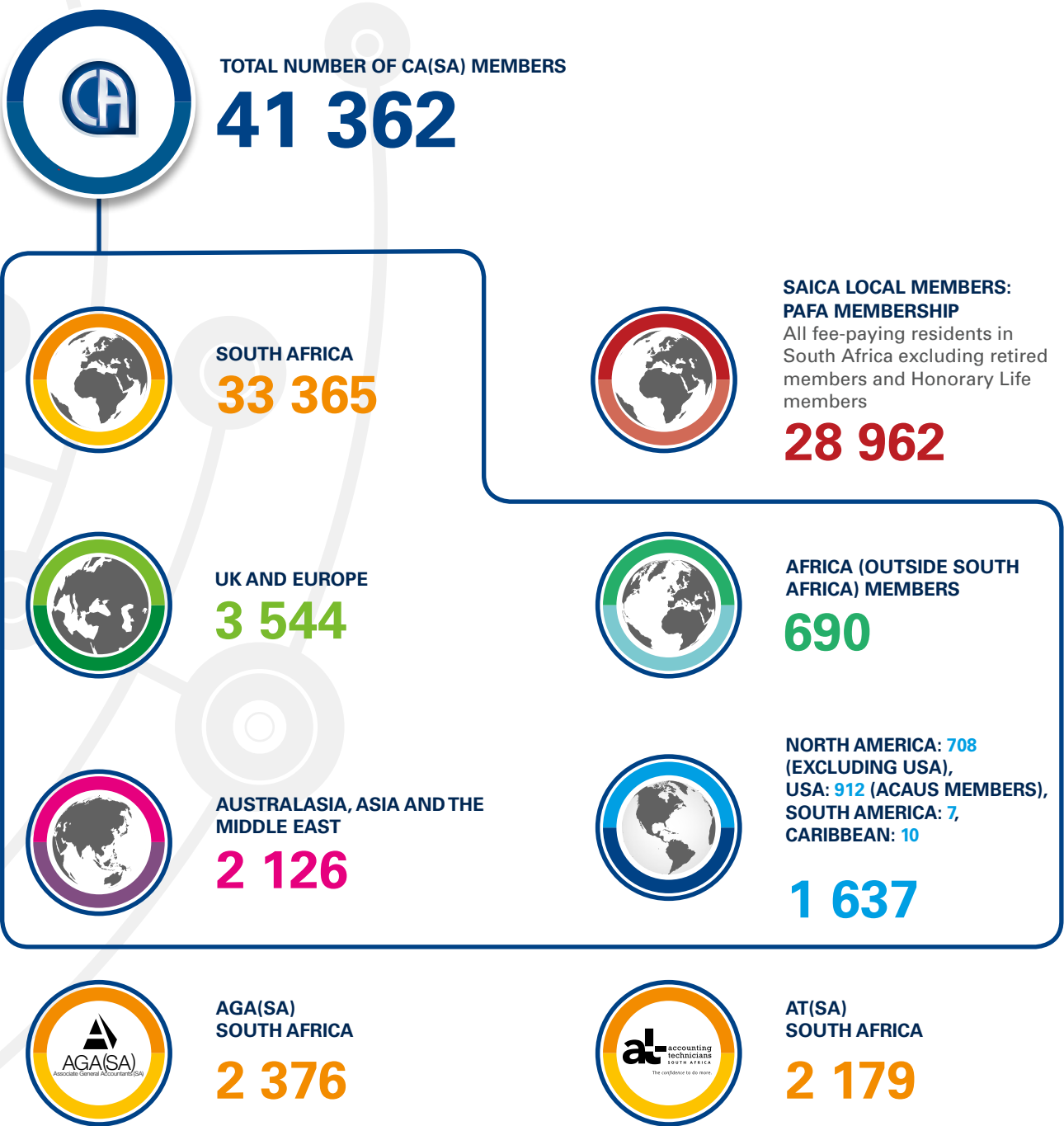
SAICA has offices across South Africa in Bloemfontein, Cape Town, and Durban and has its head office in Johannesburg.

SAICA has 199 staff and leverages off its members through their active participation on committee structures and acting in the best interest of the public.

SAICA's primary sources of revenue are membership fees, fees from seminars and events, and donor funding. In excess of 200 CPD opportunities were offered during 2016.

Revenue received from these was used for the effective delivery of these seminars and events.

MEMBERS AND ASSOCIATES AS AT 31 DECEMBER 2016



ORGANISATIONAL OVERVIEW

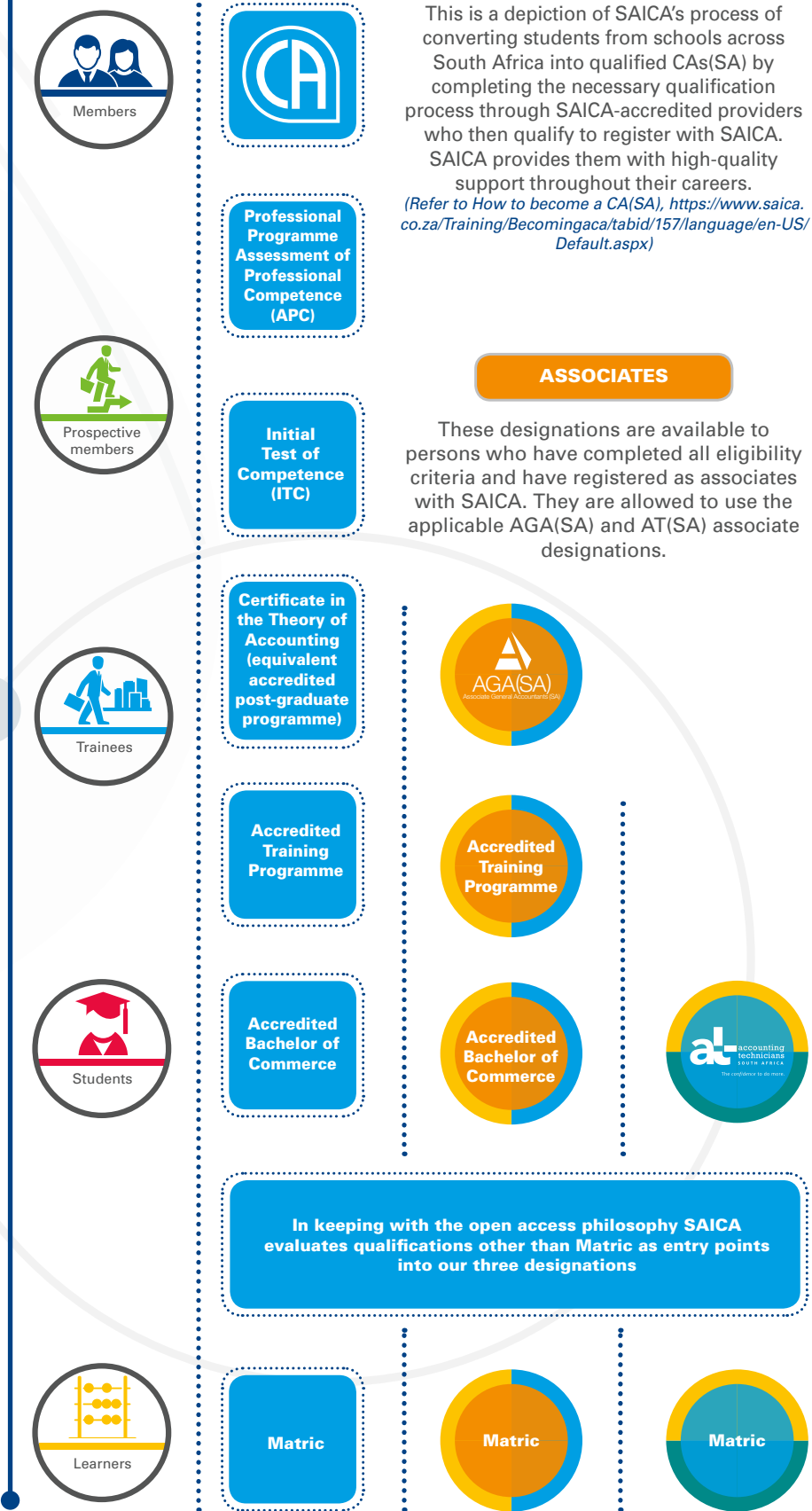
STRATEGIC OBJECTIVES

SAICA's strategic objectives continue to be aligned to its constitutional purpose, vision and mission. SAICA constantly reviews the robustness of its strategy in an integrated manner, taking into consideration the external environment, risks and opportunities, stakeholder issues and the availability of all the capitals. This resulted in an elevation and refinement of the strategic objectives listed below during 2016 and the Board's approval thereof. *(Refer to Future Outlook Section)*

The main reason for this elevation is to demonstrate a commitment to ensuring that the profession continues to make a greater, more holistic and impactful contribution to society and South Africa's economy.



SAICA THE SOUTH AFRICAN INSTITUTE OF CHARTERED ACCOUNTANTS develop.influence.lead. QUALIFICATION PIPELINE



We foster integrity, sound governance and good citizenship at an individual and corporate level

We provide support and learning to enable members to remain relevant and create value for their employees, clients and society

We uphold standards and quality of the qualification process through education and training programmes which are subject to rigorous accreditation and monitoring and we have two levels of qualifying examinations (ITC and APC)

We establish a high standard of student and trainee competency by regularly reviewing and maintaining the academic curriculum, ensuring that it meets the expectations of the accountancy profession

We provide support services to students and trainees enrolled with accredited education and training providers

We provide financial and academic support to previously disadvantaged students through the Thuthuka Bursary Fund and the Thuthuka Education Upliftment Fund

We recruit top-performing learners at schools across South Africa to enter a learning path with accredited training providers in order to become members and associates of SAICA

ORGANISATIONAL OVERVIEW



MEMBERSHIP DEMOGRAPHICS

The Thuthuka initiatives address the issues of transformation from secondary school level through to qualification as a CA(SA).

This holistic approach has created a platform of support and partnerships between government, the profession, commerce and industry, and academia.

The impact of the Thuthuka initiatives can be seen in the growth in SAICA membership in line with transformational objectives since 2002.

In 2002 the SAICA membership base comprised only 322 African and 222 coloured CAs(SA). In 2016, these numbers have grown significantly to 4 497 and 1 471 respectively.

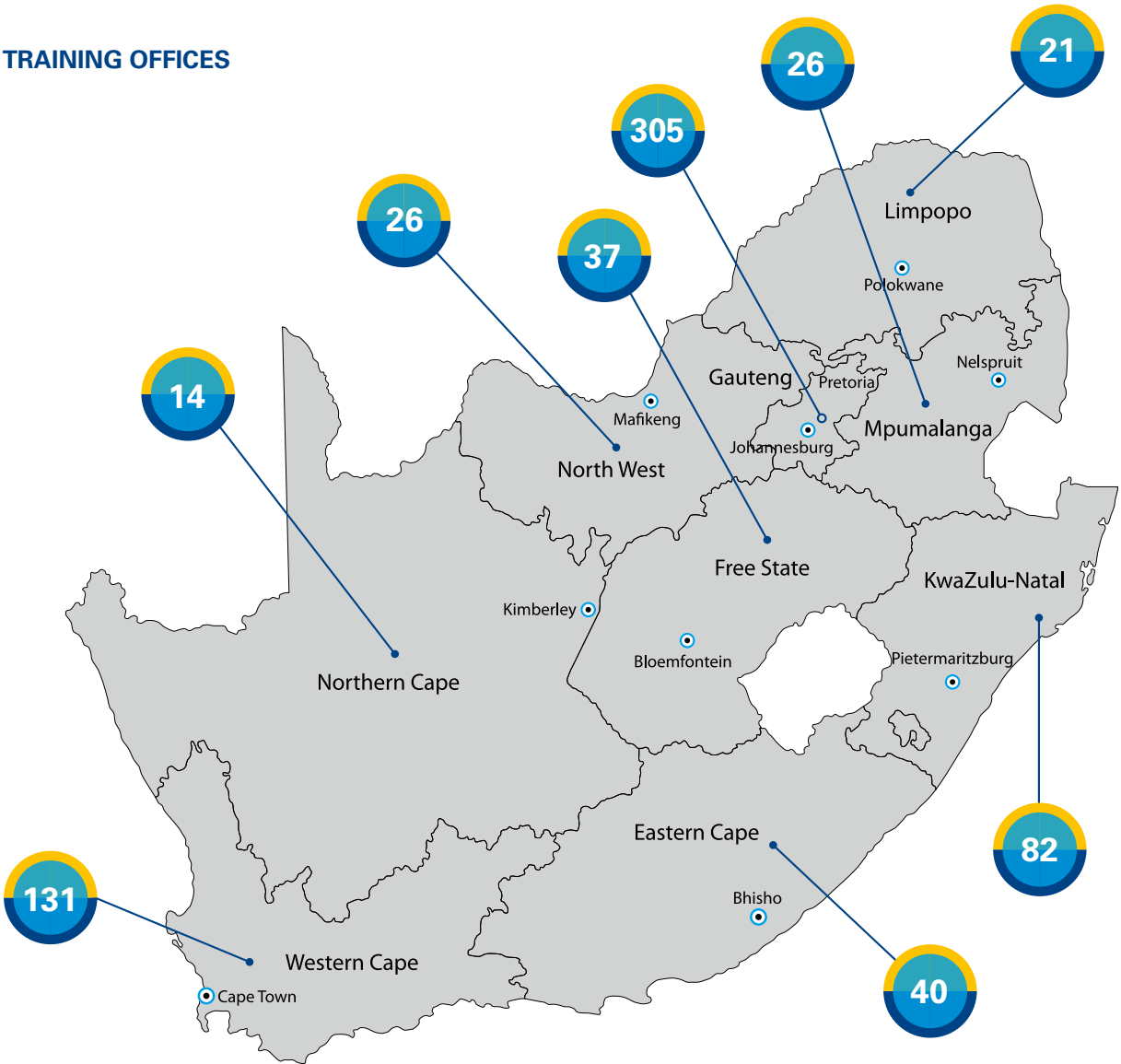
2002	AFRICAN	COLOURED	INDIAN	WHITE	OTHER	TOTAL
	322	222	1 031	19 285	43	20 903
	1.5%	1.0%	4.9%	92.3%	0.3%	100%
	AFRICAN	COLOURED	INDIAN	WHITE	OTHER	TOTAL
	2 218	723	2 607	21 039	154	26 741
	5.4%	1.7%	6.3%	50.9%	0.4%	64.7%
	AFRICAN	COLOURED	INDIAN	WHITE	OTHER	TOTAL
	2 279	748	2 010	9 471	113	14 621
	5.5%	1.8%	4.9%	22.9%	0.2%	35.3%
2016	AFRICAN	COLOURED	INDIAN	WHITE	OTHER	TOTAL
	4 497	1 471	4 617	30 510	267	41 362
	10.9%	3.5%	11.2%	73.8%	0.6%	100%

OUR TRAINING OFFICES AND TRAINEES AS AT 31 DECEMBER 2016

TRAINEES						
YEAR	AFRICAN	COLOURED	ASIAN	WHITE	OTHER	TOTAL
2014	2 416	538	909	3 416	84	7 363
2015	2 655	561	979	3 436	102	7 733
2016	2 995	608	984	3 398	114	8 099
2016	37.0%	7.5%	12.2%	41.9%	1.4%	100%

TRAINEES PER PROVINCE					
GAUTENG	WESTERN CAPE	KWAZULU-NATAL	EASTERN CAPE	OTHER	TOTAL
3 716	1 642	1 144	532	1 065	8 099
45.9%	20.3%	14.1%	6.6%	13.1%	100%

TRAINING OFFICES



INTERNATIONAL TRAINING OFFICES




1 There is one SAICA-accredited office based in London, United Kingdom.

ORGANISATIONAL OVERVIEW

- Undergraduate qualification
- Bridging programme
- Post-graduate qualification (CTA) for entrance into SAICA's Initial Test of Competence (ITC)

STUDENTS AND UNIVERSITIES

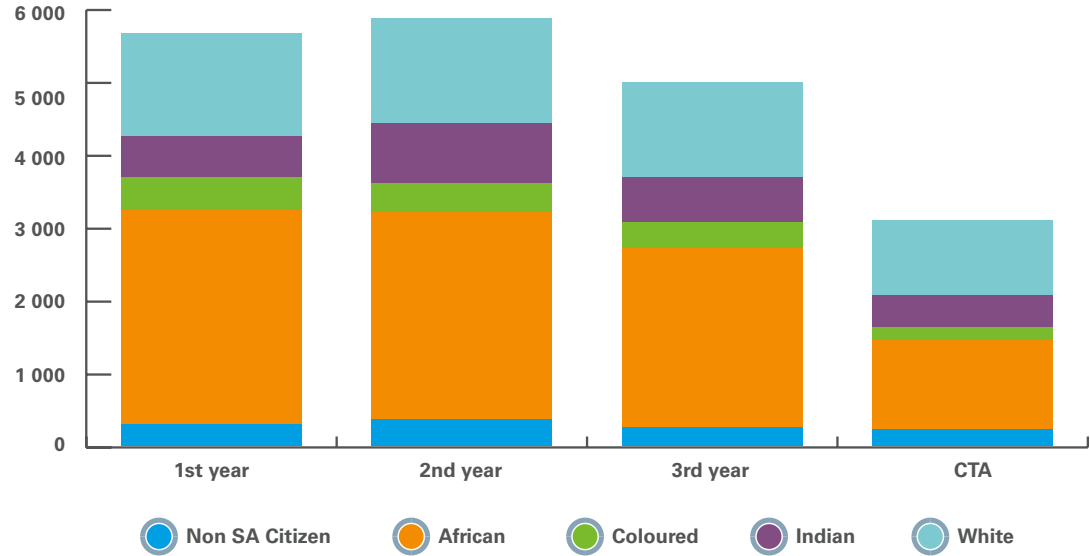
(For more information please refer to the link: <https://www.saica.co.za/LearnersStudents/InformationonEducationProviders/InformationonAccreditedProgrammes/tabid/465/language/en-ZA/Default.aspx>)

			
Residential Learning			
Eastern Cape			
Nelson Mandela Metropolitan University	2	1	1
Rhodes University	1	0	2
University of Fort Hare	1	1	1
Walter Sisulu University* (accreditation pending)	0	0	0
Western Cape			
Stellenbosch University	2	0	1
University of Cape Town	2	1	1
University of the Western Cape	1	0	2
KwaZulu-Natal			
University of KwaZulu-Natal	1	0	2
Varsity College***	1	0	0
University of Zululand*	0	0	0
North West Province			
North-West University	2	1	1
Limpopo			
University of Limpopo	1	1	1
University of Venda*	0	0	0
Gauteng			
University of Johannesburg	1	1	1
University of Pretoria	1	0	2
University of the Witwatersrand	1	0	2
Monash South Africa **	1	0	1
Varsity College***	1	0	0
Free State			
University of the Free State	1	1	1
Distance Learning			
University of South Africa (Unisa)	2	1	2

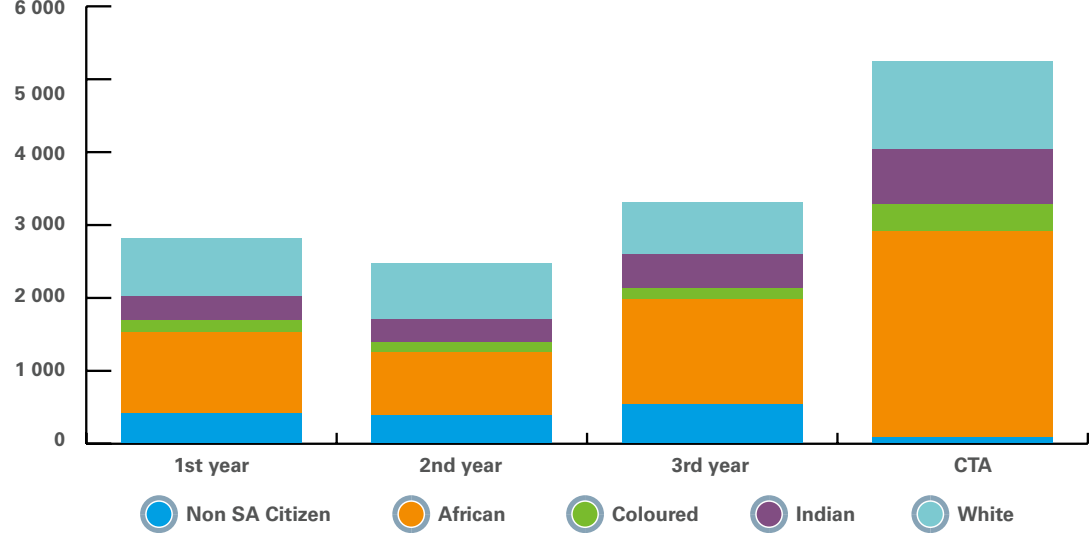
*Capacity-building for undergraduate programme accreditation is under way.
**Private provider.
*** Newly accredited private provider – 1 campus in Sandton; 2 campuses in Durban.

STUDENT ENROLMENTS BY ACADEMIC YEAR BY RACE

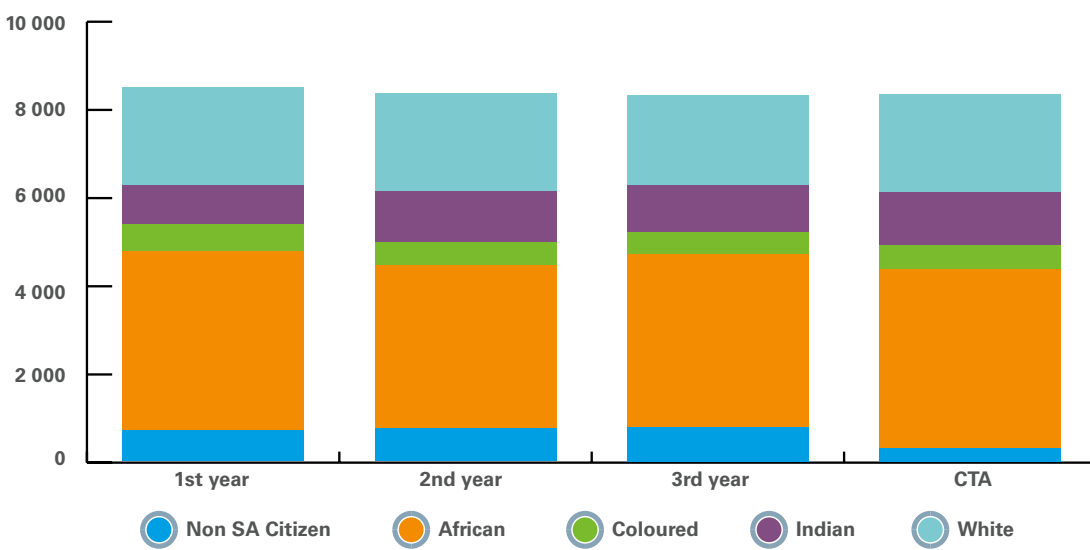
Total residential enrolments



Total distance learning enrolments



Total enrolments

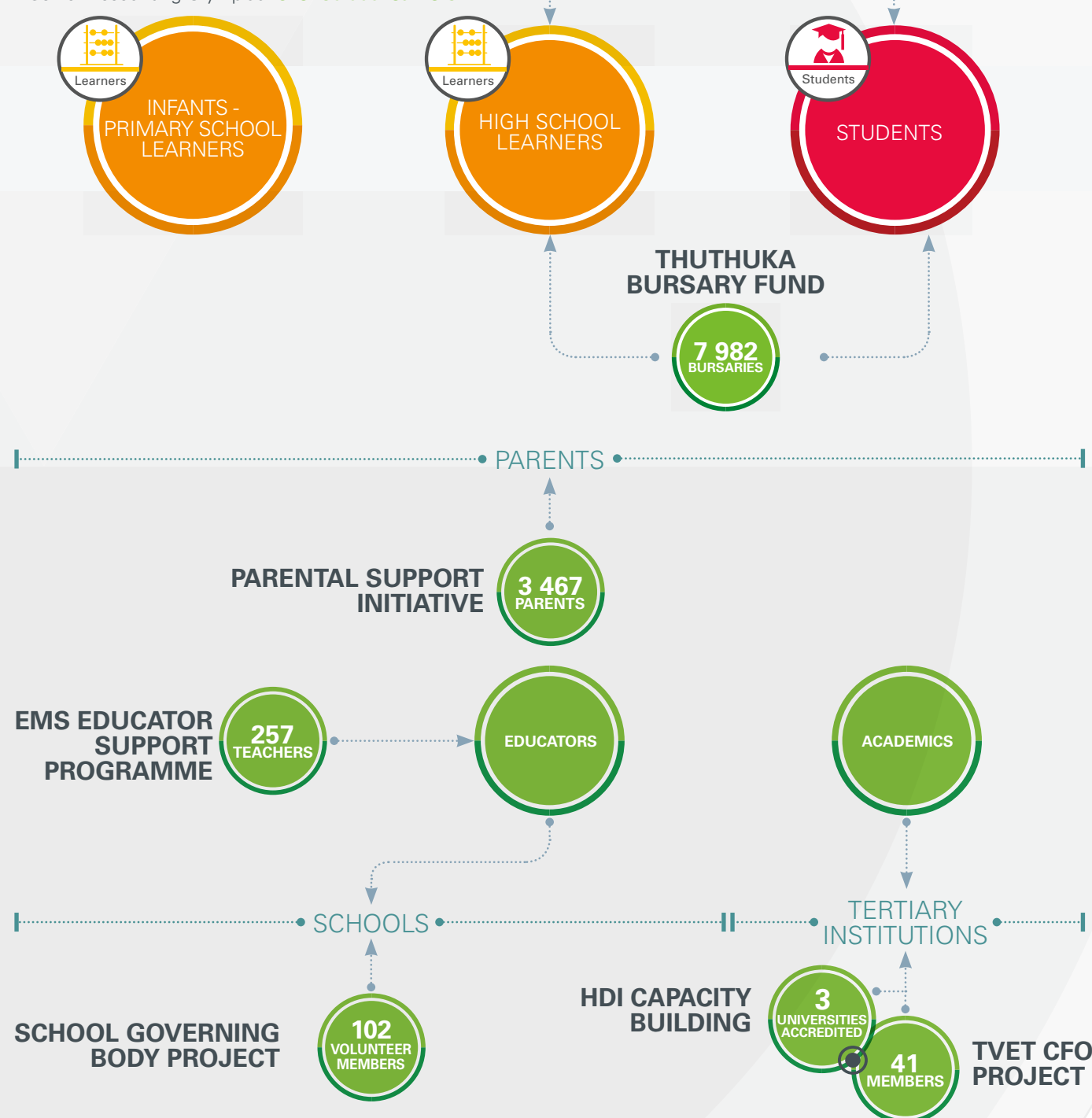


ORGANISATIONAL OVERVIEW



SECONDARY EDUCATION OUTREACH

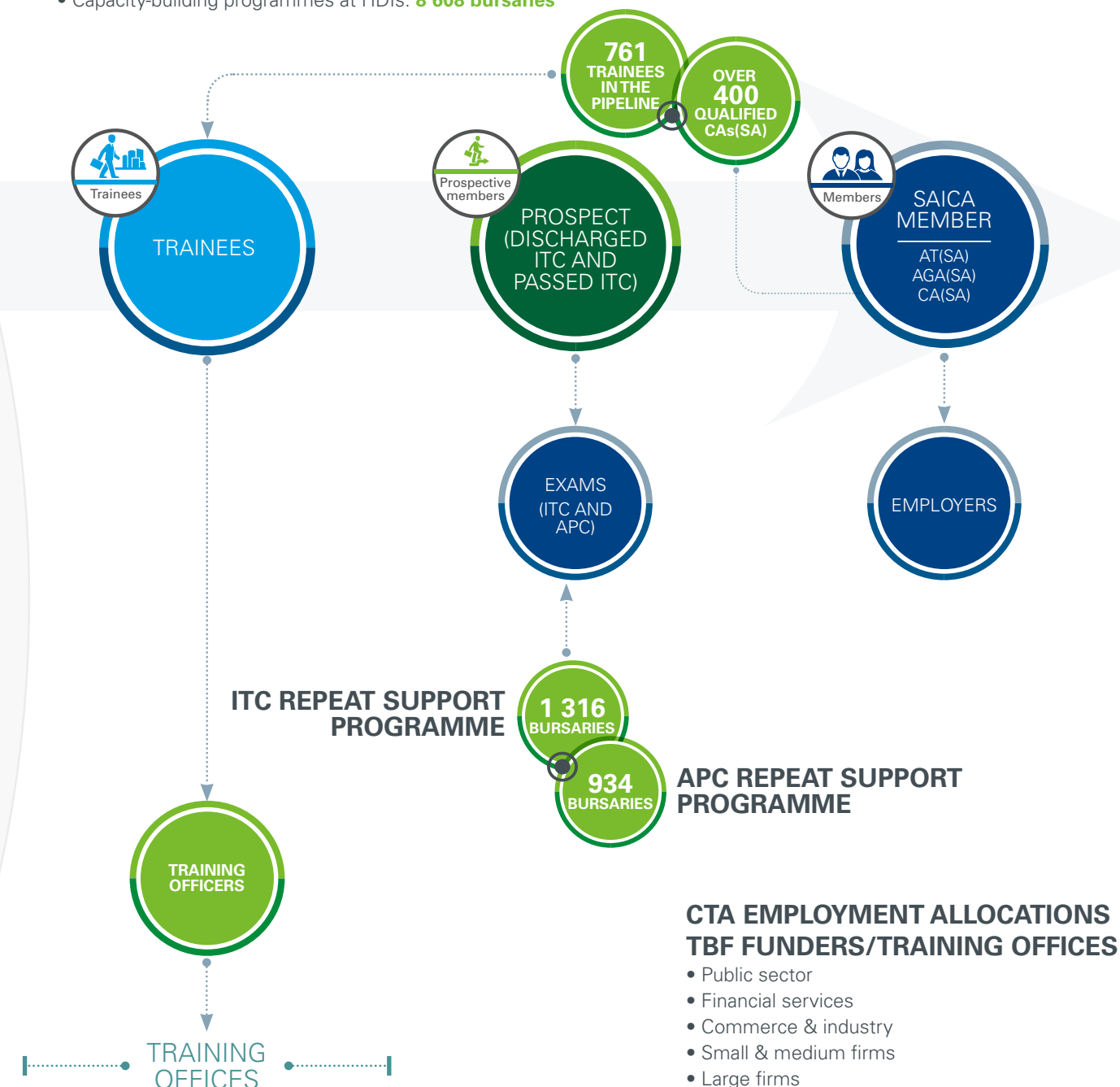
- Business Development Games: **2 165 learners**
- Career Awareness: **over 1 million learners**
- Development Camps: **over 20 000 learners**
- Junior Accounting Olympiad: **4 417 learners**
- Maths & Science Academy: **100 learners**
- Orphaned Learner Support: **9 000 learners**
- Senior Accounting Olympiad: **over 30 000 learners**



THUTHUKA IMPACT ON THE SAICA VALUE CHAIN (SINCE INCEPTION)

TERTIARY EDUCATION PROGRAMMES

- Full-time CTA Programme: **2 580 bursaries**
- Part-time CTA Programme: **1 577 bursaries/support**
- Student leadership summit: **350 students and 30 business leaders each year**
- University support programme: **2 818 bursaries/support**
- Capacity-building programmes at HDIs: **8 608 bursaries**



View the full report here https://www.saica.co.za/Portals/0/LearnersStudents/SAICA_Thuthuka_Integrated_Report.pdf

ORGANISATIONAL OVERVIEW

ENTITIES SUPPORTING SAICA'S NATION-BUILDING OBJECTIVES

SAICA HAS ESTABLISHED SEPARATE ENTITIES TO SUPPORT ITS NATION-BUILDING STRATEGIC OBJECTIVES:



THUTHUKA EDUCATION UPLIFTMENT FUND

The Thuthuka Education Upliftment Fund (TEUF) is a public benefit organisation established in 2002 to run large-scale transformation projects aimed at skills development in underprivileged communities on behalf of the accountancy profession. Contributions received for programmes qualify for tax exemption in terms of Section 18(A) of the Income Tax Act.

<https://www.saica.co.za/Default.aspx?TabId=717&language=en-US>



THUTHUKA BURSARY FUND

The Thuthuka Bursary Fund (TBF) is a trust that raises funds for bursaries to place qualifying African and Coloured students at selected SAICA-accredited universities, where students receive additional support. These programmes are closely managed by SAICA.

The fund currently administers in excess of 750 bursaries. Contributions received for bursaries qualify for tax exemption in terms of Section 18(A) of the Income Tax Act.

<https://www.saica.co.za/learnersstudents/thuthuka/thuthukabursaryfundtbf/tabid/716/language/en-za/default.aspx>



THE HOPE FACTORY

The Hope Factory is an established enterprise development organisation of SAICA. It fosters entrepreneurship and the growth and sustainability of exempted micro-enterprises and black-owned empowering suppliers (as per definitions of the Broad-Based Black Economic Empowerment codes).

In response to the amended B-BBEE codes, The Hope Factory has adapted their business model to become more efficient and effective. The Hope Factory is confident that this will provide better programmes for entrepreneurs and offer stakeholders products and services that are aligned to their expectations.

<http://www.thehopefactory.co.za/reports/ShowItem.asp?ResourceSection=&Resource=&Issue=22&ContentPageID=&Archive=&LoadFrames=N>



AT(SA)

AT(SA) is a professional body dedicated to the education, development and support of accounting technicians in South Africa. The organisation focuses primarily on developing accounting skills in the public sector and works closely with Government to identify and deliver programmes that are aimed at restoring the basic accounting disciplines in Government.

<http://www.aatsa.org.za/about-aat>

(Refer to Business Model and Value Creation, Strategy and Resource Allocation and Performance 2016 Sections)

(For further details on the entities please refer <https://www.saica.co.za/LearnersStudents/Thuthuka/tabid/714/language/en-US/Default.aspx>)

REGULATORS, STAKEHOLDERS AND ALLIANCES



IFAC: The global organisation for the accountancy profession serving the public interest by strengthening the accountancy profession and contributing to the development of strong international economies. SAICA, an IFAC member, has representation on IFAC Board and Public Accountant in Business (PAIB) Committee. To view SAICA's statements of membership obligations fulfilment status

(Refer to <http://www.ifac.org/about-ifac/membership/members/south-african-institute-chartered-accountants/>)



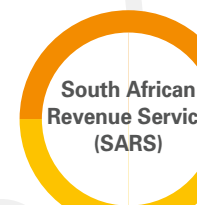
CAW: Through CAW and with Institutes of Chartered Accountants from around the world SAICA supports, develops and promotes the vital role that CAs play throughout the global economy



GAA: SAICA together with 11 leading professional accountancy bodies in significant capital markets, promote quality services, share information and collaborate on important international issues



IIRC: SAICA is a council member on the International Integrated Reporting Council (the global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs) promoting communication about value creation as the next step in the evolution of corporate reporting



Recognises SAICA as a professional body allowing its members to register as tax practitioners



Recognises CA(SA) as the only qualification that can lead to a registered auditor. SAICA complies annually through submission of regular reports



Recognises CAs(SA) & AGAs(SA) to perform independent reviews of company financial statements



Recognises SAICA as a professional body. SAQA does performance audits on SAICA on a regular basis



Recognises SAICA as a professional body enabling members to register as tax practitioners or BAS agents



PAFA: The regional body that is aimed at representing African professional accountants with one voice, particularly in relating with the International Federation of Accountants (IFAC). Through PAFA, SAICA started strengthening reciprocity with institutes across Africa

RECIPROCITY PARTNERS

Reciprocity is maintained through evaluation against a recognition framework



04

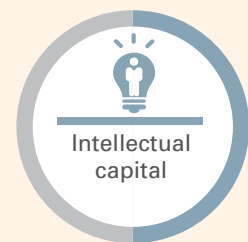
BUSINESS MODEL AND VALUE CREATION

WE DELIVER HIGHLY COMPETENT
PROFESSIONALS RELEVANT TO
SOCIETY AND THE MARKETS
THEY SERVE

BUSINESS MODEL AND VALUE CREATION

The capitals we materially rely on and affect are identified in this business model.
 (Refer to the IIRC website for definitions of the capitals: <http://integratedreporting.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf>)

INPUTS



Intellectual capital

- Members contribute their expertise voluntarily to various programmes, committees, working groups, regional councils and SAICA's Board
- SAICA's Competency Framework at the point of entering the profession) is of the highest quality and is ranked among the best in the world
- SAICA develops thought leadership and technical pronouncements
- The Thuthuka model provides a blueprint for the holistic support of previously disadvantaged tertiary education students
- CA(SA) and SAICA are strong and trusted brands locally and internationally
- The Chartered Accountancy Designation Act gives us our licence to operate



Manufactured capital

- SAICA's education and training programmes are delivered through the infrastructures of 14 universities, 2 private providers and 683 training offices around the country
- SAICA rents premises in Johannesburg (Head Office), Durban, Cape Town and Bloemfontein, from which all operations are conducted



Financial capital

- SAICA finances most of its activities via:
- Membership fees and fees for services and products
 - Funding for nation-building programmes is provided via contributions by companies, firms, Government, members and individuals



Social and relationship capital

- Key stakeholders:
- Collaboration with stakeholders as an enabler to enhancing value for business and society
(Refer to Stakeholder Relationships Sections)



Natural capital

- Smarter and efficient business processes



Human capital

- SAICA has 199 staff members with diverse capabilities

BUSINESS ACTIVITIES AND VALUE CREATION

- Engagement and collaboration with members and stakeholders
- Investment in CA(SA) competency awareness amongst the public
- Delivery of services to members

- Communication of benefits of membership, career awareness campaigns and significant investment in the growth of the pipeline specifically at previously disadvantaged institutions

- Efficient cash management and cost containment
- Constant identification of revenue-generating opportunities for Nation-Building programmes
- Promotion of the benefits of member contributions to the growth of the profession

- Constant maturity of IT and data processes and systems
- Maturity of advocacy processes in identifying stakeholders' needs, interests and concerns

- Digital publishing strategy
- Integrated thinking strategy which includes sustainability initiatives
- Working on processes to formalise measurement of environmental impact

- Executive management development and coaching
- Constant refinement of performance management, risk and governance processes and systems

OUTCOMES

- Increased member and stakeholder satisfaction with SAICA during 2016
- Increased social capital through skills development and contributions to society via, but not limited to, the following initiatives:
 - Enhanced governance at TVET colleges and within certain public hospitals as a result of value-creating initiatives being run with Government, SAICA and other partners
 - Enterprise development initiatives through The Hope Factory
- Increase in the CA(SA) brand awareness from 38% to 41% in 2016
- Increase in the CA(SA) brand admiration from 57% to 71%
- Through its continuing development programmes, SAICA facilitates the enhancement of the knowledge and skills of its members and increases the country's bank of professional skills

- Increased membership with increasing proportion of black and female CAs(SA)
- Improved pass rates of Thuthuka students
- Enhanced BComm offerings at the universities and training offices offering accredited programmes
- Enhanced BComm offerings at four non-accredited' feeder universities

- Increased membership leads to increased revenue-earning capacity and growth in the short, medium and long term
- Increase in SAICA Group surplus
- Increased donations for Nation-Building programmes and increased participation by member's in Nation-Building activities

- Continued enhancement of business processes and systems
- Regular and real time feedback on stakeholder matters and increased engagement on these issues

- Through the integrated reporting drive and the promotion of sustainability among members awareness of SAICA's impact on the environment is being enhanced

- Leadership and competency enhancement for all senior executives in 2016 rolling out to the rest of the staff in 2017
- Increased investment in staff development, risk management and governance
- Increased staff engagement and continued improvement of organisational performance score (2016: 3.67 and 2015: 3.61)

CAPITALS

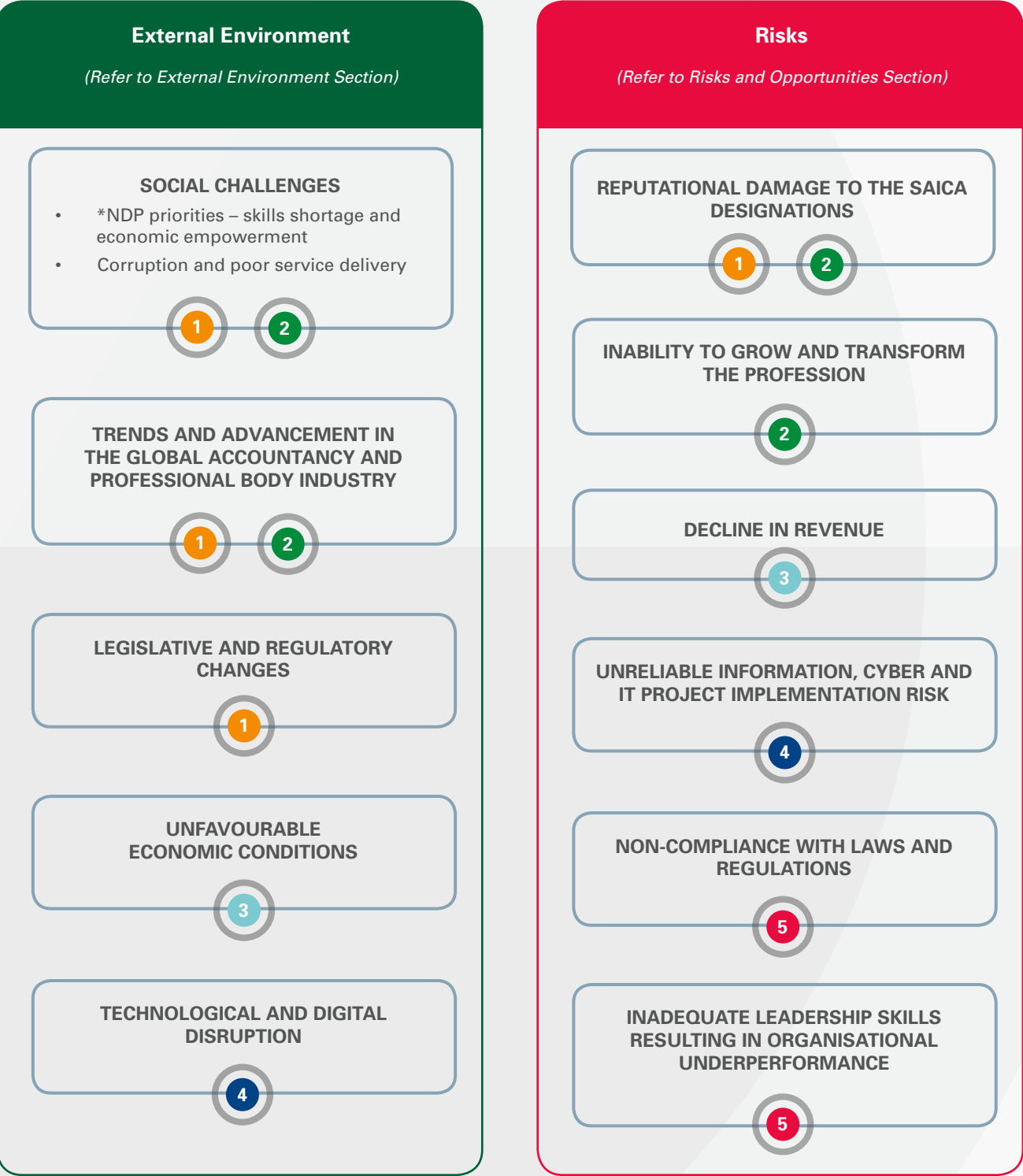


STRATEGIC OBJECTIVE

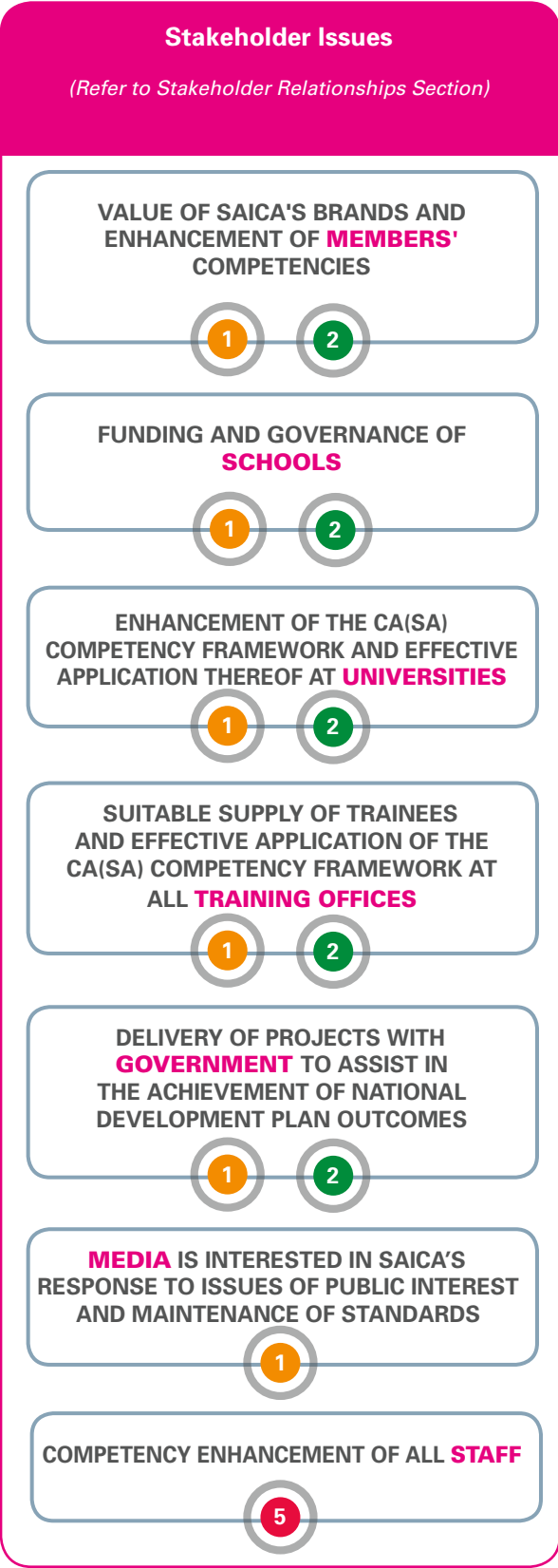


BUSINESS MODEL AND VALUE CREATION

MATTERS THAT SUBSTANTIVELY AFFECT SAICA'S ABILITY TO CREATE VALUE OVER THE SHORT, MEDIUM AND LONG TERM



(* National Development Plan: <http://www.gov.za/issues/national-development-plan-2030>)



05

GOVERNANCE

THE SAICA BOARD THROUGH
COLLABORATION AND ITS
GOVERNANCE PRACTICES
CREATES VALUE FOR
STAKEHOLDERS ON A FAIR
AND EQUITABLE BASIS.



CONTACT DETAILS

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Website: www.saica.co.za | Company review: BBSI SAICA (17422)
SAICA, its, its, its | Facebook: SAICA - The South African Institute of Chartered Accountants



The SAICA Board and its sub-committees are responsible for ultimate oversight of key enabling entities

BOARD AND GOVERNANCE STRUCTURES

The Board Charter was adopted by the Board on 30 November 2004 and was updated in 2016 to reflect the current SAICA governance framework. It directs the Board in terms of their powers and responsibilities, structure and succession planning. The Board is responsible for protecting the rights and interests of members of SAICA and is accountable to them for the overall management of SAICA.

The Board's key responsibilities include setting the strategic direction of SAICA, financial objectives and goals for management, monitoring management's performance against these goals and objectives, ensuring there are appropriate standards of corporate governance, ethical norms and risk-management guidelines, and ensuring effective processes are in place to deal with professional development.

SAICA CODE OF ETHICS

Members of the Board are expected to adhere to the highest standards of professional and business ethics. In this regard, board members are responsible for the ethical obligations of SAICA and must take the necessary steps to ensure compliance with the Board Code of Ethics and the Code of Professional Conduct for Chartered Accountants. In order to ensure that the importance of both professional and business ethics is kept at the forefront of the Board's and SAICA's activities, the Board commissioned the project by the Governance Committee, which entails the development of an Ethics Management Framework (comprising the establishment of an Ethics Management Strategy and Plan).

BOARD APPOINTMENTS

The Board operates in accordance with the provisions of the SAICA constitution, by-laws and board charter, as well as other SAICA policies. Board members are appointed to the Board by the constituencies which they represent. As such, board rotation is subject to the decision of each constituency. There are five co-opted board positions in terms of which the Board may co-opt board members, who, among others, represent academia and any other areas which the Board deems relevant from time to time (*Refer to Organisational Overview Section*). The Board is representative of key elements of SAICA's membership in that board members are appointed by regional councils and committees representing key constituencies.

In the year under review, the SAICA constitution was amended by the AGM of 23 June 2016. The amendments that were approved by the AGM related to the increase of regional council representatives on the Board such that each regional council would have equal representation at the Board, with each regional council now having two representatives, and the increase of the number of co-

opted board members from three to five. The rationale for such amendments was to:

- Ensure the independence of the Board
- Promote continuity
- Ensure retention of institutional knowledge and historical insight
- Enhance the Board's capability and ability to successfully achieve the strategic objectives and enhance the Board's ability to apply governance effectively and proactively.

These amendments were tabled and approved by the members at the AGM.

BOARD CHAIRMAN

The chairman of the Board (and any board committee) is an independent non-executive Board member. The chairman is required to have vision, foresight, sensitivity, energy, objectivity and steadfast commitment to the success of the organisation. As such, the chairman is elected by board members annually and the term is renewable once only. Mr Gil Gorgulho is the current chairman. His term ends in June 2017. During his tenure as chairman, the Board had a collaborative relationship with the CEO and the secretariat with a view to ensuring that the Board provides adequate and specific oversight, support and guidance to the management team on all aspects of their functions. Such support has been evident in the varying complicated and integrated matters that were discussed. This approach has been fundamental in ensuring the adoption and implementation of a collaborative culture in the manner in which the Institute functions.

CHIEF EXECUTIVE OFFICER

The Board delegates responsibility for the day-to-day management of SAICA to the Chief Executive Officer, who is responsible for implementing SAICA's strategies and policies. The powers and duties of the Chief Executive Officer, arising out of the constitution and by-laws, may be delegated to an appropriate person in the secretariat. The Chief Executive Officer's powers include the power to appoint and remove officers and employees of SAICA as deemed fit.

Dr Terence Nombembe is SAICA's Chief Executive Officer and was appointed by the Board in January 2014.

INDEPENDENCE

All non-executive board members are considered to be independent as they have no material interest in SAICA, the SAICA group entities, or any of SAICA's significant suppliers or customers. All members of the Board are CAs(SA). To ensure that members of the Board

continuously take into consideration their independence while serving as board members, the Board has made extensive efforts to highlight the importance of ensuring that incidents which give rise to conflict of interest are effectively managed and monitored at all levels of the organisation at all times.

BOARD EVALUATION AND EFFECTIVENESS

Board and board committee effectiveness is evaluated annually. A comprehensive internal Board and board committee evaluation was conducted by the office of the company secretary for 2016 taking into account the developments made in terms of the SAICA strategy and the manner in which the principles of collaboration are required to be implemented for purposes of ensuring the achievement of SAICA's strategic objectives.

As the board evaluation was conducted towards the end of 2016, the Board will review the outcomes of the evaluation with a view to ensuring that the Board constantly assesses its effectiveness from time to time during the current financial year. Progress made on the outcomes of the evaluation will be reported in 2017.

The evaluation of each board committee is focused on the areas of responsibility for each committee with focus on realising the efficiencies at board level.

The board members that participated in the evaluation identified certain traits in the responses provided. Certain of the areas which the evaluation focused on included:

- Strategy and planning
- Board structure and role
- Meeting processes
- Performance monitoring
- Internal financial controls and risk management
- Training and resources
- Board responsibilities
- Board culture and relationships
- Financial reporting

In these areas, the results confirmed that the Board was working effectively in providing management with direction and support towards the achievement of the Institute's strategic objectives.

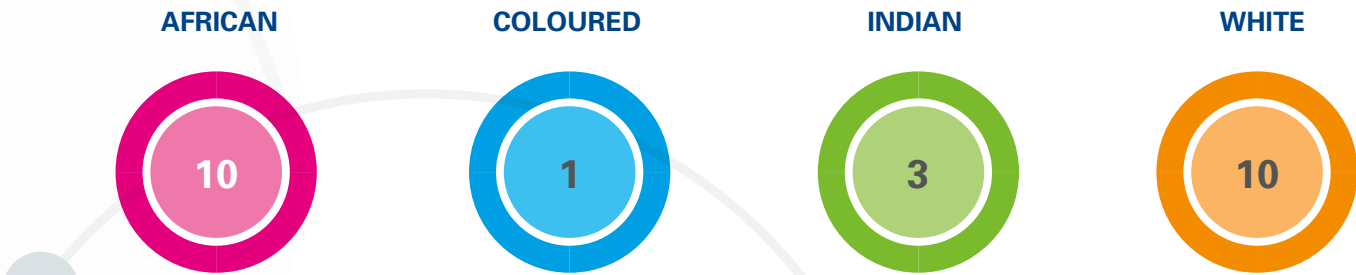
BOARD INDUCTION AND ONGOING DEVELOPMENT

A Board induction session was convened for board members during October 2016 to ensure that all board members are informed of the manner in which the Board and SAICA operate – in particular, in light of the drive by SAICA to ensure greater mass impact of the various SAICA pilot projects, which are targeted at advancing and realising various benefits for the public interest. The board induction and ongoing board member development is tailor-made to contribute to high levels of committee effectiveness as well as, in the long term, afford the Board with an avenue of identifying the specific skills and competencies required at board level and advise the various constituencies of such skills set prior to the nomination and appointment of constituency representatives to the Board.

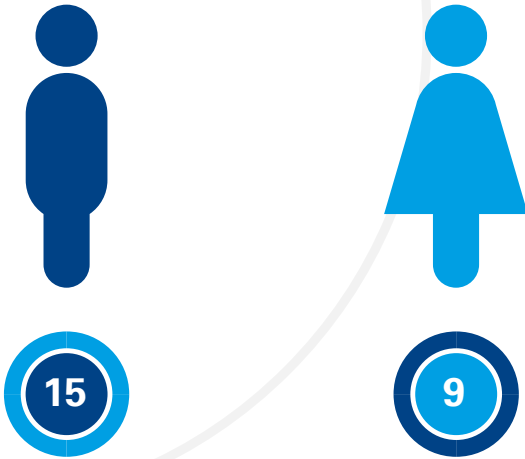
BOARD DIVERSITY

SAICA's transformation plan aims to achieve equitable representation throughout the organisation including at board level. The determination of a transformation target for SAICA board committees is a matter which is being deliberated by the Nominations Committee. The Nominations Committee monitored and ensured that SAICA is focused on achieving its transformation objectives.

2016 BOARD COMPOSITION BY RACE



2016 BOARD COMPOSITION BY GENDER



BOARD MEMBER PROFILES

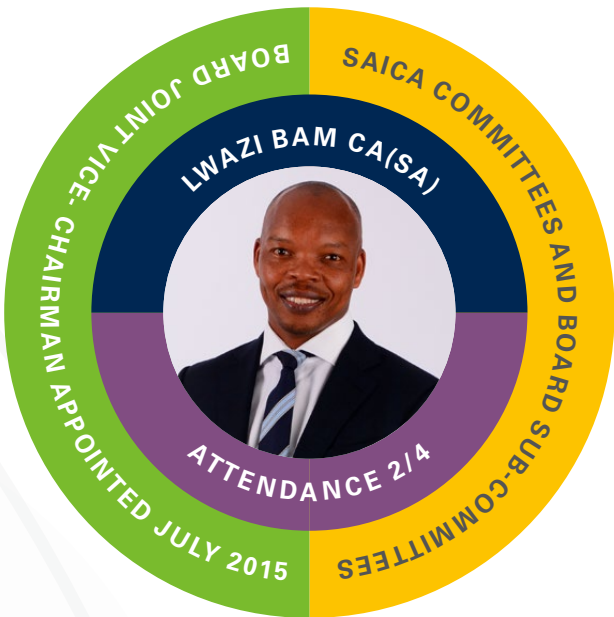
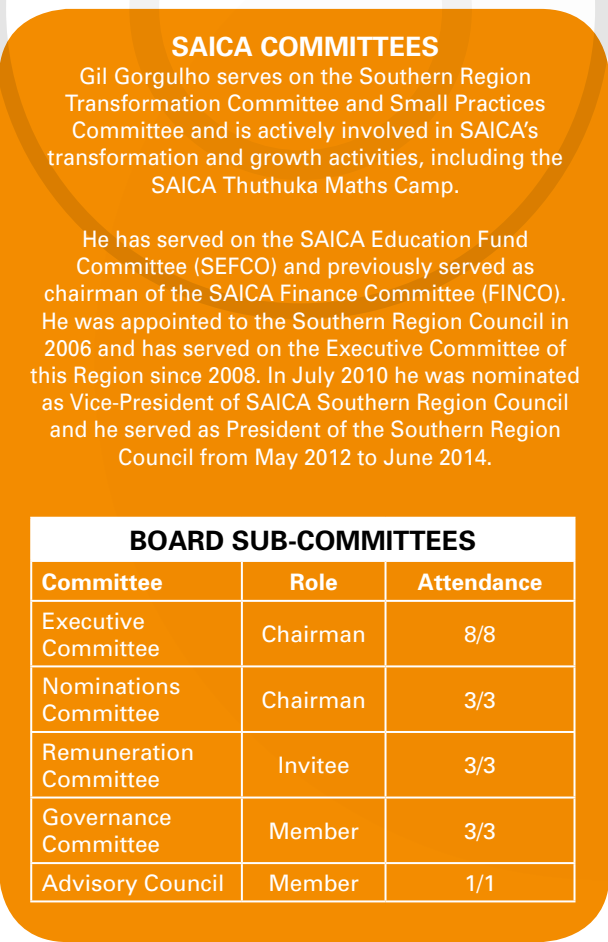


TERM
Gil Gorgulho was appointed to the Board in June 2012, joint vice-chairman of the Board in July 2013, and chairman of the Board in July 2015.

He was originally appointed to the Board by the Southern Region Council in 2012.

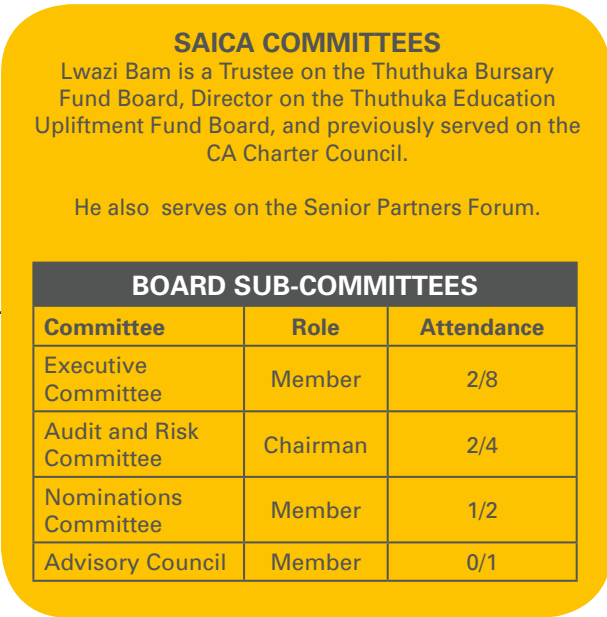
EXPERIENCE
Gil Gorgulho has more than 20 years’ experience in the profession and a number of those served within the SAICA structures on several committees and interest groups. He has an intimate knowledge of the SAICA structures and their strategies.

Gil Gorgulho brings strategic leadership, governance, in-depth knowledge of operations and technical issues.



TERM
Lwazi Bam was appointed to the Board in July 2014 and appointed joint vice-chairman of the Board in July 2015. He was originally appointed by the Senior Partners Forum in 2014.

EXPERIENCE
Lwazi Bam has more than 20 years’ experience in the profession and enjoys constructive engagement with various SAICA structures.



Lwazi Bam brings a private sector perspective and vast experience to enhancing the profession, both in terms of upholding quality and standards, and its contribution to the economy and overall development of the country.



TERM
Afzal Khan was appointed to the Board in July 2014. He was elected as joint vice-chairman of the Board in July 2016. He was originally appointed to the Board by the Small and Medium Practices National Committee in 2014.

EXPERIENCE
Afzal Khan has served on SAICA committees for more than 10 years and has a strong understanding of members’ needs and concerns.



Afzal Khan is technically strong in taxation and as such brings those abilities to operational committees and Board meetings in terms of SAICA compliance. As a managing partner and business owner, he remains practical and simple in his outlook.

GOVERNANCE



SAICA COMMITTEES
Kobus Swanepoel is the president of the Central Region Council.

He served as a director of the Thuthuka Education Upliftment Fund Board. He is a member of the Initial Professional Development Committee. He is actively involved in professional development at different levels.

BOARD SUB-COMMITTEES		
Committee	Role	Attendance
IT Governance Committee	Member	1/2

TERM
Kobus Swanepoel was appointed to the Board in July 2016. He was appointed by the Central Region Council to occupy one of two seats on the Board representing this region.

EXPERIENCE
Kobus Swanepoel has more than 25 years’ experience in the profession and has served for more than 10 years on various committees of SAICA on a regional front.

Kobus Swanepoel provides strategic and operational insights. As an academic he also plays a major role in professional development.



SAICA COMMITTEES
Bradley van Dyk is past president of the Eastern Region Council and currently serves as a member of the Eastern Region Council

BOARD SUB-COMMITTEES		
Committee	Role	Attendance
Audit and Risk Committee	Member	4/4
Finance Committee	Member	6/7
Human Resource Committee	Member	2/4

TERM
Bradley van Dyk was appointed to the Board in July 2014. He was appointed by the Eastern Region Council to occupy one of two seats on the Board representing this region.

EXPERIENCE
Bradley van Dyk has more than 24 years’ experience in the profession, in public practice concentrating on

auditing, accounting and tax. He has served for more than 10 years on various committees of SAICA.

Bradley van Dyk has enjoyed a broad spectrum of service on SAICA structures over many years, and is excellently placed to encourage integrated thinking in terms of the achievement of well-devised strategic intent and key SAICA deliverables.



SAICA COMMITTEES
Kimmy Singh is currently the president of the SAICA Eastern Region Council. She previously served on the Eastern Region Council, Eastern Region APTEC Committee and National Medical Scheme Project Group.

BOARD SUB-COMMITTEES		
Committee	Role	Attendance
Audit and Risk Committee	Member	1/1
Remuneration Committee	Member	1/2

TERM
Kimmy Singh was appointed to the Board in July 2016. She was appointed by the Eastern Region Council to occupy one of two seats on the Board representing this region.

EXPERIENCE
Kimmy Singh has more than 15 years’ experience in the profession and has served for more than eight years on various SAICA committees.

Kimmy Singh’s private and public sector experience allows her to provide valuable insights and perspectives to her current role.



SAICA COMMITTEES
Xola Stock is the current president of the Northern Region Council.

BOARD SUB-COMMITTEES		
Committee	Role	Attendance
Finance Committee	Member	4/5
Human Resource Committee	Member	4/4
Remuneration Committee	Chairman (second half of 2016)	2/3

TERM
Xola Stock was appointed to the Board in July 2015. He was appointed by the Northern Region Council to occupy one of two seats on the Board representing this region.

GOVERNANCE



TERM
Ronald Ncube was appointed to the Board in July 2013. He was appointed by the Northern Region Council to occupy one of two seats on the Board representing this region.

SAICA COMMITTEES
Previously, Ronald Ncube served as a director on the Thuthuka Education Upliftment Fund Board. Ronald is past president of the Northern Region Council.

BOARD SUB-COMMITTEES		
Committee	Role	Attendance
Audit and Risk Committee	Member	3/3
Finance Committee	Member	5/7
Nominations Committee	Member	3/3

EXPERIENCE
Audit and governance.



TERM
Sandile Phillip was appointed to the Board in July 2016. He was appointed by the Southern Region Council to occupy one of two seats on the Board representing this region.

EXPERIENCE
Sandile Phillip has more than five years' experience within the SAICA structures with great focus on youth

SAICA COMMITTEES
Sandile Phillip is president of the Southern Region Council.
He is a member of the CA Charter Council.

BOARD SUB-COMMITTEES		
Committee	Role	Attendance
IT Governance Committee	Member	2/2

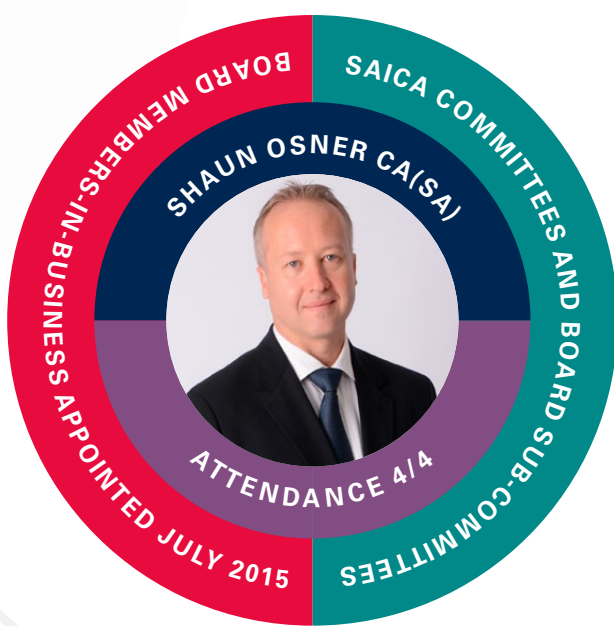
development coupled with commercial experience in Financial Services, Pension and Medical Schemes and FMCG.
Sandile Phillip has in-depth experience and passion for sustainable development, especially youth-focused.



TERM
Debbie Thomas was appointed to the Board in July 2015. She was appointed by the International Members Executive (IMEC) as their international representative on the Board.

SAICA COMMITTEES
Debbie Thomas served as chairman of the SAICA England and Wales Committee.

EXPERIENCE
Debbie Thomas has been voted one of the Top 100 Global Women in Mining as well as the Top 100 South Africans in the UK in recent polls.



TERM
Shaun Osner was appointed to the Board in July 2015. He was appointed by the Members-in-Business National Committee to represent this constituency.

EXPERIENCE
He has been responsible for the financial reporting of South Africa's largest medical scheme for almost 15 years

SAICA COMMITTEES
Shaun Osner is chairman of the Members-in-Business Committee and chairman of the SAICA Medical Schemes Project Group and serves as a member of the SAICA education fund committee (SEFCO).

BOARD SUB-COMMITTEES		
Committee	Role	Attendance
Finance Committee	Member	6/7
IT Governance Committee	Member	4/6

and has been involved in SAICA structures for more than 10 years.
Shaun Osner brings in-depth knowledge of investment and business strategy and financial reporting to the table. Shaun Osner has extensive experience in corporate financial reporting, IFRS applicable to medical schemes, investment strategy and corporate finance.

GOVERNANCE



SAICA COMMITTEES
Suné Kotze serves as vice-chair on the National Small and Medium Practices Committee.

BOARD SUB-COMMITTEES		
Committee	Role	Attendance
Human Resources Committee	Member	1/1
IT Governance Committee	Member	0/2

TERM
Suné Kotze was appointed to the Board in July 2016 and subsequently resigned in May 2017. She was appointed by the National Small and Medium Practices Committee to represent this constituency.

EXPERIENCE
Suné Kotze has 16 years’ experience in the profession. She is a registered auditor / registered assessor / training

officer, and a business rescue and BEE consultant.

She is actively involved in a training management role at a sports club. She audits retail, manufacturing, professional services, NPOs, schools, churches, attorneys’ trust accounts, estate agents, construction companies, political parties, and the transport industry.



BOARD SUB-COMMITTEES		
Committee	Role	Attendance
Finance Committee	Member	1/2
Nominations Committee	Member	1/1

TERM
Gugu Ncube was appointed to the Board in November 2015. She was appointed by the Association for the Advancement of Black Accountants of Southern Africa (ABASA) to occupy one of two seats on the Board representing this association.

EXPERIENCE
Gugu Ncube brings a public and private sector perspective along with entrepreneurial capability to the

table. This exposure, coupled with her strategic focus and pan-African experience, brings a diverse perspective to the Institute.

She does not fear questioning aspects to ensure that the correct decision and outcome is arrived at.



SAICA COMMITTEES
Lindelwa Majova-Songca is a past member of the Border Kei District Association of SAICA.

She is a past member of AHA (Heads of Accounting Department of Accredited Universities).

BOARD SUB-COMMITTEES		
Committee	Role	Attendance
Finance Committee	Member	3/7

TERM
Lindelwa Majova-Songca was co-opted to the Board in July 2015. She is the board-appointed co-opted member: Academia.

EXPERIENCE
Lindelwa Majova-Songca has both private and public sector audit experience, higher education sector management experience, and vast teaching and lecturing experience.

Lindelwa Majova-Songca brings transformation best practice, financial insight and governance to the table.



SAICA COMMITTEES
Nazeer Essop is the chairman of SAICA Public Sector Committee and past chairman of the SAICA Pretoria Region Council Committee.

BOARD SUB-COMMITTEES		
Committee	Role	Attendance
IT Governance Committee	Member	3/6
Remuneration Committee	Member	1/2

TERM
Nazeer Essop was appointed as an observer on the Board in July 2015 and co-opted as a member of the Board in July 2016 representing the public sector.

EXPERIENCE
Nazeer Essop has more than 20 years’ experience in the profession and has served for more than 10 years on various committees of SAICA.

Nazeer Essop brings both a private and public sector perspective and the impact the profession can have in the challenges faced by both.

GOVERNANCE



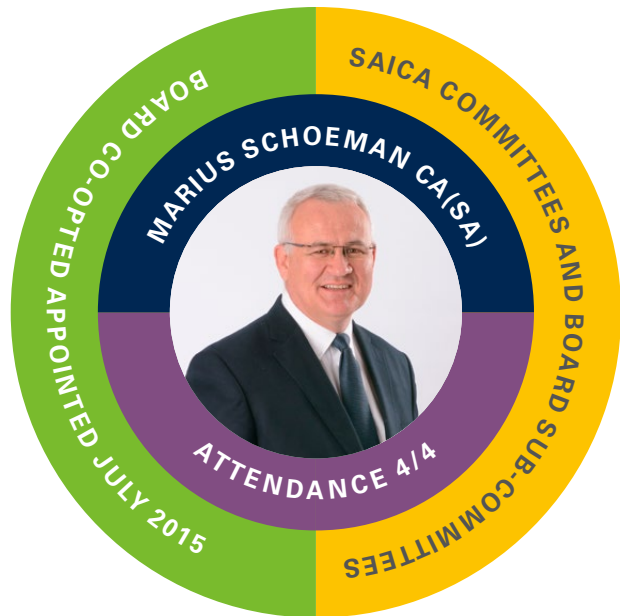
TERM
Thandeka Zondi was appointed to the Board in July 2014. She was appointed by the Association for the Advancement of Black Accountants of Southern Africa (ABASA) to occupy one of two seats on Board representing this association.

EXPERIENCE
Thandeka Zondi has 13 years’ experience in the profession in the public and private sector as well as in entrepreneurship focused on strategy, governance and transformation. She

BOARD SUB-COMMITTEES		
Committee	Role	Attendance
Nominations Committee	Member	1/2
Remuneration Committee	Member	2/3
Governance Committee	Member	2/3

has significant exposure to a variety of entities from listed to unlisted organisations as a board member and chair of Audit Committees.

Thandeka Zondi provides public sector and private sector strategy leadership and governance, transformation best-practice, and multi-industry board experience.



TERM
Marius Schoeman is a board-appointed co-opted member: Information Technology since July 2015.

EXPERIENCE
Marius Schoeman has more than 32 years’ experience in various industries including the Audit Profession, Oil and Gas, and ICT.

SAICA COMMITTEES		
Marius Schoeman was appointed as an Independent Member of SAICA’s Audit and Risk Committee in January 2010. He is a past member of SAICA’s Ethics Committee by invitation from 1999 to 2008 and represented Commerce on SAICA’s Authorised Training Organisation Forum (Training outside of Public Practice) in 1999–2000.		
BOARD SUB-COMMITTEES		
Committee	Role	Attendance
Audit and Risk Committee	Member	4/4
IT Governance Committee	Chairman	5/6

Marius Schoeman has sat on numerous boards and committees including group subsidiaries outside South Africa. He lectures on various forums.

Marius Schoeman has extensive governance and risk management best-practice knowledge from a multinational perspective.



TERM
Lesego Sennelo was co-opted to the Board in September 2013 as a representative of African Women Chartered Accountants (AWCA).

EXPERIENCE
Lesego Sennelo is the president of the African Women Chartered Accountants (AWCA) and Managing Director,

SAICA COMMITTEES
Lesego Sennelo has served for more than 5 years on various SAICA committees.

BOARD SUB-COMMITTEES		
Committee	Role	Attendance
Audit and Risk Committee	Member	3/3
Nominations Committee	Member	1/3
Governance Committee	Chairman	3/3

AWCA Investment Holdings Limited. She serves on a number of listed boards. She brings both private and public sector perspectives and the impact the profession can have in the challenges faced by both sectors.



TERM
Terence Nombembe is the Chief Executive Officer of SAICA and was appointed as an executive member of the Board in February 2014.

SAICA COMMITTEES
Terence Nombembe serves as a trustee of the Thuthuka Bursary Fund Board.

BOARD SUB-COMMITTEES		
Committee	Role	Attendance
Executive Committee	Member	8/8
Finance Committee	Member	6/7
IT Governance Committee	Member	5/6
Nominations Committee	Member	2/3
Remuneration Committee	Invitee	3/3
Advisory Council	Member	1/1

EXPERIENCE
In the period 2006–2013, Terence held the position of Auditor-General of South Africa.

GOVERNANCE



TERM
Fanisa Lamola is the SAICA Executive Director: Corporate Services, and was appointed to the Board in March 2014 as an executive member.

EXPERIENCE
Fanisa Lamola has more than 20 years’ experience in various financial management and leadership roles, both in the private and public sector.

SAICA COMMITTEES
Fanisa Lamola is a Board member and attends all board sub-committee meetings and board meetings of the SAICA entities in an invitee capacity. She is a member of the finance committee.

BOARD SUB-COMMITTEES		
Committee	Role	Attendance
Finance Committee	Executive member	7/7

As the Executive Director Corporate Services, Fanisa Lamola is involved in the day-to-day operations of the Institute and provides a valuable link between the SAICA Board’s strategic role and operational activities. Her participation on the SAICA Board provides insights to the non-executive board members which enables the Board to make informed decisions.



TERM
Appointed to the Board in November 2015. Resigned due to a conflict of interest when KPMG were appointed as the external auditors of SAICA on June 2016.

He was appointed by the Senior Partners Forum as the Large Practice Representative on the Board. Subsequently, for independence reasons, as noted above, he had to relinquish this position.

SAICA COMMITTEES
Trevor Hoole serves on the Senior Partners Forum.

EXPERIENCE
Trevor Hoole has served on various Institute committees and community associations and has a good working knowledge of the statutory, regulatory and international accounting standards relevant to the financial services sector embracing South Africa’s Twin Peaks approach. Trevor Hoole is an accredited IFRS and EQCR reviewing partner and serves on the firm’s Executive Committee and Policy Board. In addition, he is also a Global Board Member and serves on the Global Operations and Global Quality and Risk Management Committees.

Trevor Hoole has extensive general and merchant-banking experience with specific emphasis on risk management and asset-based financing entities. He also has due diligence and structured financing experience as well as significant exposure to the retail banking sector, particularly in the home loan and credit card arenas.



TERM
Nicolette Jacobs was appointed to the Board in July 2013 and resigned in December 2016. She was appointed by the Southern Region Council to occupy one of two seats on the Board representing this region

EXPERIENCE
Nicolette Jacobs has many years’ experience in the Financial Services industry with specialisation in Investment Management, Insurance and Medical Schemes.

SAICA COMMITTEES
Nicolette Jacobs is past president of the SAICA Southern Region Council and previously also served as a director on The Hope Factory Board and as a member of the CA Charter Council (term ended July 2016). She was previously involved in the Southern Region Transformation Committee where she acted as chairman from 2010 to 2014.

BOARD SUB-COMMITTEES		
Committee	Role	Attendance
Audit and Risk Committee	Member	4/4
Human Resources Committee	Chairman	4/4
Remuneration Committee	Member	1/1
Governance Committee	Member	1/2

Nicolette Jacobs holds a Master’s degree in Business Administration (MBA). Her MBA allows her to bring different perspectives to the table to enhance value to businesses.



TERM
Pierrie Cronje was appointed to the Board in June 2011 and elected joint vice-chairman of the Board in July 2015. He did not stand for re-election at the end in June 2016 due to work commitments. He was originally appointed by the Northern Region Council in 2011.

EXPERIENCE
Pierrie Cronje has more than 30 years’ experience in the profession and has served for almost 10 years on various committees of SAICA.

SAICA COMMITTEES
Previously, Pierrie Cronje served as president of the Northern Region Council.

BOARD SUB-COMMITTEES		
Committee	Role	Attendance
Executive Committee	Member	4/4
Finance Committee	Chairman	4/4
IT Governance Committee	Member	3/4
Remuneration Committee	Member	1/1
Governance Committee	Member	1/1

Pierrie Cronje has always been passionate about the future strategic direction of the profession. During his tenure of office, he contributed with conviction to the debates in all the structures on which he served, always looking for solutions to complex problems.



TERM
Werner Hauptfleisch was appointed to the Board in June 2014 and resigned in December 2016. He was appointed by the Central Region Council to occupy one of two seats on the Board representing this region.

EXPERIENCE
Werner has more than 20 years' experience in the profession of which more than 10 years have been served on various committees of SAICA. Werner also holds a Master's degree in Taxation and through this lives his passion for family-owned businesses and succession planning. Although being part of PwC, Werner sees

SAICA COMMITTEES
Werner Hauptfleisch is a director on The Hope Factory Board and the past president of the SAICA Central Region Council.

He also serves as the SAICA Northern Cape president and SAICA Central Region chairman. Previously, Werner Hauptfleisch was a member of the NC Urban FET College (resigned 30 June 2014), Thuthuka Education Upliftment Fund (resigned April 2014), Kimberley Club Committee and Diamantveld High School Governing Board.

BOARD SUB-COMMITTEES		
Committee	Role	Attendance
Audit and Risk Committee	Member	4/4
Human Resources Committee	Member	3/3

himself as part and parcel of the Small and Medium Practices (SMP) environment and focuses lots of energy on this environment.

Werner is and has always been passionate about the future strategic direction of the profession including the growth and transformation of the profession by driving processes to give broader access to learners. He contributes to all spheres and is always looking for solutions. Amongst some of the principles he lives by are: 'Five in the morning: the time when successful people either get up or go to bed!' and 'Two wrongs don't make a right'.

BOARD STANDING COMMITTEES

THE BOARD IS ASSISTED IN ITS TASKS BY VARIOUS BOARD COMMITTEES AND THE ADVISORY COUNCIL. THE BOARD MAY FROM TIME TO TIME ESTABLISH COMMITTEES TO ASSIST IN THE EXECUTION OF ITS RESPONSIBILITIES.

BOARD SUB-COMMITTEE	KEY VALUE-CREATING ACTIVITY FOR 2016	KEY VALUE-CREATING ACTIVITIES FOR 2017 <i>(Refer Future Outlook Section)</i>	LINK TO STRATEGIC OBJECTIVES
Executive Committee The purpose of the Executive Committee is to assist the Board in the orderly governance of SAICA by, inter alia, acting on behalf of the Board between Board meetings, providing leadership advice to the Board on key issues; ensuring that the right levels of advocacy are in place throughout SAICA and the SAICA entities.	The Executive Committee met on several occasions to be briefed on and to discuss various matters which the Institute was required to address between the Board meetings. The Executive Committee provided the management team with the requisite guidance on disciplinary matters and advocacy-related issues which management was engaged with during the year under review.	The Executive Committee will continue to fulfil its mandate.	All
Audit and Risk Committee The Audit and Risk Committee shall provide assistance to the Board in discharging its oversight responsibilities and function over SAICA and any other legal entity under SAICA's management and/or control. This committee is supported by three independent specialists.	The Audit Committee reviewed its terms of reference in 2016 with several amendments made and has regulated its affairs and discharged all its responsibilities as contained therein. They oversaw the appointment and performance evaluation of both external and internal audit. Provided oversight and guidance on SAICA's risk maturity assessment. Recommended for approval the ERM Policy and framework and combined risk assurance model.	Audit and Risk Committee will continue to monitor and provide direction on SAICA's risk maturity journey. <i>(Refer to Risks and Opportunities Section)</i>	ALL

BOARD SUB-COMMITTEE	KEY VALUE-CREATING ACTIVITY FOR 2016	KEY VALUE-CREATING ACTIVITIES FOR 2017 (Refer Future Outlook Section)	LINK TO STRATEGIC OBJECTIVES
Finance Committee The purpose of the Finance Committee is to provide assistance to the Board in discharging its financial oversight responsibilities over SAICA, The Hope Factory, Thuthuka Bursary Fund, Thuthuka Education Upliftment Fund, the Association of Accounting Technicians (SA) and any other entity under the control or management of the SAICA secretariat.	<p>The Finance Committee interrogated the SAICA budget and Group business plan, in particular, taking into account the critical projects which the organisation is currently undertaking such as the digitisation programme which is critical in improving member experience at SAICA and the various public sector related programmes. To ensure that certainty is provided to management in the execution of their duties, the Finance Committee also reviewed and recommended for approval to the Board the Delegation of Authority Framework: Finance Approval Matrix.</p> <p>Furthermore, the Finance Committee interrogated the various SAICA policies and processes, such as the SAICA Investment Policy and the Reserves Policy and maintained oversight over the Sale of the Bruma Properties and the potential impact of such sale on SAICA's financial status. The committee's terms of reference were also reviewed and updated to ensure that they are aligned to the strategic direction which the Institute has embarked on, in particular, the shift from pilot projects to actual execution of large-scale programmes.</p>	<p>In 2017, the Finance Committee will continue to monitor financial activities focused on the digitisation programme and investigate whether the internal financial processes are adequate to support the various programmes which the Institute is undertaking. From an internally focused perspective, the Finance Committee will investigate whether it is affordable for SAICA to adopt a long-term incentive scheme, and such interrogation will be conducted with the support of the Remuneration Committee as well as the Human Resources Committee.</p> <p>The SAICA Funding Model and Strategy is an important component of the Finance Committee's agenda, in particular, when analysing various public interest matters such as #feesmustfall movement and the inadequacy of funding for education of the so-called missing middle. The Committee will review the various funding models to ascertain the most sustainable funding model which could be adopted to address the funding challenges faced by the Institute.</p>	Long-term financial sustainability of SAICA

BOARD SUB-COMMITTEE	KEY VALUE-CREATING ACTIVITY FOR 2016	KEY VALUE-CREATING ACTIVITIES FOR 2017 (Refer Future Outlook Section)	LINK TO STRATEGIC OBJECTIVES
Human Resources Committee The purpose of the Human Resource Committee is to recommend to the Board for approval a developed strategy and supportive policies for the acquisition, management and retention of Human capital in accordance with statutory regulations, governance requirements and best practice. The Committee oversees the overall governance of human capital management at SAICA and to provide the Board with assurances in this regard.	<p>The Human Resources Committee reviewed the Human Capital Strategy and Plan to determine whether the strategy and plan still supports SAICA's vision, mission, values, strategy and organisational culture by nurturing highly competent and committed talent capable of high performance and give attention to encouraging staff to embrace a values-based work environment. As part of the Human Capital Strategy, senior management in the organisation was undergoing a senior leadership development programme to ensure a highly professional team which gives focus to both internal and external stakeholder as well as the environment in which the Institute operates in executing their daily functions.</p> <p>The Committee also reviewed the Performance Management Policy and the training and development policy, which policies are meant to support the leadership development programme and ensure the achievement of the objectives of the Human Capital Strategy and Plan.</p>	<p>The Committee will continue to monitor the Leadership Development Programme and competency framework rollout for senior executives and the rest of the staff. In addition, the Committee will review the performance evaluation process and the human resources policies to ensure that they support the Human Capital Strategy and Plan in contributing towards the achievement of SAICA's strategic objectives.</p>	Culture of Excellence and Innovation
IT Governance Committee The IT Governance Committee is responsible for assisting the Board in discharging its responsibilities to IT governance by: <ul style="list-style-type: none"> Ensuring that IT is aligned with the performance and sustainability objectives of the organisation Requiring from management the implementation of an IT governance framework, including relevant charters, policies, procedures, standards and appropriate governance mechanisms Monitoring and evaluating significant IT investments and expenditure Ensuring that IT is given due consideration within SAICA's risk management process Ensuring that information assets are adequately protected and managed effectively Requiring regular reporting from management on IT performance. 	<p>The Committee monitors IT infrastructure projects, in particular the CRM Replacement Project which forms a part of the digitisation programme. The Committee highlighted that the digitisation programme is a substantial programme which requires placement of strategic and critical resources to ensure its delivery. As such, the CRM replacement project will be delivered by an external service provider with a view of the project being delivered and fully functional by end of June 2018, with a view to contributing substantially towards the achievement of SAICA's strategy. Further, the Committee also monitored IT risks and maintained oversight on all strategic and major IT projects such as the Standardisation of SAICA IT on Microsoft technology.</p> <p>As the IT strategy implementation is more involved than initially envisaged, the Committee agreed to the formation of the mini-ITGC workgroup, which functions at a more operational level and with which management consult outside of the normal Committee meetings. (Refer to Governance Section)</p>	<p>The Committee will continue to oversee the IT Strategy Implementation and the consolidation of the Security Risk Strategy, in light of its broader mandate and the projects which the Committee is currently overseeing.</p> <p>The Committee identified that the digitisation project entails activities beyond those which it is mandated to oversee, as such, the Committee will review its terms of reference and update them to ensure alignment with its current functions.</p>	Enhanced Efficiencies

BOARD SUB-COMMITTEE	KEY VALUE-CREATING ACTIVITY FOR 2016	KEY VALUE-CREATING ACTIVITIES FOR 2017 (Refer Future Outlook Section)	LINK TO STRATEGIC OBJECTIVES
Nominations Committee The Committee, amongst its core duties, monitors the performance of persons serving on SAICA committee structures; regularly reviews the ideal structure, size and composition of the Board (including the skills, knowledge and experience as well as the race and gender balance); evaluates the actual balance of race, gender, skills, knowledge and experience on the Board; gives full consideration to succession planning for members of the Board, taking into account the challenges and opportunities facing the Institute, and the skills and expertise that are needed on the Board in the future and determines the appropriate criteria to regional councils and constituency bodies to be used as a guide for selecting persons to serve on the Board.	The Committee maintained oversight of nomination and recommendation of members for appointment to SAICA Board, technical committees and other organisations of which SAICA is a member. Further, the Committee monitored effectiveness of the Board in its various committees and reviewed the Board composition (and investigation of the impact of the SAICA Constitutional Amendment) in light of the need to promote continuity, ensure retention of institutional knowledge and historical insight to enhance the successful achievement of SAICA's strategic objectives. The Committee also reviewed, and recommended for approval to the Board, its Terms of Reference, the Initial Professional Development Committee Terms of Reference, and the reorganisation of the SAICA technical committees which are not SAICA Board-appointed committees.	The Committee will continue to monitor the Transformation index and the effectiveness of the Board and Board sub-committee. In addition, from 2017 onwards, the Committee will create guidelines on the skill sets which nominees for Board and Board sub-committee positions are required to have, and highlight those skill sets which are not evident at Board level, such as information technology and governance (legal).	ALL
Remuneration Committee The purpose of the Remuneration Committee is to recommend to the Board for approval a strategy based on best practice for ensuring that SAICA remunerates all employees fairly and responsibly. This committee is supported by one independent specialists.	The Committee was responsible for the formulation and oversight of remuneration strategy and policy and the implementation of the leadership competency framework. The principle is that the Institute will pay for competency and not only for output. In this regard, the Committee noted the movement towards the adoption of the competency-based pay model for senior executives where executive pay will be linked to each executive's competency (as part of the leadership development programme) in April 2018. In this regard, the Committee reviewed and recommended to Board for approval, the amendments to the Remuneration and Reward Policy. The Committee also reviewed its Terms of Reference together with those of the Human Resources Committee to ensure that there was alignment and no duplication in the functions of the two committees.	The Committee will investigate and consider the viability of a long-term incentives scheme, with input from the Finance and Human Resources Committee. In addition, the Committee will review the 2016 organisational performance score for purposes of determining the short-term incentive distribution as well as the percentage salary increases for the 2017 performance year.	Culture of Excellence and Innovation

BOARD SUB-COMMITTEE	KEY VALUE-CREATING ACTIVITY FOR 2016	KEY VALUE-CREATING ACTIVITIES FOR 2017 (Refer Future Outlook Section)	LINK TO STRATEGIC OBJECTIVES
Governance Committee The Governance Committee provides assistance to the Board in fulfilling their responsibility to the members of the Institute and the stakeholders by monitoring and recommending to the Board corporate governance principles to apply to the Institute, and reviewing ongoing developments and best practices affecting the Institute.	The Governance Committee reviewed, updated, and recommended for approval to the Board, the amendments to the SAICA Board Charter and the Continuous Professional Development and Monitoring Policy. The Committee identified at least 13 governance-related projects which include, but are not limited to the Constitutional Alignment project, which is a project aimed at ensuring that all constitutive documents governing SAICA are aligned and such alignment ensures the realisation of key efficiencies in the SAICA operations, the development of a SAICA governance framework and the development of an Ethics Management Framework (comprising the establishment of an Ethics Management Strategy and Plan).	The 13 projects identified by the Committee are envisioned to be completed by 2020 and are closely interlinked with certain external activities. The review of the SAICA governance model is critical to the future formulation and realisation of the strategic objectives and it is planned that this project will be completed in the fourth quarter of 2017. The Governance Committee will continue to ensure alignment to King IV into the future.	Culture of Excellence and Innovation
Advisory Council The purpose of the Advisory Council is to serve as a consultative forum and consider, apply their minds and advise the SAICA Board on matters relating to the long-term strategy of SAICA and the CA(SA) profession by making recommendations to the SAICA Board to follow through at their will; represent the CA(SA) profession and SAICA at the request of management and the Board; and furthering the objectives of SAICA and the CA(SA) profession within specific quarters that individual members may have influence.	The matters which were presented to the Advisory Council were group restructuring, to ensure and achieve mass impact, mobilising heightened collaboration by adopting an advocacy strategy, enhancing the organisation's and its members' participation in broader issues facing the country without placing excessive pressure on the organisation. Further, the Advisory Council has commended SAICA's approach in collaborating with the regulators, sister-organisations and standard setters in an effort to ensure that SAICA re-affirms its position as an influential voice in the legislative and standard setting arena.	The Advisory Council will continue to provide the board with direction on matters brought to their attention.	ALL

GOVERNANCE

KING III

Significant progress was made to alignment with the King III principles. While SAICA is a voluntary association, it has embraced and adopted the principles of King III. Where the application of the King III principles would result in a breach of the SAICA constitutional framework, SAICA provides reasonable explanations where the principles are not applied.

KING IV

The Board is committed to ensure alignment with King IV from 2017 onwards.

COMPLIANCE ASSURANCE

As a professional body, SAICA has to comply with various professional, legal and regulatory requirements that are key to the standards and ethos of the accountancy profession. Compliance assurance is provided through the compliance framework, which ensures that relevant legislation is identified and complied with in order to guard against any non-compliance that could materially impact the performance or existence of SAICA. The compliance framework also enforces adherence to policies, procedures, practices and standards throughout the organisation.

The compliance framework forms an integral part of the SAICA-approved combined assurance model which depicts compliance as a second line of assurance and ensures compliance required by Board. Compliance risks are identified and monitored in collaboration with business to ensure the adequacy and effectiveness of controls. Compliance is also assured through the governance structures which have a delegated oversight responsibility over compliance-related matters. Reporting to the Board is done on a quarterly basis.

DISCIPLINE

SAICA has adopted the Code of Professional Conduct published by the International Ethics and Standards Board for Professional Accountants (IESBA), which is applicable to all members. Members who are registered auditors (RAs) with the Independent Regulatory Board for Auditors (IRBA) are also subject to the IRBA's Code of Professional Conduct. Complaints received in respect of members that are RAs are referred to the IRBA for adjudication.

In cases where a RA(SA) member is found guilty and suspended or struck off by the IRBA, the case is considered by the SAICA Disciplinary Committee (DC) for purposes of sentencing.

All other cases are considered by SAICA's Professional Conduct Committee, which has powers to caution, reprimand or fine members found guilty of unprofessional conduct. Cases which warrant a more severe sanction are referred to the Disciplinary Committee, which has powers to impose larger fines and to suspend or strike members off the membership register.

For the year under review the concept of confidentiality – one of the five fundamental principles in the Code of Professional

Conduct – came under the spotlight as SAICA investigated a large number of breaches of this principle by trainee accountants. SAICA received various other complaints of alleged improper conduct, among others.

The Professional Conduct Committee and Disciplinary Committee imposed sanctions including cautions; reprimands; fines between R1 000 and R50 000; and disqualifications from applying for membership of SAICA for periods of between three to nine months. One member was excluded from membership of SAICA and disqualified from applying for re-admission for a period of 10 years.

(Refer to Risks and Opportunities Section)

CORRECTIVE ACTION

In response to the rising level of disciplinary cases SAICA has elevated the support and guidance to the members and trainee accountants. In this respect integrity and ethical values are placed at the top of SAICA's value proposition. As an ongoing corrective measure, the lessons learnt from these cases will in future be incorporated into the training programmes and used as practical case studies to equip our members with the greater awareness of the application of the code of professional conduct.

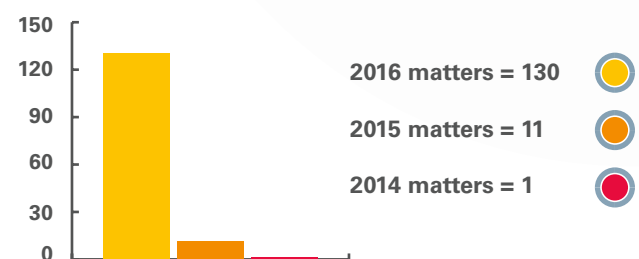
DISCIPLINARY STATISTICS

Total number of cases reported in 2016 = 507

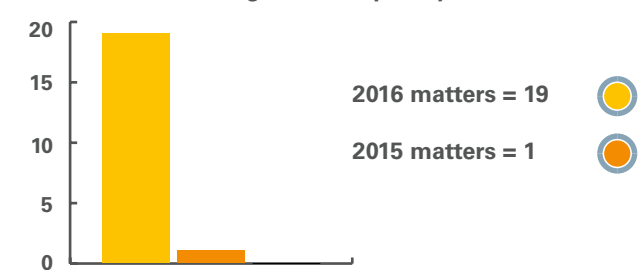
Member matters: 138; Trainee APC matters: 330; Trainee non-APC matters: 39

Cases referred to IRBA = 24

Cases resolved through the Professional Conduct Committee = 142



Cases resolved through the Disciplinary Committee = 20



Cases closed/withdrawn outside committees = 20

Holding-out matters = 10

CONTRAVENTION OF APC EXAM REGULATION

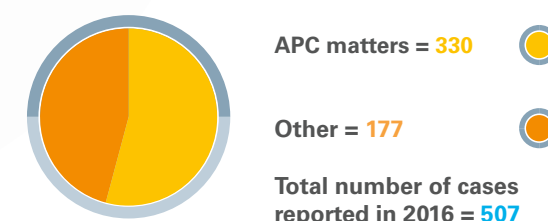
Certain candidates who wrote the Assessment of Professional Competence (APC) Examination in November 2015 were charged with having breached the APC examination regulations and the SAICA Code for Professional Conduct for having accessed confidential information belonging to a client who operated in the economic sector in which the case study for the examination was set.

In certain instances, candidates also distributed such information to other candidates during the examination period. As each case had its own set of circumstances, candidates were charged with various offences. Most of the matters have been heard by either the Disciplinary Committee (DC) or the Professional Conduct Committee (PCC) although some cases remain outstanding.

Following the decisions of the DC regarding the breaching of the Assessment of Professional Competence (APC) Examination regulations, a candidate instituted a review of the disciplinary process with the South Gauteng High Court against SAICA. The Court ruled in favour of SAICA and re-affirmed the integrity and robustness of the rules and processes in terms of which discipline is effected by the Institute.

As part of the corrective action, the lessons learnt from this isolated experience has strengthened our relationship with universities and training officers in creating greater awareness of the application of the code of professional conduct for students and trainees in our pipeline. This has begun to yield positive results in the conduct of students and trainees in subsequent examinations.

APC DISCIPLINARY STATISTICS 2016



REMUNERATION REPORT

REMUNERATION POLICY UNDERPINNED BY KEY PRINCIPLES OF OUR REWARD PHILOSOPHY (PART 1)

Remuneration philosophy

SAICA's remuneration philosophy is to attract and retain the requisite talent by offering market-related remuneration in order to execute SAICA's strategy effectively.

A large portion of our remuneration structure is made up of a competitive, fixed-total guaranteed package. This is due to the nature of the industry we operate in, the image and reputation we have to uphold as a professional body, and the core professional skills we have to employ to execute our strategy.

This is complemented by variable short-term incentives that drive performance and ensure alignment between business strategy and employee contributions.

Our endeavours to attract and retain the appropriate skills go beyond offering competitive remuneration and include other non-financial benefits such as a staff wellness programme to support our philosophy of having a holistic approach to the attraction, retention and engagement of our staff.

Policy principles

Various key principles shape SAICA's remuneration policy.

Rewarding for performance outputs

This forms the basis for guaranteed pay differentiation, salary adjustments and short-term incentive payouts.

The weighted average score, which takes into account organisational, divisional and individual performance, is used to apply the performance-based remuneration principle.

The table below indicates the weightings applied for the various employee groups for company, division and individual performance in order to calculate the overall weighted score:

	GRADE LEVEL					
	CEO	EXECUTIVE DIRECTOR	SENIOR EXECUTIVE	PROJECT DIRECTOR	PROJECT MANAGER	COORDINATOR, ADMINISTRATOR AND CLERICAL STAFF
SAICA score	100%	100%	70%	20%	10%	5%
Divisional score	-	-	30%	60%	50%	40%
Individual score	-	-	-	20%	40%	55%

GOVERNANCE

The table on page 53 demonstrates the principle that the organisational weighting score increases at higher levels in the organisation, commensurate with the level of responsibility.

Performance rewarding for competence is not the only factor taken into account to adjust salaries annually. Competency-based remuneration ensures that salaries are also adjusted based on the level of behavioural competence of the individual in relation to the required behavioural competency level, with the performance output score used as a gatekeeper. This means that an employee with a weighted average performance score of less than 3.00 out of 5.00 is not considered for a competency-based salary adjustment. This policy principle was approved by the Board in 2015 and will be rolled out in 2017.

Minimum performance score requirement

A minimum of 3.50 (out of 5.00) organisational performance is a requisite for any pay-outs under the short-term incentive programme. Any deviations thereto must be approved by the Board. A minimum overall weighted average score of 3.00 is required for an employee to qualify for any incentive pay-out.

The Remuneration Committee (REMCO) annually reviews the policy to ensure that its outcomes and practices motivate the requisite employee performance towards the achievement of organisational objectives.

Governance of the Remuneration Committee


Board responsibility

The Remuneration Committee (REMCO) is a sub-committee of the SAICA Board. It functions in accordance with board-approved terms of reference (TORs) and is responsible for recommending to the Board a reward strategy based on best practice and SAICA's organisational requirements to ensure that SAICA rewards its executives and all other employees in a fair and responsible manner. The key TORs for REMCO are:


- To recommend to the SAICA Board a strategy and supporting policies based on best practice for ensuring that SAICA remunerates its executives and all employees fairly and responsibly
- To review SAICA's remuneration policies regularly to ensure that innovative practices are instituted in order to attract and retain the services of highly skilled Executive Management and employees
- To review and assess organisational salary increases for recommendation to the Board, and
- To review and assess Short Term Incentives (STI) awards for recommendation to the Board.

Composition of and attendance for the Remuneration Committee


For the year under review, the members of REMCO were as follows:




XG STOCK: Chairman from 4 August 2016, prior to which he served as a REMCO member. Also serves on the HR Committee and acts as link between REMCO and the HR Committee




MA KHAN: Served as REMCO Chairman from 1 July 2015 to 4 August 2016 and thereafter continued to serve as a REMCO member after assuming the role of FINCO chairman and acting as a link between these two structures




PJ CRONJE: Member until 30 June 2016 at which time he resigned from the SAICA Board and all board sub-committees




P KRUGER: Independent remuneration specialist appointed to REMCO 5 January 2015




NA ESSOP: Member appointed to REMCO on 4 August 2016



K SINGH: Member appointed to REMCO on 4 August 2016



NA JACOBS: Member rotated off REMCO on 4 August 2016



TP ZONDI: Member appointed to REMCO on 1 July 2015

The above, other than P Kruger, are all independent non-executive board members.

The committee makes use of an independent remuneration specialist who provides expertise and guidance to the committee.

The Board chairman is an invitee to the committee meetings, while the Chief Executive Officer (CEO), Executive Director Corporate Services and Senior Executive Human Resources attend the meeting of the committee by invitation to present management inputs and reports to the committee. No executive participates in or is present when their own remuneration is discussed.

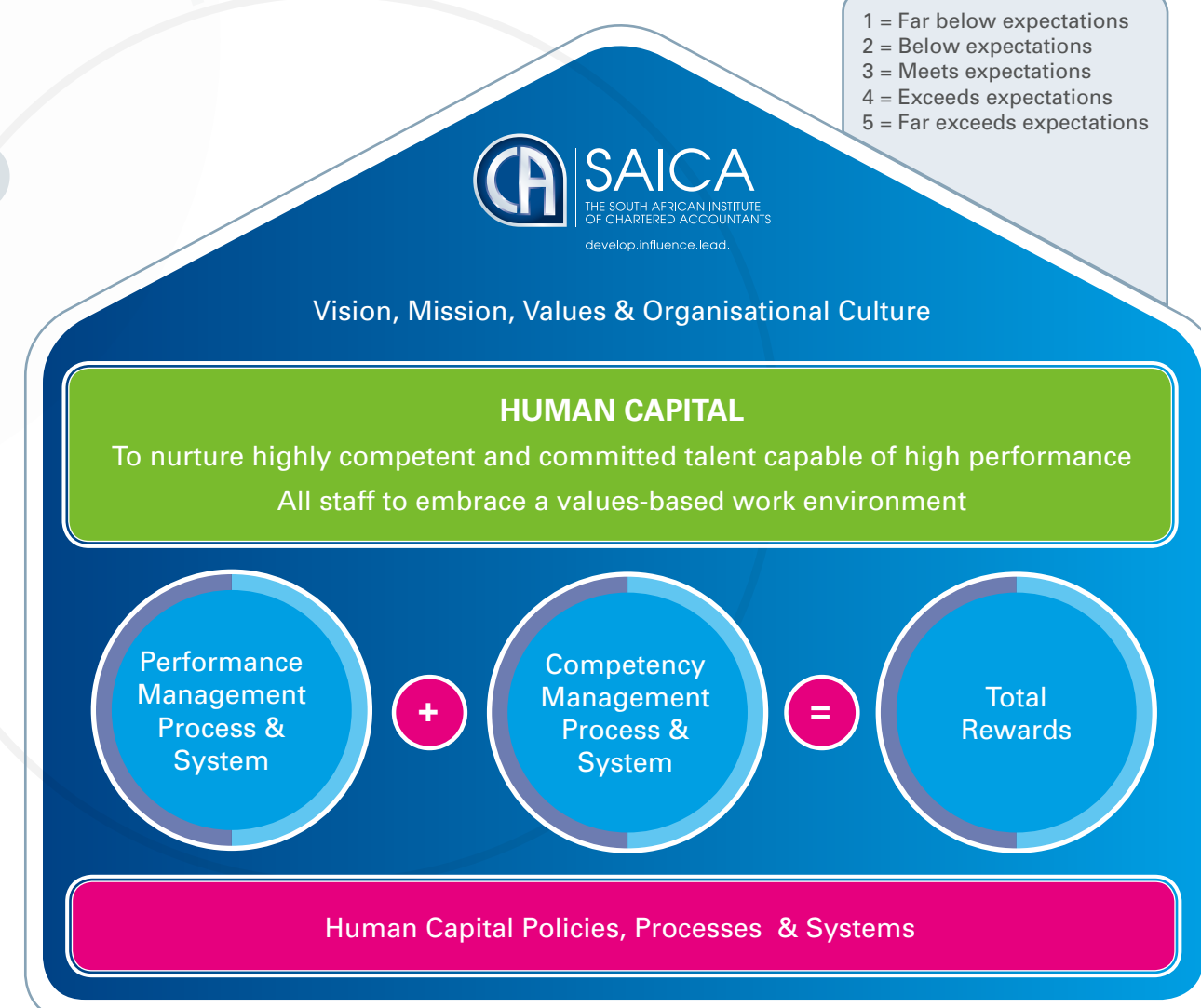
In 2016, the committee met three times. Key focus areas were:

- To recommend to the Board the salary increase for 2016 and bonus payments for the 2015 financial year.

- To recommend to the Board key changes to the remuneration policy as proposed by management. The main recommendations were: to use the market movement factor as a basis for salary adjustments as opposed to just SAICA-defined inflationary adjustment; and the promotions policy was also clarified to make a distinction between promotions as a result of applying and being appointed to senior roles, as opposed to promotions as a result of the upgrade of roles.
- To consider the introduction of a long-term incentive (LTI) scheme. The scheme is envisaged to be applicable to senior levels in the organisation and is intended to align senior employees' performance and delivery to the long-term strategic objectives of SAICA, as well as to retain critical skills in the organisation. This matter has been put on hold until further work has been done to demonstrate how value will be created by the inclusion of this scheme and how the scheme will be funded.

PERFORMANCE SCORE MEASURES

- 1 = Far below expectations
- 2 = Below expectations
- 3 = Meets expectations
- 4 = Exceeds expectations
- 5 = Far exceeds expectations



Role of benchmarking

Benchmarking and position in the market
To ensure that we remunerate employees fairly and responsibly, SAICA reviews its salary scales annually to enable sound remuneration decisions during its salary review process. This takes place in April each year, taking into account salary movements in the national market. We make use of the services of an independent credible remuneration consultancy firm to provide benchmark data of the national market against which SAICA benchmarks itself. This data is used to adjust the developed pay scales annually.

For positions from project manager level (junior management) to clerical staff level (semi-skilled), the salary scales are anchored at market median.

The salary scales for executive director level (top management) to project director level (middle management) are anchored at median plus 20% in order to attract and retain employees of a high calibre to lead the organisation and implement the long-term strategy of SAICA. Retention at this level is critical for the organisation for sustainable performance and these roles have a direct line of sight and responsibility in terms of performance against organisational goals. The remuneration mix discussed in the next section is also an important consideration in setting fixed and variable remuneration.

The quanta of the performance bonuses paid are also benchmarked against the identified market to inform our short-term incentive scheme programme.

Elements of remuneration

SAICA currently offers only two of the potentially three core elements of remuneration, namely a total guaranteed package (including benefits) and a short-term incentive.

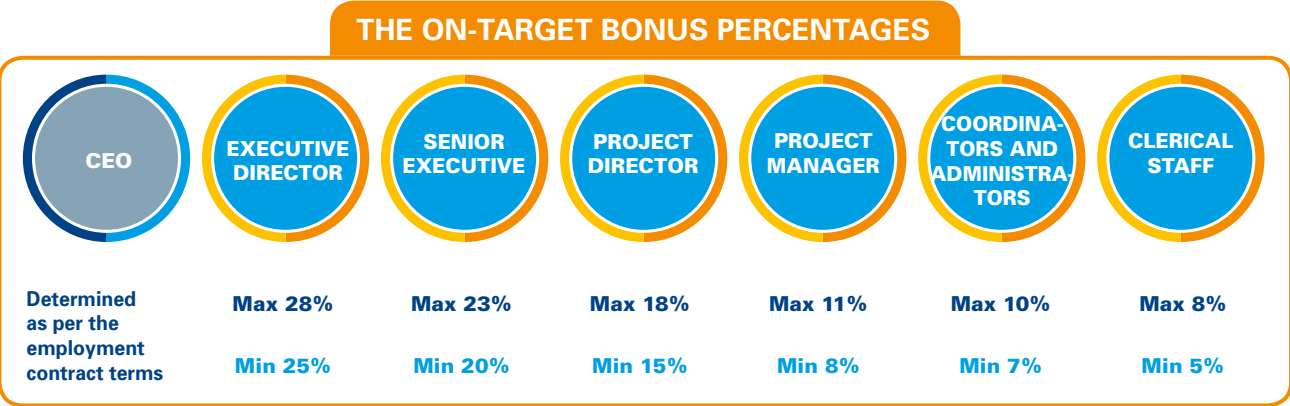
Companies of similar size in the national market in general offer total guaranteed packages, short-term incentives, and long-term incentives. Long-term incentives are normally limited to critical and core skills.

A combination of the three elements, which is sometimes referred to as the ‘remuneration mix’, is an important strategic consideration to position remuneration to be competitive and to drive the appropriate behaviours. The remuneration mix is benchmarked to understand the competitiveness of the total remuneration offering. Up to now SAICA has used the two core elements of remuneration, with the total guaranteed package set 20% above the market median for senior staff and the other elements of its employee value proposition to attract and retain its skills.

The following table summarises the components of remuneration for all employees at SAICA:

ELEMENT OF REWARD	DEFINITION	PURPOSE	POLICY
Total cost to company (CTC)	Total cost to company salary package that includes company contributions in terms of medical aid and retirement benefits.	Attract and retain the appropriate calibre of skills into the organisation and investing in competent employees that deliver against agreed performance outputs.	Salaries are reviewed annually against the developed salary scales, performance and competence. In deciding the positioning of the CTC for new employees, the following factors are taken into account: <ul style="list-style-type: none">• Current pay of the candidate• Job worth in terms of the constructed pay scales• Skill scarcity, and• Levels of pay of peers internally.
Short-term incentive (STI)	A performance bonus programme that incentivises company, divisional and individual performance.	To align the behaviours and performance in the organisation to company, divisional and individual objectives and targets.	The following pre-requisites must be met for the payment of STI: <ul style="list-style-type: none">• SAICA performance score of at least a 3.50 or board discretion to pay STI• Financial affordability as determined by the Finance Committee (FINCO)• Individual score must be at least 3.00, and• Divisional score must be at least 3.00. <p><i>Refer to the table below</i></p>
Other forms of reward	Non-financial rewards such as professional and psychological counselling support.	Promote the employee well-being and work-life balance and form part of SAICA's overall employee value proposition.	<ul style="list-style-type: none">• These benefits are regularly evaluated against market practices.

The on-target bonus percentages that individuals could qualify for, modified by the overall weighted score, are reflected in the table below. Different percentages are set for different levels of employees in line with the principle of ‘line of sight’. Those with a more direct influence and responsibility for company performance will have a higher on-target percentage than those with a limited line of sight.



Link between STI scheme and company performance
As explained above, STIs are only paid when the annual organisational score is above 3.5 (out of 5). This organisational score is a measure of company performance against board-approved annual strategic objectives and outcomes. The outcomes are balanced between financial and strategic metrics (such as leading-edge technology, enhancing the value of the profession, and encouraging people competencies).

By rewarding employees using a weighted average score from the balanced scorecard, SAICA thus strongly links delivery on its strategic objectives not only to STIs, but also to annual salary increases.

Executive board members

Terms of service
The Chief Executive Officer (CEO) and Executive Director Corporate Services are executive board members. The Executive Director Corporate Services is a permanent employee of SAICA and her terms of service are the same as those of all other employees. The CEO is employed on a fixed-term contract for five years. SAICA views the

executive board members as ‘prescribed officers’ as defined in the Companies Act.

Non-executive board members

Terms of service
Other than the CEO and the Executive Director Corporate Services, the remaining SAICA board members are independent non-executive. These board members represent various SAICA constituencies. The Board has the power to co-opt additional members to bolster its skills base. The terms of service for a non-executive board member is generally three years.

Fees
Non-executive board members are not remunerated for their services to the Board, except for re-imbursing costs relating to travel and accommodation to attend board meetings and related activities. The Board makes use of the services of independent advisors in the IT, HR and Remuneration committees.

The advisors are paid an hourly rate in line with the standard rates for the specialist functions they are in.

IMPLEMENTATION OF REMUNERATION POLICY (PART 2)

Guaranteed pay increases paid in 2016 (excluding CEO)

In deciding on the salary increases in 2016, the committee looked at two scenarios which took the following factors into account:

- A SAICA-defined inflationary adjustment
- Overall organisational performance in 2015. The organisational score for 2015 was 3.61 (3.20 in 2014) – this score is evaluated by SAICA's external Internal Audit (refer to Performance for more details)
- Pay differentiation based on the individual weighted average score, and
- Approved budget.

The Remuneration Committee considered the above factors and approved an overall increase percentage in the salary bill of 7.86%. This provided the affordability limit, but individual increases were determined by considering the weighted average performance scores and the position of the individual's current salary in the pay scale.

Short-term incentives paid in 2016 (excluding the CEO)

In deciding on the appropriate short-term incentive for all staff (excluding the CEO), the committee also considered:

- With the assistance of the HR Committee, the employee performance evaluation process and the

- resultant outcome of the weighted average score
- The overall organisation performance for the current and prior years, and
- The weighted average score of individual employees, as the appropriate differentiation between employee performance.

REMCO undertook to keep the short-term incentive percentages unchanged from 2015 as per the benchmark exercise conducted by the independent remuneration firm in the same year.

Guaranteed pay increase and STI for CEO

The CEO's remuneration structure is contractually agreed whereby the framework for the starting total cost to company (CTC), the performance based annual increase thereto, and the performance-based short-term incentive scheme allocations have been established for the duration of the CEO's fixed-term contract of five years. The CEO's condition of employment excludes pension and medical aid benefits.

Remuneration of the Executive Committee

This section of the report specifically deals with the details of the remuneration for the Chief Executive Officer (CEO) and executive directors for the financial year ending 31 December 2016 as a result of applying the aforementioned principles and policy.

FIGURES IN R'000	2016				2015			
DIRECTOR	SALARY	PENSION FUND	SHORT-TERM INCENTIVE	TOTAL	ANNUAL SALARY	PENSION FUND	SHORT-TERM INCENTIVE	TOTAL
TM Nombembe Chief Executive Officer (CEO)	4 376	-	2 444	6 820	4 148	-	1 900	6 048
C Mulder Executive Director Nation-Building	2 129	237	575	2 941	1 883	373	515	2 771
F Lamola Executive Director Corporate Services	2 195	125	545	2 865	1 652	172	396	2 220
L Engelbrecht Executive Director Members and Global Alliances*	1 080	101	-	1 181	-	-	-	-
A Omar Executive Director Members and Global Alliances**	-	-	-	-	1 660	211	382	2 253
TOTAL	9 780	436	3 546	13 807	9 343	756	3 193	13 292

*Appointed May 2016

**Resigned 15 December 2015

06

EXTERNAL ENVIRONMENT

CA2025 IS A PROJECT THAT REFLECTS
AN EVOLVING PROFESSION
WHICH IS RELEVANT TO
A CONSTANTLY CHANGING
ENVIRONMENT



EXTERNAL ENVIRONMENT

EXTERNAL ENVIRONMENT

This is an overview of the external environment in which SAICA operates. It includes the significant external factors that affect or can potentially affect SAICA's strategy, business model, and performance in the short, medium and long term. SAICA's actions in response to the above are described in its strategic objectives, risk mitigation actions and responses to issues raised by key stakeholders.

There are many similarities between the external environmental trends, matters identified through SAICA's Enterprise Risk Management Processes (*Refer to Governance and Risks and Opportunities Sections*). SAICA therefore continues to enhance the integrated manner in which it addresses all these matters.

SAICA is acutely aware that it cannot address all issues on its own and require the support of likeminded stakeholders with whom we can collaborate to collectively find solutions for the challenges and prospects that present themselves. (*Refer to Future Outlook, Business Model and Value Creation Sections*)

ECONOMIC

The global economic growth outlook weakened during 2016, led by a sharp slowdown in developing countries, adversely affecting financial markets and reducing investor appetite for developing countries.

The performance of the South African economy has been sluggish for a period of time as a result of subdued global demand and local challenges. A weak labour market and high inflation impacted negatively on the consumer. The country avoided a credit downgrade last year, but was subsequently downgraded in the first quarter of 2017. (*Refer to Organisational Overview Section*)

Owing to low growth and demand, the South African Reserve Bank (SARB) kept its repo rate at 7% since March 2016. Inflation of 6.6% exceeded SARB's projected full-year inflation range of 3–6%. The prime lending rate as charged by banks was maintained at 10.5%.

Along with leaving its rates untouched, the SARB left its forecast for GDP unchanged, forecasting growth of 0.4% for 2016, with the economy set to gain pace with expansion of 1.2% and 1.6% over the next two years.

Job creation remains a key priority for South Africa with unemployment growing in the latter part of 2016 and reaching 27.1% of the workforce as of September 2016. The fall in employment levels saw 5.9 million South Africans out of work – an increase of 300 000 in three

months – bringing the jobless rate to its highest level in 13 years. (*Refer to Organisational Overview Section*)

The agriculture sector continues to suffer from the effects of a severe drought.

The above matters have resulted in cost pressures for both businesses and consumers, who have come under growing pressure to cut back on expenditure. SAICA has felt the increase in inflation through rising input costs across the organisation. (*Refer to Organisational Overview and Summary Financial Information Section*)

Despite these challenges, South Africa has many strengths on which to build. A strong institutional framework promotes accountability and transparency. Prudent fiscal and monetary policies anchor a sustainable approach to the public finances. The private sector is innovative and the sophisticated services sector supports growth. Government recognises the need to boost confidence and strengthen investment, including by promoting investment in capital projects, and improving policy certainty and the ease of doing business through collaboration with all sectors of the economy (public and private) and society. (*Refer to Strategy and Resource Allocation and Risks and Opportunities Sections*)

SOCIAL

According to the World Banks' 2014 Gini Index, South Africa still ranks as one of the most unequal countries in the world as a result of the pre-1994 apartheid system. [There still exists abject poverty and imbalanced income distribution.] Service delivery protests continue in certain areas of the country as a result of a lack of some basic services. (*Refer to Organisational Overview Section*)

Huge skills shortages in many areas such as science, engineering and accounting are critical problems in South Africa. (*View the full list of occupations in high demand here <http://www.dhet.gov.za/Gazette/Government%20Gazette%20No%2039604,%2019%20January%202016.%20List%20of%20Occupations%20in%20High%20Demand%202015.pdf>*)

(*Refer to Organisational Overview Section*)

Corruption in both the public and private sectors is hampering social and economic initiatives. Student activism in South Africa and globally due to the rising costs of tertiary education continued to escalate – #FeesMustFall. (*Refer to Organisational Overview Section*)

(*Refer to Strategy and Resource Allocation and Risks and Opportunities Sections*)

LEGAL AND REGULATORY

There continues to be an increasing regulatory responsibility being requested of professional bodies. This is no different for professional accountancy organisations worldwide. In South Africa, the Report on the Observance of Standards and Codes of Accounting and Auditing (commissioned by the Finance Minister and published by the World Bank in 2013) made key recommendation to regulate the accountancy industry (*Refer to <http://www.worldbank.org/en/programs/rosc>*).

There continues to be initiatives explored that will give effect to and enable the objectives of Reports on the Observance of Standards and Codes (ROSCs) recommendations.

The King Committee published the King IV Report on Corporate Governance for South Africa, 2016 (King IV) on 1 November 2016. King IV is effective in respect of financial years commencing on or after 1 April 2017 and it replaces King III in its entirety. The new code is principle- and outcomes-based and further supports the value that good governance principles and practices can create in any organisation. SAICA will continue to play a leadership role in promoting the principles of good governance enshrined in King IV to its members and stakeholders and internally.

During 2016, the International Ethics Standards Board for Accountants (IESBA) released the standard on Non-Compliance with Laws and Regulations (NOCLAR) with an implementation date of 15 July 2017. This standard sets out a framework to guide auditors and other professional accountants in what actions to take in the public interest when they become aware of a potential illegal act – known as non-compliance with laws and regulations – committed by a client or employer.

The standard applies to all professional accountants, including auditors, other professional accountants in public practice, and professional accountants in organisations, including those in businesses, government, education, and the not-for-profit sector. It addresses breaches of laws and regulations that deal with matters such as fraud, corruption and bribery, money laundering, tax payments, financial products and services, environmental protection, and public health and safety.

The new standard provides a clear pathway for auditors and other professional accountants to disclose potential non-compliance situations to appropriate public authorities in certain situations without being constrained by the ethical duty of confidentiality.

It also places renewed emphasis on the role of senior-level accountants in business in promoting a culture of compliance with laws and regulations and prevention of non-compliance within their organisations.

The Companies Act requirements – in particular Section 90(2), which deals with prohibitions on the appointment of auditors, the rotation of auditors and the new auditors' report, all aimed at enhancing auditor independence – continue to ensure that the auditing profession responds to the evolving regulatory landscape.

In August 2016, the Independent Regulatory Board for Auditors (IRBA) announced their intention to implement mandatory audit firm rotation (MAFR). MAFR refers to the rotation of the audit firm – that is, a different audit firm is appointed after the prescribed rotation period and the new firm designates the new key audit partners, including the engagement partner, for the audit. It is SAICA's view that MAFR in isolation cannot address transformation, market concentration and independence. Sufficient time is needed for comprehensive research and an impact assessment on the implementation of MAFR. This is to include gaining an understanding from experiences internationally and understanding the benefits, challenges and unintended consequences thereof. Once this has been established the profession and the business community will be in a position to formulate a clear response to challenges within the profession all committing to addressing these issues in the public interest.

SAICA continues to monitor the implication the above regulations and legislation has on the profession and the Institute and puts in place mechanisms to respond in the interest of public. Furthermore, SAICA constantly enhances its business processes to ensure its own compliance with legislation.

(*Refer to Strategy and Resource Allocation and Risks and Opportunities Sections*)

ENVIRONMENTAL

Issues of environmental sustainability, specifically water scarcity, and South Africa's goal to close the gap between business-as-usual carbon intensity from 4.7% a year to 1.5% a year is a challenging one. This target is the highest of the Group of 20 (G-20) countries. The profession has an opportunity to be at the forefront on issues of measuring, reporting and assuring information of environmental sustainability.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT AND CA CHARTER CODES

The disempowerment systems and mechanisms used under apartheid purposefully restricted the majority of South Africans from meaningful participation in the economy. This has resulted in massive economic imbalances with the majority of South African citizens being excluded from the economic mainstream and the creation of wealth being confined to a racial minority. The process of economic empowerment and the redress of economic inequalities have been much lower than desired. This saw the introduction of the B-BBEE codes to address these challenges. The CA(SA) profession intends having its sector codes gazetted by the end of 2017. The vision of its sector codes, which is aligned to the overall B-BBEE, is to grow the number of Black people in the CA(SA) profession to reflect the country's population demographics and to empower and enable them to meaningfully participate in and sustain the growth of the economy, thereby advancing equal opportunity and equitable income distribution. The CA(SA) profession has a huge opportunity to play a leadership role in redressing these inequalities. This can only be achieved through the effective integration of the principled objectives of the CA(SA) sector codes into the businesses strategies and

EXTERNAL ENVIRONMENT

models of our members and reporting meaningfully on the progress made to date.

TECHNOLOGICAL

Technology continues to advance with speed, and only the businesses that acknowledge, embrace and transform in accordance with these new technologies will remain sustainable into the future.

Technology, if leveraged appropriately, can help organisations communicate, collaborate, and provide checks and controls within and across all aspects of business. Creating value through governance and intelligence gained from 'big data' aids strategic decision-making.

Our ability to respond to the members and stakeholders requests and to have access to relevant information on demand using relevant technologies can also be addressed if leveraging on the right technologies. Furthermore, there is a need to find innovative delivery channels to communicate and engage with members. Opportunities to automate processes also exist through the application of suitable technology.

Mature processes and systems is a key enabler to the creation of value for stakeholders and members. As such, SAICA is investing in its processes, people and IT infrastructure to tap into the opportunities that arise due to these and other technological advancements.

CA 2025 is a research-based project that aims to construct revised competency frameworks to ensure CAs(SA) and RAs continue to demonstrate the necessary skills and competencies to validate their claim to their jurisdiction into the longer term future given the changing world of work specifically with regard to the impact changes technology has on the work of accountants and auditors.

The outcome of this project will enable SAICA to direct its development and its response to changes in its members' work environment from insights drawn by key stakeholders. In addition, it is aimed to keep SAICA relevant to present stakeholders' needs and allow SAICA to align its education and training requirements and its lifelong learning offering with current and future skill and competency expectations of its members, their organisations and their clients.

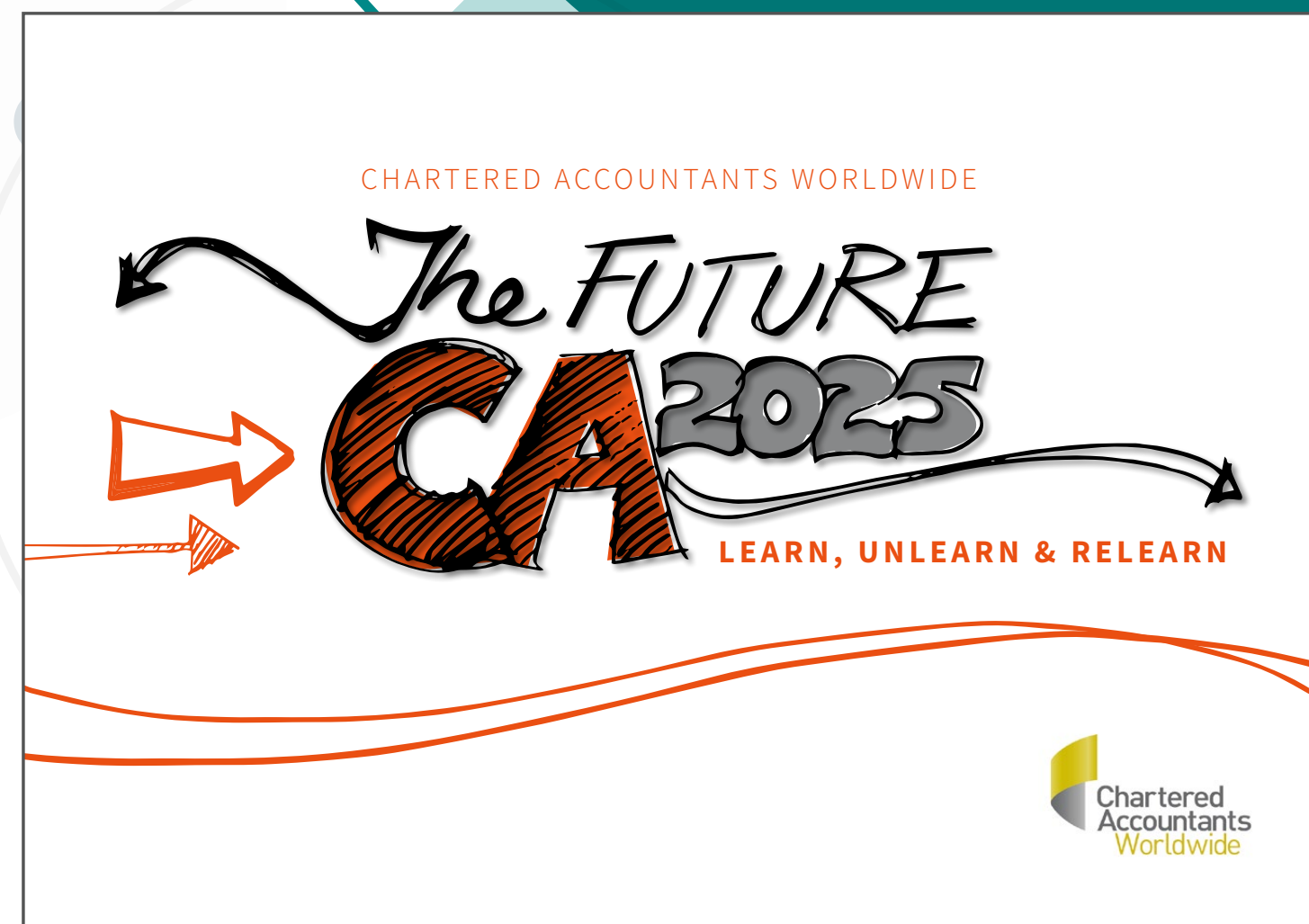
(Refer to Strategy and Resource Allocation and Risks and Opportunities Sections)

PROFESSIONAL ACCOUNTANCY ORGANISATIONS – TRENDS

Essential to the business model of any professional institute is growth. Without a healthy growth rate, institutes will stagnate and become too expensive for members. Institutes therefore have to look at alternative strategies which may include mergers, alliances and recruitment in other countries. Within South Africa, the CA(SA) designation is the most admired professional designation and SAICA is the largest accountancy body in the country. Other institutes which operate in South Africa include the Chartered Institute of Management Accountants (CIMA), which focuses on accountants in industry, the Association of Chartered Certified Accountants (ACCA), which has a similar profile to SAICA and a significant footprint in the rest of Africa, and the South African Institute of Professional Accountants (SAIPA), which focuses predominantly on accountants who service SMMEs.

(Refer to Organisational Overview Section)

The emerging challenge for all these accountancy bodies, including SAICA, is the ability of the accounting profession globally to remain attractive to the youth of today.



07

STAKEHOLDER RELATIONSHIPS

**BROAD-BASED
STAKEHOLDER ENGAGEMENT
AT AN ELEVATED LEVEL IS
CRITICAL FOR THE ACHIEVEMENT
OF THE SAICA VISION AND MISSION**



STAKEHOLDER RELATIONSHIPS

STAKEHOLDER RELATIONSHIPS

SAICA's objective is to make a meaningful contribution to the South African economy and society. Given the economic and social challenges that face South Africa, SAICA as one of the pre-eminent professional bodies in the country and has a vital role to play in helping to grow the economy, contribute to improving social conditions and promoting environmental responsibility.


Collaboration with members and stakeholders is a key enabler to SAICA achieving this objective. Broad-based stakeholder engagement is therefore critical to SAICA's effectiveness and the profession's ability to deliver value to a wide range of stakeholders.


Stakeholder issues are identified through a continuous engagement process during which we affirm our


understanding of stakeholder needs and interests. The table below highlights the major issues raised, SAICA's response and the related strategic objective(s).

SAICA's performance in 2016 includes the achievement of strategic objectives in relation to key stakeholders. *(Refer to Performance 2016 Section)*


To ensure SAICA has a better appreciation of the quality of the relationships with key stakeholders, an independent research supplier has been contracted to evaluate key stakeholders experiences with SAICA. The evaluation focused on a number of major stakeholders in 2016 and will be rolled out to all key stakeholders in future. SAICA achieved an overall satisfaction level of 90% in 2016.


KEY STAKEHOLDER GROUP	WHY THEY ARE IMPORTANT TO SAICA	HOW WE ENGAGE	WHAT CONCERNS OUR KEY STAKEHOLDERS	HOW WE RESPOND	STRATEGIC OBJECTIVE(S)
All members and associates including those represented on various structures but not limited to regional councils and constituency-based committees	<ul style="list-style-type: none"> To understand their needs and expectations To encourage and empower them to contribute to the ongoing development of the profession, South Africa's economy and society 	<ul style="list-style-type: none"> National boards and regional councils National and regional constituency-based committees Interest groups Roadshows Networking and events and seminars Member communications Face to face Online 	<ul style="list-style-type: none"> Enhancement of their own professional competencies CA(SA), AGA(SA), AT(SA), brand enhancement SAICA and member relationships with key government agencies Value of the SAICA membership Sustainability of the accountancy profession 	<ul style="list-style-type: none"> SAICA provides learning and many other enabling interventions for the refinement and showcasing of member skills and competencies SAICA plays an active leadership role in the profession and the community seeking to enhance the image and standing of the SAICA designations SAICA engages with government stakeholders on behalf of members Through engagement with Government, SAICA identifies opportunities for our members and contributes to the development of South Africa's economy and society 	


KEY STAKEHOLDER GROUP	WHY THEY ARE IMPORTANT TO SAICA	HOW WE ENGAGE	WHAT CONCERNS OUR KEY STAKEHOLDERS	HOW WE RESPOND	STRATEGIC OBJECTIVE(S)
Staff	<ul style="list-style-type: none"> Highly motivated, skilled and competent people are critical to the successful implementation of SAICA's strategy 	<ul style="list-style-type: none"> Day to day and face to face Regular departmental meetings Employee and engagement surveys Formal quarterly performance assessments Ongoing performance discussions 	<ul style="list-style-type: none"> Our employees are interested in gaining deeper insight into our strategy and wish to enhance their role in implementation of SAICA's strategic objectives Career and development and training Competency and skills enhancement 	<ul style="list-style-type: none"> Individual and divisional alignment of scorecards to organisational scorecard Remuneration and rewards linked to organisational, divisional and individual performance Continuous enhancement of staff competency levels through formalised development plans 	


KEY STAKEHOLDER GROUP	WHY THEY ARE IMPORTANT TO SAICA	HOW WE ENGAGE	WHAT CONCERNS OUR KEY STAKEHOLDERS	HOW WE RESPOND	STRATEGIC OBJECTIVE(S)
Schools, school governing boards and the Department of Basic Education	<ul style="list-style-type: none"> A sound schooling system characterised by successful students with good maths marks is fundamental to producing a steady inflow of learners in the professional qualification pipeline 	<ul style="list-style-type: none"> Face-to-face meetings with the Department of Basic Education, schools and school district associations 	<ul style="list-style-type: none"> Governance within schools Funding of schools Improved pass rates 	<ul style="list-style-type: none"> School governing board projects to place CAs(SA) at schools to assist in governance of schools Promotion of maths at schools Support programmes for learners, teachers and parents The Thuthuka Education Upliftment Fund (TEUF) and many more projects aimed at building capacity at schools 	

STAKEHOLDER RELATIONSHIPS


KEY STAKEHOLDER GROUP	WHY THEY ARE IMPORTANT TO SAICA	HOW WE ENGAGE	WHAT CONCERNS OUR KEY STAKEHOLDERS	HOW WE RESPOND	STRATEGIC OBJECTIVE(S)
Universities and the Department of Higher Education	<ul style="list-style-type: none"> SAICA's education programme is delivered through universities and it is therefore critical that there is continuous engagement to ensure key issues are communicated and that quality of the programme is maintained Intake and throughput at universities impact the transformation of the profession 	<ul style="list-style-type: none"> Annual meetings with the vice-chancellors of institutions Regular meetings with heads of accounting departments Regular meetings with subject heads at the discipline levels Regular accreditation and monitoring visits to promote quality and improve relationships Meetings with the Department of Higher Education and standard-setting authorities therein 	<ul style="list-style-type: none"> An appropriate funding model to address rising costs of tertiary education #FeesMustFall Effective application of SAICA's accreditation requirements Changes to the CA(SA) competency framework Resource and capacity constraints including availability of lecturers and demand for skilled labour outside of the university Transformation of the profession Adherence to qualification criteria 	<ul style="list-style-type: none"> Regular refinement of the SAICA competency framework Communication and support to universities for the application of the SAICA competency framework Work with universities to identify interventions to increase throughput as the majority of them are at full capacity Thuthuka Bursary Fund (TBF) programmes to support qualifying students at universities Adherence to education standards through annual submission of declarations to education authorities 	



KEY STAKEHOLDER GROUP	WHY THEY ARE IMPORTANT TO SAICA	HOW WE ENGAGE	WHAT CONCERNS OUR KEY STAKEHOLDERS	HOW WE RESPOND	STRATEGIC OBJECTIVE(S)
Training offices	<ul style="list-style-type: none"> The training element of the CA(SA) competency framework is delivered through accredited training offices. It is therefore critical that there is frequent engagement with training offices to ensure key issues are communicated and that quality is maintained 	<ul style="list-style-type: none"> Training office site visits and accreditation meetings A variety of training office workshops Online surveys 	<ul style="list-style-type: none"> A suitable supply of and retention of trainees Training administration systems that are easy to implement and administer and which are fit for business Effective application of SAICA accreditation criteria 	<ul style="list-style-type: none"> Maintenance of training office standards and quality of the training programme through active monitoring of accreditation criteria Monitoring and constant enhancements to training contract management systems (TCMS) Regular review of training regulations Development of guides to assist training offices 	



KEY STAKEHOLDER GROUP	WHY THEY ARE IMPORTANT TO SAICA	HOW WE ENGAGE	WHAT CONCERNS OUR KEY STAKEHOLDERS	HOW WE RESPOND	STRATEGIC OBJECTIVE(S)
Students	<ul style="list-style-type: none"> Students represent future members in the membership pipeline and therefore it is critical to understand their needs and interests 	<ul style="list-style-type: none"> Meetings and roadshows with students at universities as part of career awareness and support initiatives Engagement with student representative bodies 	<ul style="list-style-type: none"> Rising costs and funding of university fees #FeesMustFall Students look to SAICA as the custodian of the profession. They require a high-quality programme that ensures their employability after successful completion of their education and training 	<ul style="list-style-type: none"> SAICA provides financial support to eligible students through the Thuthuka Bursary Fund (TBF) SAICA regularly reviews and, where appropriate, updates the competency framework and provides additional academic and social support to students who are eligible and demonstrate potential Through various initiatives SAICA also provides career guidance and motivates students to complete their programmes 	



KEY STAKEHOLDER GROUP	WHY THEY ARE IMPORTANT TO SAICA	HOW WE ENGAGE	WHAT CONCERNS OUR KEY STAKEHOLDERS	HOW WE RESPOND	STRATEGIC OBJECTIVE(S)
Trainees	<ul style="list-style-type: none"> Trainees represent the future of the profession and are ambassadors for the profession. It is vital to understand their expectations and needs 	<ul style="list-style-type: none"> A variety of trainee workshops Roadshows and networking events Online surveys 	<ul style="list-style-type: none"> Through the exposure gained during the training programme the trainee expects to have developed a set of skills that would increase their employability and contribution to society 	<ul style="list-style-type: none"> Through the maintenance of standards and the quality of the training programme, SAICA ensures that on successful completion of the training programme, the trainee has developed a set of skills needed to increase their employability and demonstrate the competencies set out in the SAICA competency framework 	

STAKEHOLDER RELATIONSHIPS



KEY STAKEHOLDER GROUP	WHY THEY ARE IMPORTANT TO SAICA	HOW WE ENGAGE	WHAT CONCERNS OUR KEY STAKEHOLDERS	HOW WE RESPOND	STRATEGIC OBJECTIVE(S)
Employers of CAs(SA)	<ul style="list-style-type: none"> It is important to understand the current and future needs of employers so that programmes can be designed that enable SAICA members and associates to deliver sustainable value to their employers SAICA also seeks to obtain funding for nation-building initiatives from organisations where our members are employed 	<ul style="list-style-type: none"> Face-to-face interactions Surveys conducted on behalf of SAICA 	<ul style="list-style-type: none"> Maintaining and enhancing the competency levels (particularly business and pervasive skills) of CAs(SA) who are adaptable to change Transformation of the profession 	<ul style="list-style-type: none"> Continuous revision and update of the SAICA competency framework, which includes greater emphasis on pervasive skills Enhancement of core competencies of our members through structured learning and lifelong learning requirements Transformation of the profession through the Thuthuka programmes 	



KEY STAKEHOLDER GROUP	WHY THEY ARE IMPORTANT TO SAICA	HOW WE ENGAGE	WHAT CONCERNS OUR KEY STAKEHOLDERS	HOW WE RESPOND	STRATEGIC OBJECTIVE(S)
Regulators and standard setters (Refer to Organisation Overview Section)	<ul style="list-style-type: none"> SAICA needs to understand the requirements of regulators to ensure that its programmes and members have met necessary regulatory requirements 	<ul style="list-style-type: none"> Face-to-face meetings and through SAICA committee structures Regular reporting as required 	<ul style="list-style-type: none"> Advice and commentary on regulations and standards with a view to assisting in development of regulations and standards 	<ul style="list-style-type: none"> Active participation and commentary on proposed legislation and regulations always in the public interest 	 

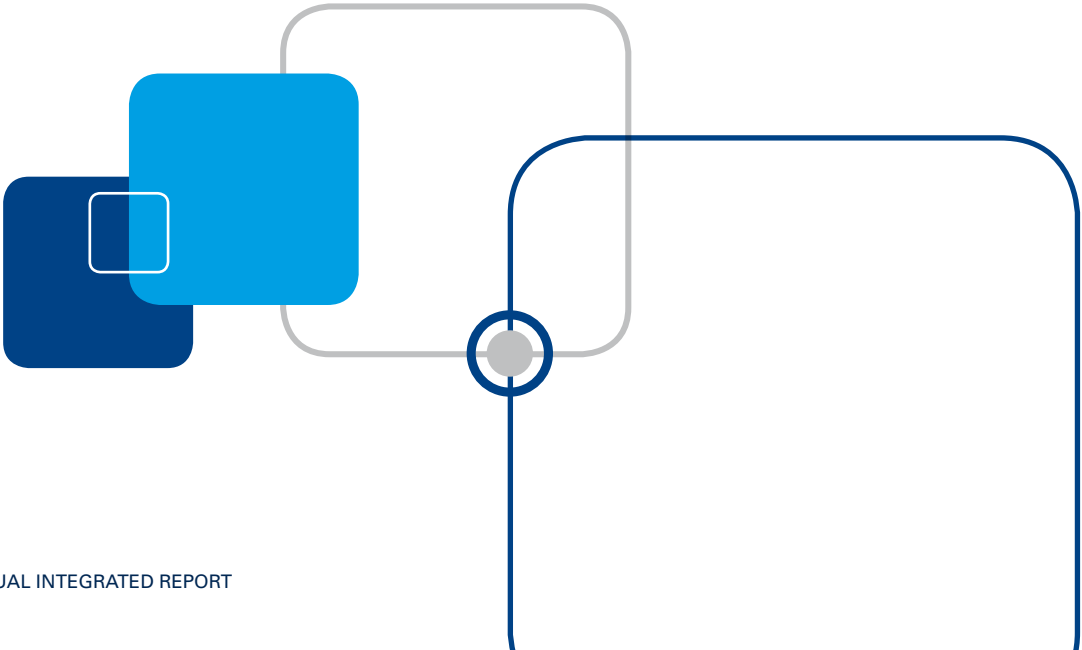
KEY STAKEHOLDER GROUP	WHY THEY ARE IMPORTANT TO SAICA	HOW WE ENGAGE	WHAT CONCERNS OUR KEY STAKEHOLDERS	HOW WE RESPOND	STRATEGIC OBJECTIVE(S)
Government, government agencies and government regulators	<ul style="list-style-type: none"> SAICA engages with government and its agencies, identifying opportunities where SAICA and its members contribute positively to the development of the South African economy and society SAICA also seeks to obtain funding for nation-building initiatives 	<ul style="list-style-type: none"> Meetings with various representatives across different government departments and related entities 	Identify and implement leadership projects that can assist in the implementation of the National Development Plan with particular reference to: <ul style="list-style-type: none"> Elimination of corruption, particularly in the area of financial management Professionalising the PFM through the development of accounting and governance skills, particularly in the public sector Providing accounting support for black entrepreneurs and emerging black business 	<ul style="list-style-type: none"> Thuthuka Enterprisation TVET project Active participation and commentary on proposed legislation and regulations 	 

KEY STAKEHOLDER GROUP	WHY THEY ARE IMPORTANT TO SAICA	HOW WE ENGAGE	WHAT CONCERNS OUR KEY STAKEHOLDERS	HOW WE RESPOND	STRATEGIC OBJECTIVE(S)
Media (Refer to https://www.saica.co.za/News/tab-id/55/language/en-ZA/Default.aspx)	<ul style="list-style-type: none"> Shape public opinion of the accountancy profession and all the SAICA designations 	<ul style="list-style-type: none"> Provide the media with information and commentary about key professional, business and matters of public interest Ongoing meeting and interaction with various media representatives 	<ul style="list-style-type: none"> Ensuring a sustainable skills pipeline of suitably qualified professionals to service the nation Development of a funding model to service the above Maintaining the competency levels and standards of the CA(SA) designation Information on the transformation and contribution made by the profession in building the nation SAICA's commentary on issues of public interest 	<ul style="list-style-type: none"> Regular interaction and commentary on key issues to the media 	 

STAKEHOLDER RELATIONSHIPS

KEY STAKEHOLDER GROUP	WHY THEY ARE IMPORTANT TO SAICA	HOW WE ENGAGE	WHAT CONCERNS OUR KEY STAKEHOLDERS	HOW WE RESPOND	STRATEGIC OBJECTIVE(S)
Regional and international accountancy bodies and accounting alliances <i>(Refer to Organisation Overview Section)</i>	<ul style="list-style-type: none">To contribute actively towards the establishment and sustainability of strong and stable accountancy institutes that support the public and private sector in Africa and globally	<ul style="list-style-type: none">Representation on various regional and international accountancy and related bodies and attendance of meetings and other formal interactions with them <i>(Refer to Organisation Overview Section)</i>Frequent submissions to international accountancy and related bodiesRegular engagement with other professional bodies through GAA, CAW, IFAC and other related meetings	<ul style="list-style-type: none">Compliance with international professional and related standards in South AfricaReciprocal membership agreementsA unified African professionDevelopment of an international brandInput from South Africa on key professional and technical issues	<ul style="list-style-type: none">Through representation on these bodies and actively contributing to and responding to requests for comments, SAICA plays a meaningful role in influencing local and international regulation	<div>Delighted members and stakeholders</div> <div>Nation-building</div>

KEY STAKEHOLDER GROUP	WHY THEY ARE IMPORTANT TO SAICA	HOW WE ENGAGE	WHAT CONCERNS OUR KEY STAKEHOLDERS	HOW WE RESPOND	STRATEGIC OBJECTIVE(S)
Donors and funders	<ul style="list-style-type: none">To support the nation-building initiatives (particularly those relating to the development of professionals in areas of critical skills)	<ul style="list-style-type: none">Continuous face-to-face interactions	<ul style="list-style-type: none">Effective application of donor funding resulting in anticipated value from their investment	<ul style="list-style-type: none">Proactive and watchful management of nation-building initiativesRegular and intimate communication of engagement with all donors and funders	<div>Nation-building</div> <div>Long-term financial sustainability of SAICA</div>



08

RISKS AND OPPORTUNITIES

RISK MANAGEMENT IS AS MUCH ABOUT MAXIMISING OPPORTUNITIES AS IT IS ABOUT MINIMISING NEGATIVE CONSEQUENCES. UNDERSTANDING ORGANISATIONAL RISK, PROVIDES FOR BETTER DECISION-MAKING IN ACHIEVING SAICA'S STRATEGIC OBJECTIVES



RISKS AND OPPORTUNITIES

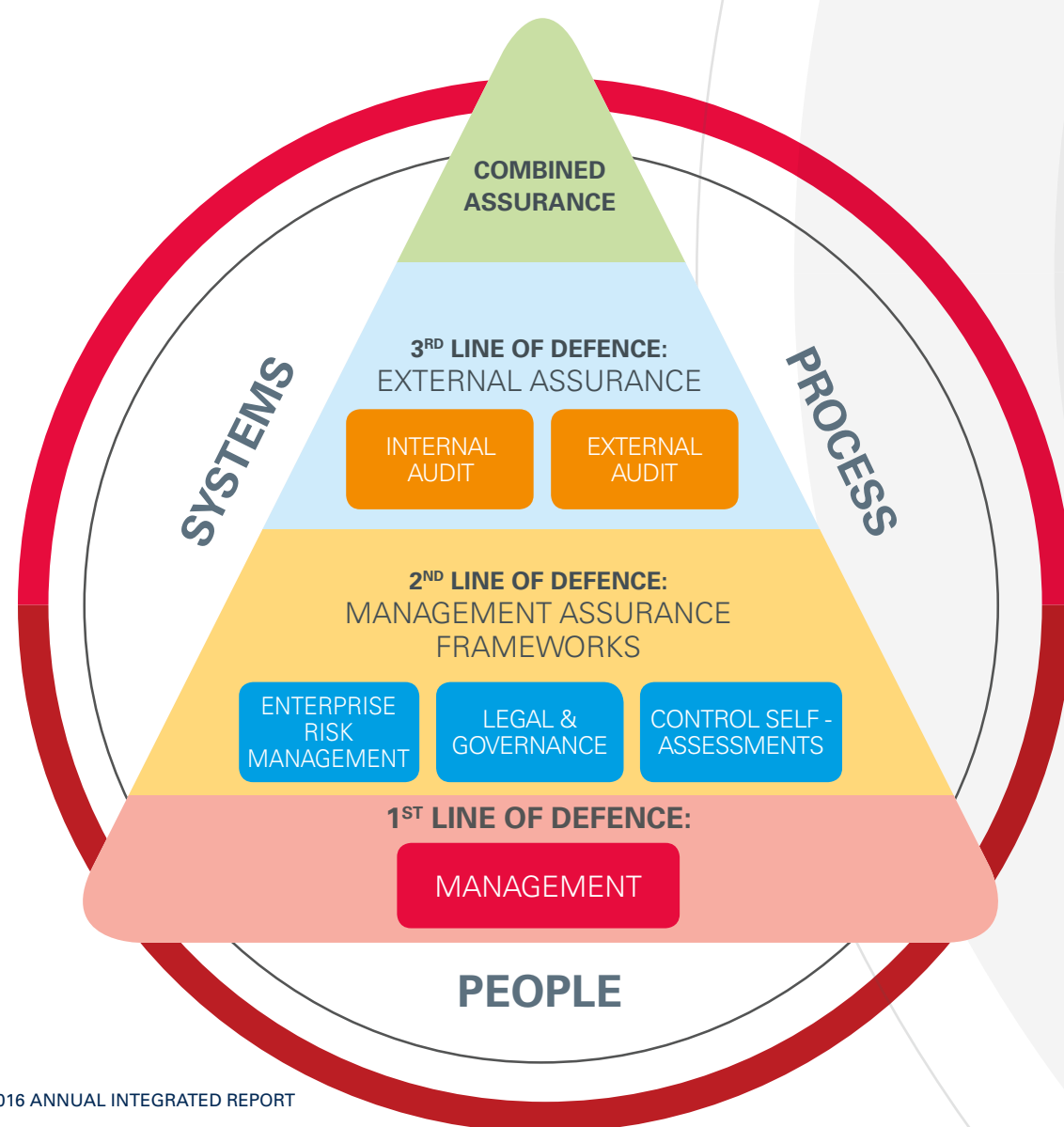
RISKS AND OPPORTUNITIES

(Refer to Business Model and Value Creation Section)

SAICA's strategy defines the future direction of the organisation. Risk is inherent in the business activities and in achieving the strategic objectives and maximising the opportunities that arise.

The Board is responsible for determining SAICA's risk tolerance level. Management is responsible for the implementation of the risk management process, which involves the identification, evaluation, prioritisation, mitigation and monitoring of risks throughout the

organisation. Risk matters are discussed at management meetings. In order for the risk management process to be effective and practical, risks are linked to performance management processes, resulting in risks being integrated and accounted for both at strategic and operational levels. Significant risks are reported to and approved by the Audit and Risk Committee and the Board. The diagram below describes SAICA's combined assurance model that informs the Board and Audit and Risk Committee's assessment of internal controls.



RISKS AND OPPORTUNITIES

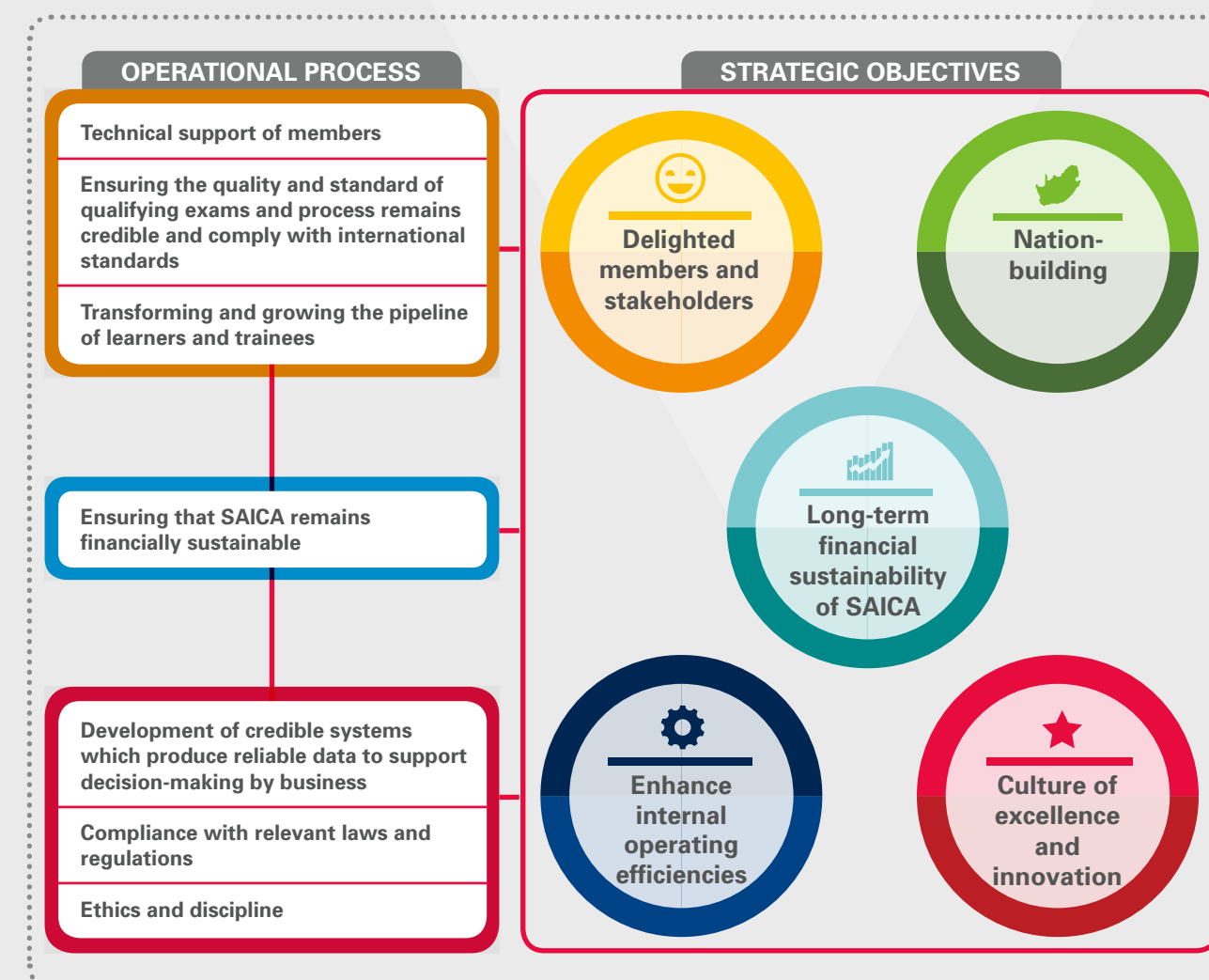
Enterprise risk management (ERM) is governed by the ERM policy and framework which was adopted by the Board, the objective of which is to embed the risk culture throughout SAICA and all its structures.

The ERM policy and framework identifies three lines of assurance as a model to provide assurance of the effectiveness of internal controls through a combined assurance model which informs the Audit and Risk Committee (ARC) of the assessment of internal controls.

The ERM policy and framework further defines the roles and responsibilities of the Board, board sub-committees and various lines of assurance.

Risk assessment considers both the internal and external environments. Appropriate responses to these risks have been identified and implemented.

Internally, focus has been given to the strengthening of controls of the following significant operational processes:



ERM GOVERNANCE

The objectives of SAICA Group's ERM policy is achieved through a structure that supports a risk culture with clearly defined roles and responsibilities and ensures accountability for risk management.

The revised ERM policy and framework integrates risk with performance management. This principle demonstrates the alignment of strategic objectives, performance goals and measures to related process, risks and controls. It further fosters the culture of managing

risk on a day-to-day basis and reduces the likelihood of any surprises. Performance outcomes, where applicable, are supported and evidenced by credible risk information including key risk indicators (KRIs).

In addition, individual performance contracts align KPIs to related processes, risks and controls.

SAICA's risk practices awards the responsibility of risk management to an individual employee level. Risk and opportunity forms part of every discussion throughout

RISKS AND OPPORTUNITIES

the business, from one-on-one performance management / feedback sessions, divisional meetings, management and executive committee meetings to board sub-committee meetings.

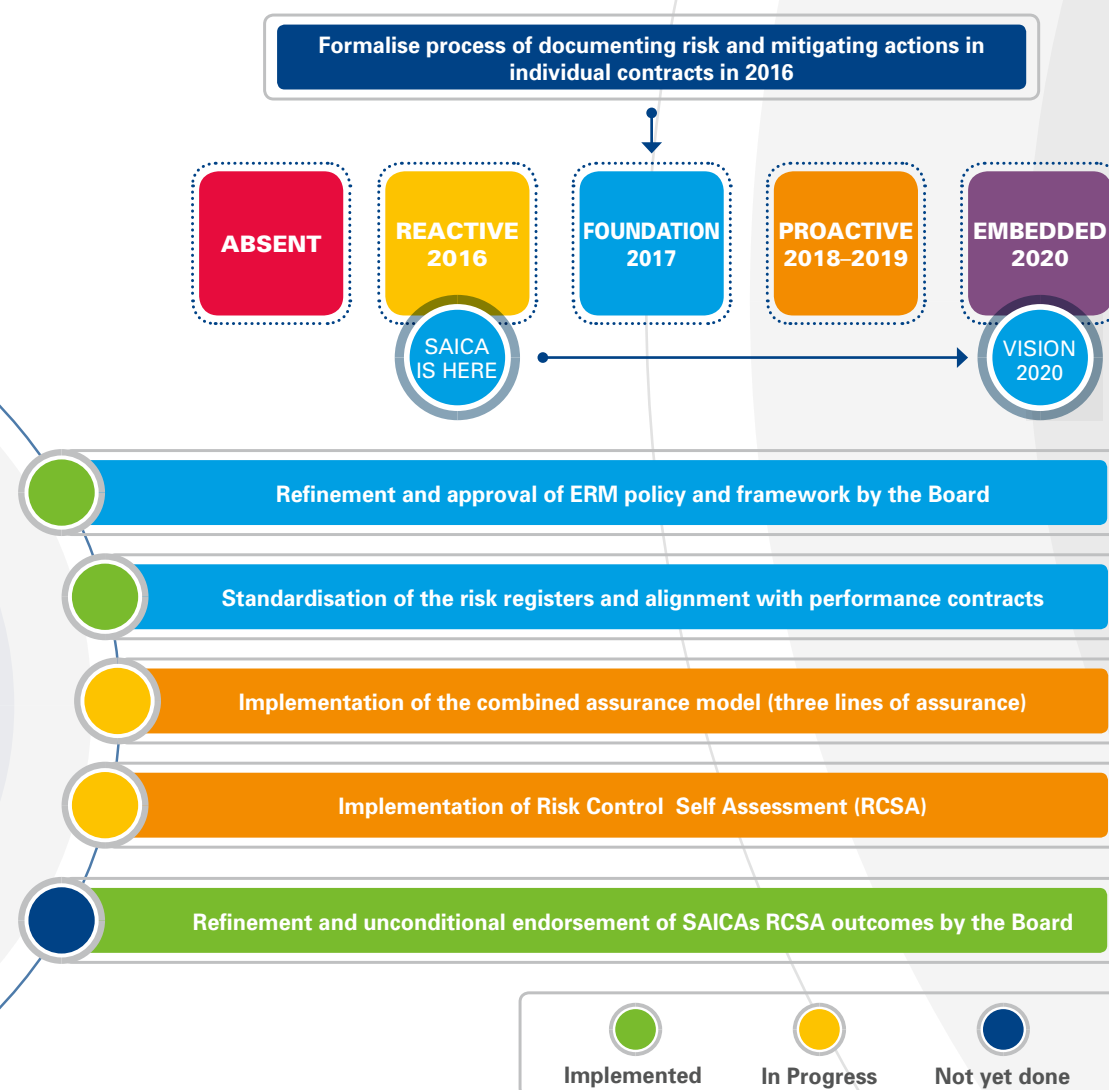
Significant risks are reported to and approved by the Audit and Risk Committee and Board.

To assist management and the Board in ensuring that the control environment improves and both strategic and operational objectives are achieved, internal audit and other

appointed assurance providers are contracted to provide independent assurance. *(Refer to Organisation Overview Section)*

MATURITY OF ENTERPRISE RISK MANAGEMENT

In the year under review management contracted an independent risk specialist to assess SAICA's risk management process maturity level. Findings and the way forward are illustrated in the diagram below.



RISKS AND OPPORTUNITIES

Listed below are the significant risks and mitigating actions impacting SAICA which links to the related strategic objectives.

In identifying our risks we have also assessed the impact on the capitals.

The risks below if not managed effectively and responded to timeously could have a material impact on the achievement of SAICA's Strategic Objectives

RESIDUAL RISK RATING					
LOW (1-5)	MODERATE (6-10)	HIGH (11-15)	EXTREME (16-25)	RISK REMAINED CONSTANT	RISK HAS INCREASED

					MITIGATING ACTIONS AND MAXIMISING OPPORTUNITIES	RESIDUAL RISK	CAPITALS
<p>Delighted members and stakeholders</p>	Enhancing the value of the profession through participation, influence and contribution of our members	RISK	<p>Leadership skills shortage and reputational damage to the brand</p> <p>Negative rating of the impact of the profession</p>		<ul style="list-style-type: none"> Continuous in-depth monitoring of the strength of SAICA designations through independent feedback Constant, effective and differentiating marketing, communication and public relations activities Effective collaboration with relevant institutes in offering the skills Developing continuous thought leadership material and facilitating dialogue with members and stakeholders Constant in-depth monitoring and tracking of member feedback and profiles through the real-time MSI and timely intervention on emerging trends <ul style="list-style-type: none"> Facilitate proactive engagement of members with rating agencies and strategic partners Develop continuous thought leadership material and facilitate dialogue with members and stakeholders Constant in-depth monitoring and tracking of member needs and profiles through the real-time MSI and timely intervention on emerging trends 		
<p>Nation-building</p>	National footprint by a transformed profession through various initiatives in all sectors of the economy and across society so as to eliminate poverty and reduce inequality	RISK	<p>Inability to grow and transform pipeline as a result of poor maths proficiency at schools</p> <p>Inability to attract eligible learners into the pipeline and to retain and increase throughput into the profession</p> <p>Perception and expectation of the lowering of qualifying criteria and standards</p> <p>Lack of interest from members to participate in nation-building initiatives</p>		<ul style="list-style-type: none"> Raise sustainable funding to expand the tried and tested Thuthuka model to all students following the SAICA route Mobilise members, trainees and stakeholders for increased participation in profession-wide career awareness Formalise the recognition criteria to acknowledge the impact of active participation in career awareness Constant in-depth monitoring of the effectiveness and impact of marketing, communication and public relations activities <ul style="list-style-type: none"> Constant tracking of perceptions of members and stakeholders of the SAICA examination process Proactively engaging with disgruntled members and stakeholders on the credibility of SAICA's qualification process and need for changes to this <ul style="list-style-type: none"> Mobilise members, trainees and stakeholders for increased participation in nation-building initiatives Formalise the recognition criteria to acknowledge the impact of active participation in nation-building <ul style="list-style-type: none"> Economic slowdown, accounting and leadership skills shortages, unemployment of accounting graduates, socio-economic inequality, etc 		
<p>Long-term financial sustainability of SAICA</p>	A responsive funding model for the efficient application of organisational capitals to achieve the business mission on a sustainable basis	RISK	<p>Decline in membership fee revenue</p> <p>Decline in income received from public private partnerships</p> <p>Economic slowdown</p>		<ul style="list-style-type: none"> Constant monitoring and tracking of membership trends and timely intervention on lead indicators Proactive engagement with disgruntled members and stakeholders on the credibility and benefits of the CA(SA) designation <ul style="list-style-type: none"> Mobilise stakeholders for increased donor funding of nation-building initiatives Proactive engagement with existing stakeholders on the impact and benefits of public private partnerships Formalise the recognition criteria to acknowledge the impact of partnerships <ul style="list-style-type: none"> Constant in-depth monitoring and tracking of membership trends and timely intervention on negative trends Develop and deliver new and innovative membership offerings and responsive funding models 		
<p>Enhance internal operating efficiencies</p>	Integrated thinking supported by credible data and leading-edge technology	RISK	<p>Information security risk including cyber crime</p> <p>Unreliable information resulting in incorrect decisions</p> <p>Poor implementation of the IT strategic project plan</p>		<ul style="list-style-type: none"> Regular upgrade and maintenance of SAICA's defence, recovery and business continuity systems Constant monitoring and tracking of frequency, nature, source and motive of attempted security breaches <ul style="list-style-type: none"> Constant analysis and reporting on big data and monitoring and interpretation of emerging information and trends <ul style="list-style-type: none"> Proactive engagement with all vendor leadership and the Board on significance and impact of IT solutions Constant monitoring and tracking of key project milestones and timely interventions on exceptions 		
<p>Culture of excellence and innovation</p>	Highly competent people with emotional intelligence who develop intellectual capital through collaboration and custodianship of excellence leadership in the profession	RISK	<p>Organisational underperformance</p> <p>Non-compliance with laws, acts, regulations, policies, procedures and guidelines related to the business of SAICA</p> <p>Inadequate leadership skills</p>		<ul style="list-style-type: none"> Constant in-depth analysis and quarterly reporting on SAICA's balanced scorecard to the staff, Board, members and stakeholders <ul style="list-style-type: none"> Constant monitoring and tracking of status of compliance <ul style="list-style-type: none"> Active participation by all staff in leadership competency development programme Constant in-depth analysis and tracking of leadership skills and timely intervention on emerging trends 		

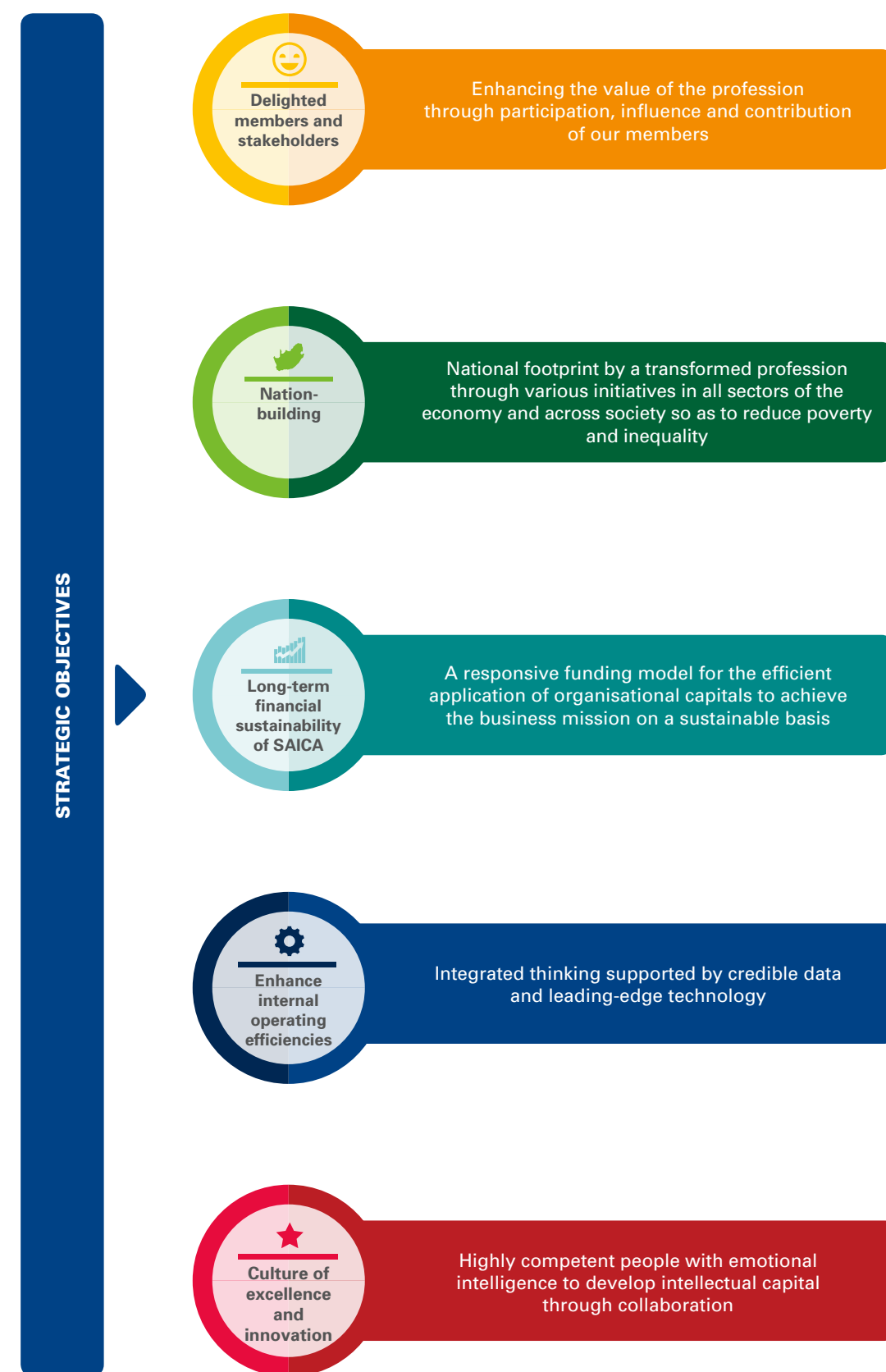
09

STRATEGY AND
RESOURCE ALLOCATION

THE SAICA STRATEGY IS
ABOUT SUSTAINABILITY, AS
WELL AS INCREASING THE
PROFESSION'S RELEVANCE IN A
RAPIDLY CHANGING ECONOMY
AND BUSINESS WORLD
THROUGH COLLABORATIVE
INFLUENCE



STRATEGY AND RESOURCE ALLOCATION



The graphic below describes SAICA's strategic objectives and the outcomes to be achieved in the short to medium term, that is by 2020.

These outcomes describe how SAICA will impact members and stakeholders in 2020.

SAICA has purposefully re-evaluated its impact and repositioned the importance of having to elevate the role that the profession has to play in the country and its impact on the South African economy and society at large. (Refer to Risks and Opportunities and Performance 2016 Sections)



(Refer to Risks and Opportunities and Performance 2016 Sections)

10

PERFORMANCE 2016

THE EXTENT TO WHICH SAICA CREATES VALUE IN SOCIETY THROUGH ITS MEMBERS, IS MEASURED BY MEANS OF A BALANCED SCORECARD. THIS BALANCED SCORECARD MEASURES SAICA'S PERFORMANCE IN CREATING VALUE, IN COLLABORATION WITH ITS STAKEHOLDERS, AS WELL AS THE EFFECTIVE USE OF ITS FINANCIAL, MANUFACTURED (TECHNOLOGY) AND HUMAN CAPITAL



PERFORMANCE 2016

PERFORMANCE 2016

The 2016 measures, targets and key performance indicators (KPIs) have been approved by the SAICA Board. SAICA's performance against it was regularly reviewed by management, the Board and its substructures. The SAICA weighted average score is calculated by taking the achievements throughout the year into account and averaging the ratings related to each of the strategic objectives. Our performance in relation to the implementation and impact of strategic initiatives and activities in 2016 is provided in the table below and the detailed narrative which follows. The external auditors have provided limited external assurance on the performance information in relation to the achievement of SAICA's strategic objectives. For a detailed understanding of the assurance obtained, our assurance statements are available online. (Refer to https://www.saica.co.za/Portals/0/documents/SAICA_Assurance_FY16_Assurance_Conclusions_Final.pdf)

CALCULATION OF ORGANISATIONAL SCORE

Each strategic objective contributes to the overall SAICA score. There are multiple KPIs within each strategic objective. Actual performance in relation to the KPIs is rated on a scale of 1–5.

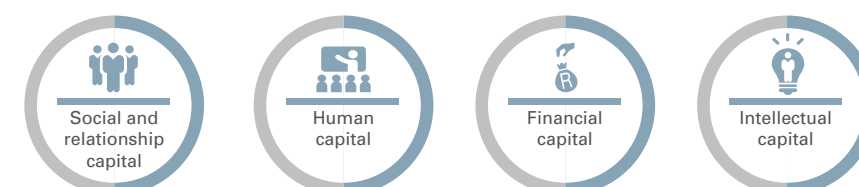
- 1 = Far below expectations
- 2 = Below expectations
- 3 = Meet expectations
- 4 = Exceeds expectations
- 5 = Far exceeds expectations

The weighting of the strategic objective is applied to the actual performance to calculate a weighted average score. The total SAICA score is calculated by adding the weighted average scores of all strategic objectives.



DELIGHTED MEMBERS AND STAKEHOLDERS

ENHANCING THE VALUE OF THE PROFESSION THROUGH PARTICIPATION, INFLUENCE AND CONTRIBUTION OF OUR MEMBERS



Key performance indicator	Target	Actual 2015	Actual 2016	Status	Contribution to weighted average score
Index measuring member satisfaction with key government agencies	All agencies between 2.01 and 4.99	Not a KPI in 2015	3+ agencies > 4.99; 0 agencies ≤ 2.00	😊	0.93
Member satisfaction index with services offered by SAICA	85% – 88.9%	Not a KPI in 2015	89%	😊	
Stakeholder satisfaction with SAICA	85% – 88.9%	Not a KPI in 2015	90%	😊	
Unprompted awareness perception/CA(SA)	43% – 45%	38%	41%	😐	
Most admired business brand survey	62% – 65%	57%	71%	😊	
Unprompted brand awareness of AT(SA), AGA(SA), and CA(SA)	9% – 11%	Not a KPI in 2015	18%	😊	

SAICA measures the extent to which it has achieved the above strategic objective through two broad measures, namely member and stakeholder **satisfaction indices** and measures of **brand strength** of the three SAICA designations.

SATISFACTION INDICES

SAICA achieved its satisfaction targets as a result of the extra effort put into engaging and collaborating with members and stakeholders finding solutions to common challenges for the public interest. Furthermore, continuous improvement in delivery of services to members, particularly CPD and non-technical seminar and event

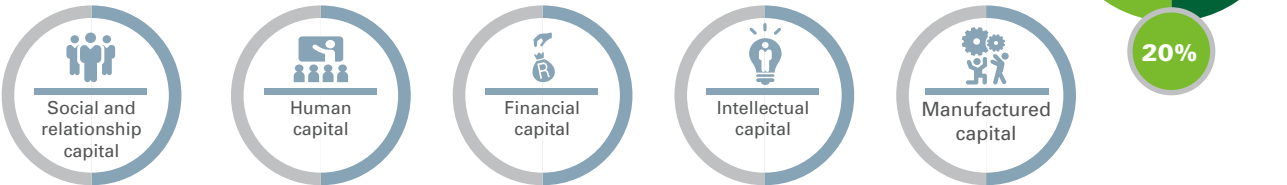
offerings, as well as efficiencies built into query resolution processes, has also resulted in the achievement of targets.

BRAND STRENGTH INDICES

The SAICA designations – that is, CA(SA), AGA(SA) and AT(SA) – are measured through an unprompted brand awareness measure and a brand admiration measure via an independent survey amongst business decision-makers. The CA(SA) unprompted brand awareness did not meet its target because of reduced investment in brand awareness campaigns in 2016. CA(SA) is still the most admired business brand as a result of prior investment in the CA(SA) competency awareness activities in prior years.

NATION-BUILDING

NATIONAL FOOTPRINT BY A TRANSFORMED PROFESSION THROUGH VARIOUS INITIATIVES IN ALL SECTORS OF THE ECONOMY AND ACROSS SOCIETY SO AS TO REDUCE POVERTY AND INEQUALITY



Key performance indicator	Target	Actual 2015	Actual 2016	Status	Contribution to weighted average score
Increase African and coloured representation at CTA level	42% – 44%	Not a KPI in 2015	55%	😊	1.08
Conversion of 80% – 89% of eligible members	80% – 89% of eligible members converted	80%	82%	😊	
35% of eligible members should be African and coloured	30% – 35% of converted members	33%	49%	😊	
Increased participation by members in career-awareness initiatives	8% – 10%	Not a KPI in 2015	84%	😊	
Increased participation by members in Nation-Building activities	8% – 10%	Not a KPI in 2015	136%	😊	

The extent to which SAICA achieves the nation-building strategic objective is measured through the **increase in membership** and the extent to which the membership demographics is being **transformed** in line with South Africa’s population demographics. Furthermore, SAICA measures the extent to which the profession (as represented by the membership base) **promotes the accountancy profession** and **participates in initiatives that contribute positively to society**.

INCREASE IN MEMBERSHIP

The initiatives put in place over the last 10–15 years to grow the pipeline of members through the Thuthuka initiatives has started to make a positive difference to the overall growth in African and coloured CAs(SA).

Focus has also been given to reducing the time taken to convert eligible members to full membership through

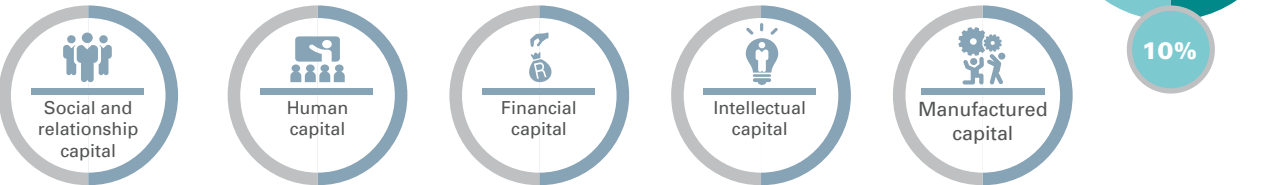
specific campaigns aimed at communicating the benefits of membership.

SAICA encourages its members to participate in career awareness campaigns and nation-building initiatives.

During 2016, SAICA put in place initiatives to further promote the benefits of participation in these initiatives through focused campaigns which resulted in greater awareness and an increase in member participation.

LONG-TERM FINANCIAL SUSTAINABILITY

A RESPONSIVE FUNDING MODEL FOR THE EFFICIENT APPLICATION OF ORGANISATIONAL CAPITALS TO ACHIEVE THE BUSINESS MISSION ON A SUSTAINABLE BASIS



Key performance indicator	Target	Actual 2015	Actual 2016	Status	Contribution to weighted average score
Application of member subscriptions for subsidising of core CPD and effective SAICA operations 2016	Breakeven point (0% –4%)	Not a KPI in 2015	2.8% surplus	😊	0.43
	R107 000 Surplus (SAICA)	Not a KPI in 2015	R4.6 million Surplus (SAICA)	😊	
Year-on-year increase in voluntary member contributions towards Nation-Building initiatives	R1.5 million <R1.8 million	Not a KPI in 2015	R2.6 million	😊	
Measures which identifies extent to which Nation-Building initiatives are funded for the long term (3–5 years)	100% Funded	Not a KPI in 2015	109%	😊	

Long-term financial sustainability is measured through SAICA’s ability to effectively run its operations and provide value to its members at **breakeven point, financial contributions made by members** to support the development and growth of CAs(SA), and ensuring that SAICA’s **commitments** to long-term national developmental projects are **fully funded for at least 3–5 years**.

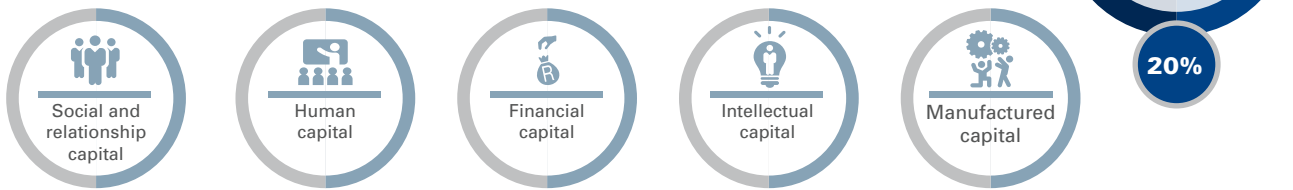
SAICA Institute made a surplus of R4.6 million during 2016, mainly as a result of an increase in AGA(SA) member fee revenue, exam fee revenue and interest earned as a result of improved management of cash and investments.

SAICA employed a dedicated resource to develop collaborative initiatives specifically aimed at promoting the benefits that members and the profession derive if they contribute to the costs of study of future CAs(SA), particularly those who are unable to afford it.

Through the demonstration of SAICA’s track record in managing large-scale projects and the achievement of project successes, SAICA was able to secure longer-term funding for all its critical Nation-Building projects.

ENHANCE INTERNAL OPERATING EFFICIENCIES

INTEGRATED THINKING SUPPORTED BY CREDIBLE DATA AND LEADING-EDGE TECHNOLOGY



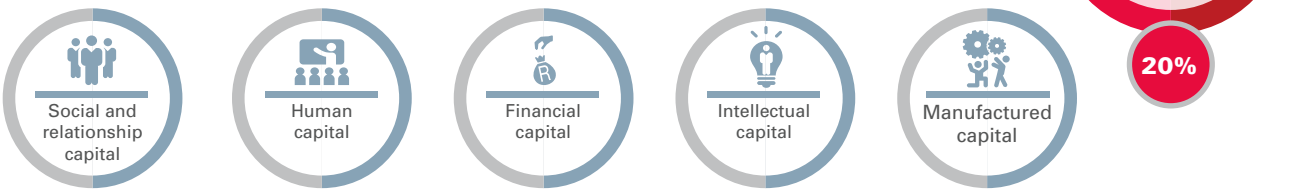
Key performance indicator	Target	Actual 2015	Actual 2016	Status	Contribution to weighted average score
Continued enhancement of business model, processes and systems to optimise delivery across the organisation through digitisation measured through achievement of project milestones of key business projects: <ul style="list-style-type: none">DataCRM	Meets expectation in terms of time, cost, quality and scope	Meets expectation	Meets expectation	😊	0.76

SAICA has many organisational projects in support of continued enhancement of its processes and systems. These are aimed at optimising delivery across the organisation. These projects are measured through project milestones in terms of project methodologies of time, cost, quality and scope.

Overall, all major data- and IT-related projects were on track during 2016. SAICA experienced challenges with one of its major projects, namely the building of a new customer relationship management tool. This resulted in a significant re-scoping of the project and greater collaboration throughout the business to ensure that this project is back on track.

CULTURE OF EXCELLENCE AND INNOVATION

HIGHLY COMPETENT PEOPLE WITH EMOTIONAL INTELLIGENCE TO DEVELOP INTELLECTUAL CAPITAL THROUGH COLLABORATION



Key performance indicator	Target	Actual 2015	Actual 2016	Status	Contribution to weighted average score
Performance management maturity assessment	Achieved a defined maturity level* on the SAICA capability maturity index (CMI)	Defined	Defined	😊	0.47
Governance maturity assessment				😊	
Assessment of leadership competence in line with agreed competency model	Meets competency requirements	Leadership competency was not re-assessed during 2016 as the interventions put in place to enhance competencies are still under way. This will be assessed during 2017			

**Processes at this level are defined and documented. Standard processes are established and subject to some degree of improvement over time. These standard processes are in place (that is, they are the AS-IS processes) and used to establish consistency of process performance across the organisation*

We continue to measure the maturity of our performance management and governance processes as key metrics for the successful achievement of this strategic objective.

PERFORMANCE MANAGEMENT PROCESSES

These processes have matured to the point where the process is defined and communicated to the rest of the organisation. All performance contracts are output- and objectives-based and are aligned to the organisational strategy. Individual contracts are integrated with risk. Employees play an active role in the development of their performance contracts and conduct self-assessments on their own performance which is all supported by credible evidence. Both managers and employees are trained in performance management.

MATURITY OF GOVERNANCE PROCESSES

SAICA measures the progress it is making in maturing its governance processes by tracking the achievement of its alignment to the principles enshrined in the King Report on Corporate Governance. This is measured based on agreed upon milestones in achieving higher levels of maturity within its governance processes.

11

SUMMARY FINANCIAL INFORMATION

WE STRENGTHENED OUR FINANCIAL POSITION BY INCREASING OUR RESERVES AND MANAGED WORKING CAPITAL EFFICIENTLY. REVENUE INCREASED AT 11%, COSTS WERE CONTAINED AT 9%. CASH MANAGEMENT EFFICIENCY RESULTED IN A POSITIVE CASH CONTRIBUTION AND ADDITIONAL INCOME. THIS HAS MADE SAICA FINANCIALLY SUSTAINABLE TO ENABLE PROMOTION AND ENHANCEMENT OF THE VALUE OF THE PROFESSION



SUMMARY FINANCIAL INFORMATION

SUMMARY FINANCIAL INFORMATION 2016

Summarised statement of financial position at 31 December 2016

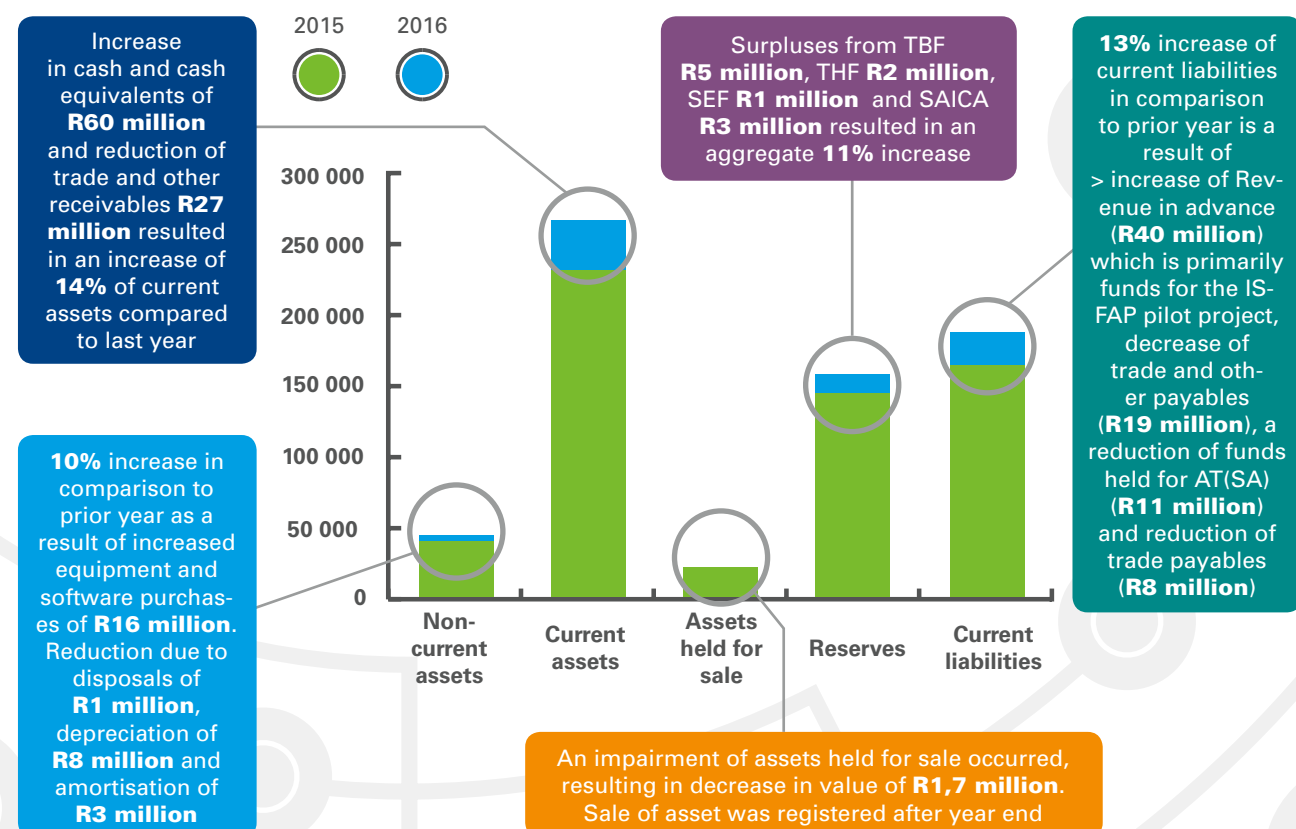
	Notes	Group	Group	Movement
		2016 R'000	2015 R'000	2015/16 %
Assets				
Non-current assets	1	45 031	40 827	10
Current assets		264 811	231 854	14
Assets held for sale	2	20 500	22 274	-8
Total assets		330 342	294 955	12
Reserves and liabilities				
Reserves	3	144 300	130 362	11
Current liabilities		186 042	164 593	13
Total reserves and liabilities		330 342	294 955	12

Summarised statement of surplus or deficit and other comprehensive income for the year ended 31 December 2016

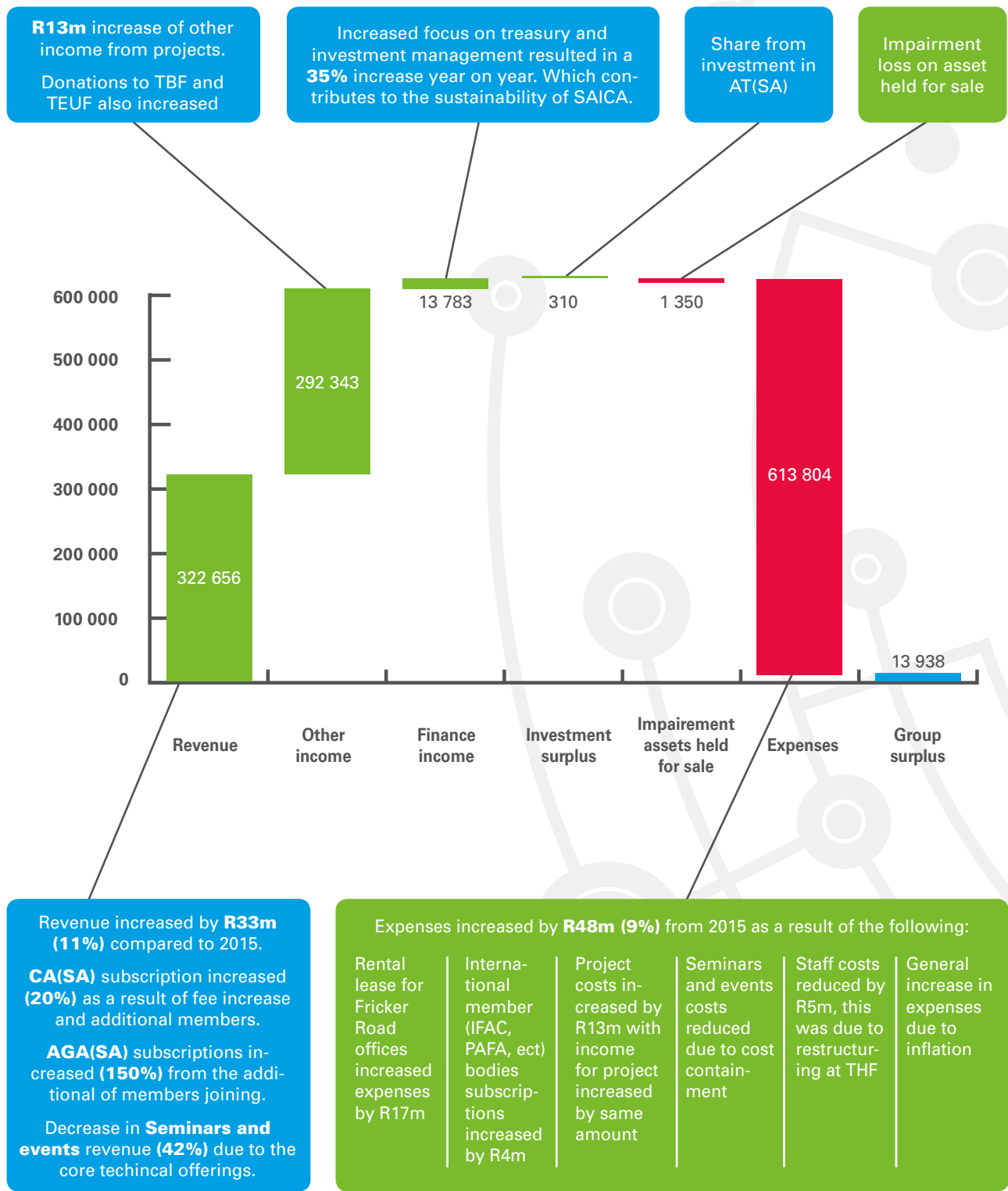
	Notes	Group	Group	Movement
		2016 R'000	2015 R'000	2015/16 %
Revenue	4	322 656	289 536	11
Other income		292 343	269 626	8
Expenses		(613 804)	(564 909)	9
Operating surplus/(deficit)		1 195	(5 747)	121
Net finance income		13 783	10 219	35
Impairment losses		(1 350)	(5 184)	74
Share of surplus of investments using equity method		310	183	69
Surplus/(deficit) for the year		13 938	(529)	2 735
Other comprehensive income/(deficit) for the year		-	(7 262)	100
Total comprehensive income/(deficit) for the year		13 938	(7 791)	279

Summarised statement of cash flows for the year ended 31 December 2016

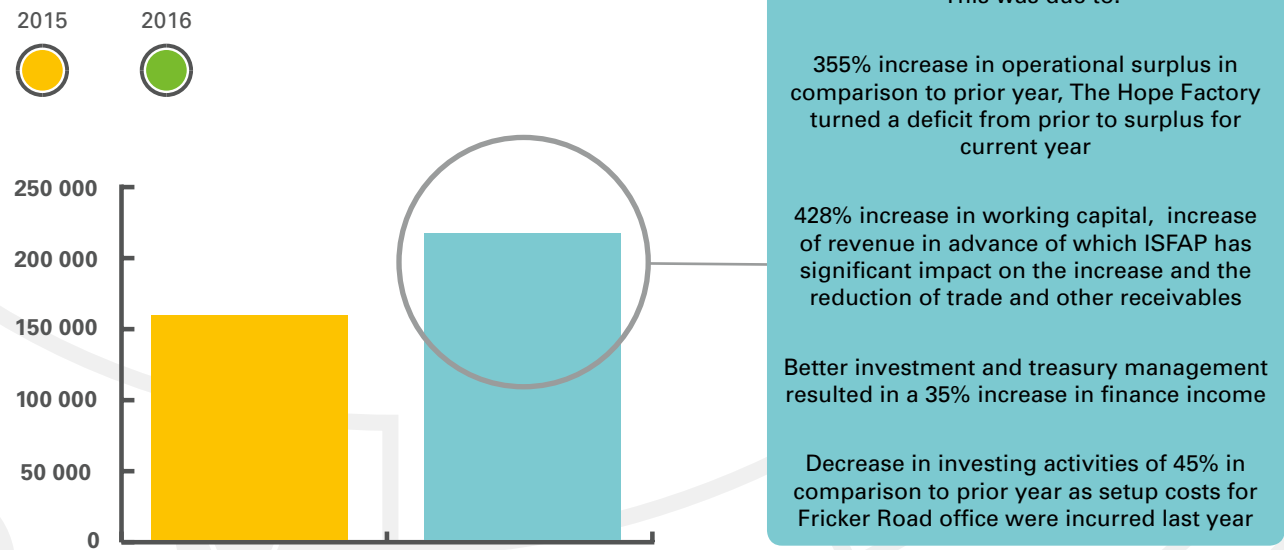
	Group	Group	Movement
	2016 R'000	2015 R'000	2015/16 %
Cash flows from operating activities before working capital changes	13 678	3 008	355
Working capital changes	48 621	9 214	428
Cash generated by operating activities	62 299	12 222	410
Net finance income	13 783	10 219	35
Net cash from operating activities	76 082	22 441	239
Net cash from investing activities	(15 953)	(28 965)	45
Net cash from financing activities	-	-	-
Net increase in cash and cash equivalents	60 129	(6 524)	1 022
Cash and cash equivalents at beginning of the year	163 311	169 835	-4
Cash and cash equivalents at end of the year	223 440	163 311	37



SUMMARY FINANCIAL INFORMATION

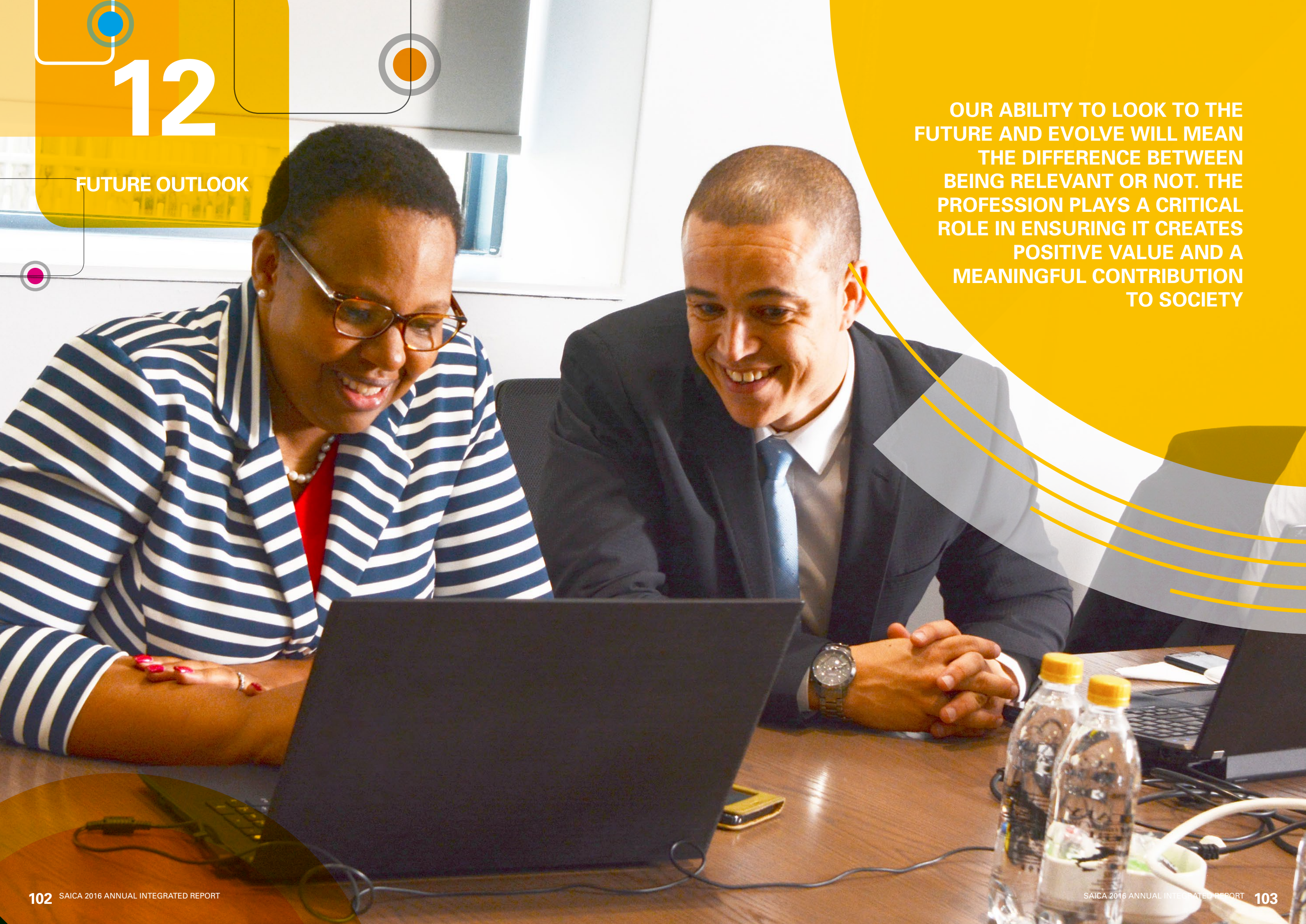


CASH FLOW 31 DECEMBER 2016



TBF – Thuthuka Bursary Fund, TEUF – Thuthuka Education Upliftment Fund, THF – The Hope Factory, ISFAP – Ikusasa Student Financial Aid Programme

OUR ABILITY TO LOOK TO THE FUTURE AND EVOLVE WILL MEAN THE DIFFERENCE BETWEEN BEING RELEVANT OR NOT. THE PROFESSION PLAYS A CRITICAL ROLE IN ENSURING IT CREATES POSITIVE VALUE AND A MEANINGFUL CONTRIBUTION TO SOCIETY



FUTURE OUTLOOK

FUTURE OUTLOOK

Our strategic objectives describe how the accountancy profession – which includes all members – should be experienced by the public and broader society.

This experience should be one that recognises the value being created by the profession for the benefit of all stakeholders and members and that has leveraged on its global footprint to make a positive contribution to the South African economy and society. Critical to the achievement of this external imperative are:

- The development of competent people within the SAICA organisation, collaborating internally and externally to achieve the above mission
- The ability of our people to be supported by and implementing systems based on credible data in a manner that is digitally transformed

- The availability of financial capital and adequate funding to implement the strategy in support of the profession's contribution to the South African economy and society.

Furthermore, the profession has a constitutional obligation to make a positive contribution to the South African economy and society through the collaborative efforts of our members and stakeholders. SAICA aims to enable the achievements of this objective in the longer term.

The above end state is further described in the graphic below. To achieve our strategic objectives we continuously monitor and decide on an appropriate response (by changing tactics and activities) to external factors, risks, challenges and uncertainties, trends in our own performance and the adequacy of our capitals.

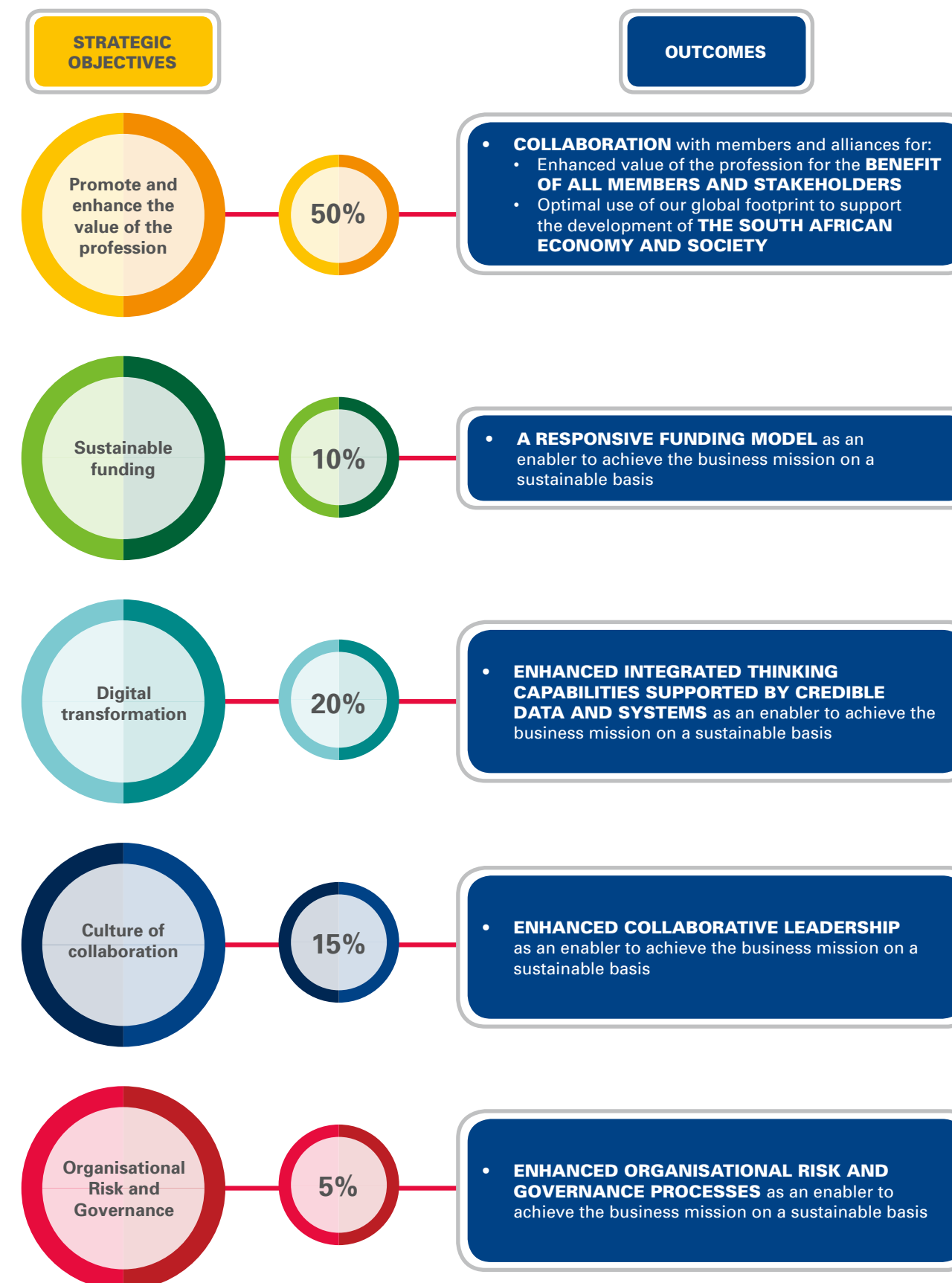
VISION 2020

PROMOTE AND ENHANCE THE VALUE OF THE PROFESSION



By promoting and enhancing the value of the profession, leadership will demonstrate the optimal use of the six capitals throughout the SAICA value chain and ensure that it delivers on SAICA's strategic objectives.

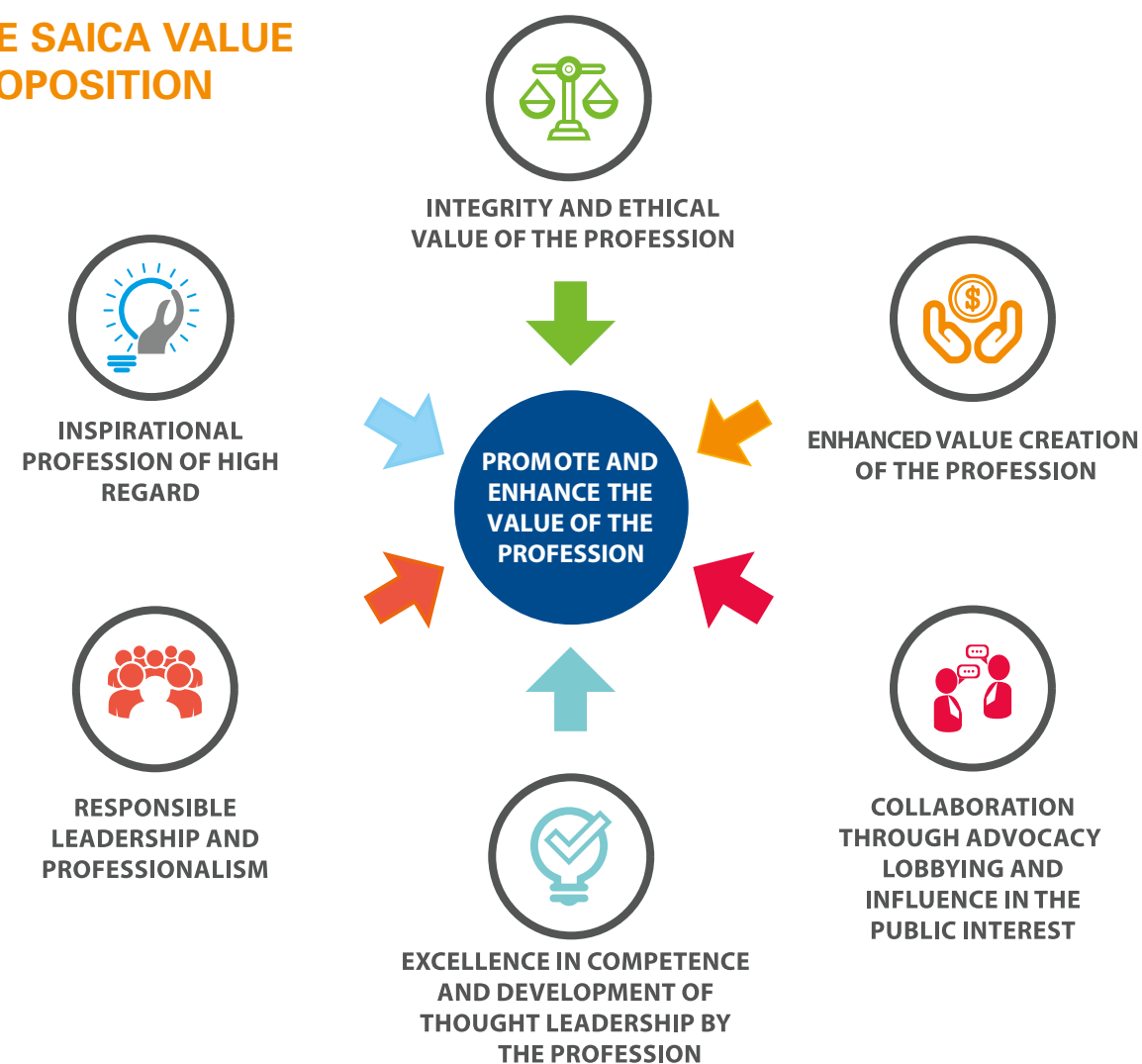
STRATEGIC FOCUS AREAS – VISION 2020



FUTURE OUTLOOK

By delivering on the outcomes that form part of the SAICA strategic objectives the value of the profession will be continually promoted and enhanced, thereby sustaining the ongoing SAICA value proposition.

THE SAICA VALUE PROPOSITION



Taking into consideration the changes in our external environment and risks that may impact our ability to achieve our strategy, we do not foresee a change to our business model. A key enabler to us achieving our strategy is our ability as a profession and as an organisation to collaborate. If we do not join forces within and outside our organisation we will not be able to achieve our strategy. Our ability to intimately understand, track and timeously respond to legitimate needs and expectations of our stakeholders through collaboration will ensure that we achieve our strategy over the short, medium and long term. Therefore significant investment is being made to enhance the behavioural competencies of all staff and members.

Unfavourable economic conditions, if not managed correctly could have a negative impact on our ability to implement our strategy as funding is critical to strategy implementation. Therefore SAICA is constantly refining its funding strategies to take advantage of opportunities that may present themselves. These refinements are characterised by enabling SAICA to seek additional sources of funding and maximise the returns it makes on reserves and investments. Furthermore, our members' ability to positively impact and stimulate the economy could be questioned. If not managed and responded to appropriately this will have a negative impact on the value-creating capability and brand of the accountancy profession.

SAICA's ability to provide relevant skills and competency enhancement opportunities to its members, enabling our members to create value, will ensure that members continue to make a positive contribution to the economy and society. SAICA, through its enterprisation initiatives, provides opportunities to its members for further contribution to the development of the SMME sector.

Evolving public expectations and their experience of our profession impacts the strength of the SAICA designations. Active tracking and impactful responses to these experiences will ensure that the value of the profession is constantly enhanced. To this end, SAICA is currently revising the CA(SA) competency framework to ensure that CAs(SA) remain relevant in the ever-changing environment. SAICA is also investing in relevant lifelong learning offerings. If these initiatives are not adequately resourced and supported by credible information, SAICA's ability to produce 'best-in-class' accountants who make a positive difference will be reduced.

It is essential that the profession plays a leadership role in removing the social imbalances created by apartheid and the further social decline being caused by corruption in all sectors of the economy and society. To this end SAICA will continue to work closely with all stakeholders, including Government and international bodies, to:

- Address the shortages of available skills for the professions in South Africa
- Address the funding crisis within the tertiary education system through the massification of the Thuthuka model
- Address poor service delivery in the public sector through the professionalisation of this sector, enabling them to implement mechanisms to produce their own accountants
- Address the negative impact of corruption through the identification of practical solutions based on credible, well-researched data and information.

To ensure SAICA and the profession's relevance and sustainability into the future, it is essential that the opportunities presented through the fast-paced changes in technology be embraced. Business and operating models are being transformed digitally. This comes with significant investment in resources, and SAICA and the profession's adaptability to evolve will impact its ability to implement and achieve its strategy.

The growing expectation that professional accountancy bodies need to take more regulatory responsibilities will require an investment in resources to adequately collect, report and assure additional information of our members.

If changes to the external environment, risks and expectations of stakeholders are responded to adequately, performance in the short to long term will be in line with expectations. These trends and risks are all integrated and will have an impact, both positive and negative, on the various capitals.

13

GROUP FINANCIAL REPORT

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REPORT OF THE AUDIT AND RISK COMMITTEE

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Committee has complied with its responsibilities arising from SAICA's constitution and by-laws. The committee has also reviewed its terms of reference in 2016 with several amendments made and has regulated its affairs and discharged all its responsibilities as contained therein.

The Committee has not received any complaints relating to the accounting practices and internal audit of SAICA, the content or auditing of its financial statements and integrated report, its internal financial controls and any other related matters.

MEMBERS AND ATTENDANCE

The Audit and Risk Committee (ARC) held four meetings during the 2016 financial year. The ARC is satisfied with the composition, required knowledge and skill of the members and that all members are independent non-executive directors.

During the 2016 financial year, three members reached the end of term. They are: R Ncube, LJ Sennelo and EM Magondo and were replaced by K Singh, M Petros and GR Sibiya. In addition, W Hauptfleisch and NA Jacobs resigned from the Board on 2 December 2016.

Members	Portfolio	Total
LL Bam (Chairman)	Member	2/4
R Ncube	Member	3/3
W Hauptfleisch	Member	4/4
NA Jacobs	Member	4/4
MW Schoeman	Member	4/4
LJ Sennelo	Member	3/3
BD van Dyk	Member	4/4
K Singh	Member	1/1
MSA Paruk	Independent non-board member	4/4
EM Magondo	Independent non-board member	1/2
M Petros	Independent non-board member	1/1
GR Sibiya	Independent non-board member	1/1

EXTERNAL AUDIT

The ARC nominated KPMG Inc for appointment as the independent external auditors for SAICA and its entities for a period of five years starting with the 2016 financial year. The ARC was satisfied that KPMG was independent of SAICA and that their appointment and terms of engagement complies with the Companies Act 71 of 2008 and the requirements and standards of the Independent Regulatory Board for Auditors. The nomination was subsequently ratified by members of SAICA at the SAICA Annual General Meeting (AGM) on 23 June 2016.

The ARC reviewed the annual audit plan and determined the fees to be paid to the auditors. The ARC reviewed and pre-approved all non-audit services in line with the SAICA policy for non-audit services to ensure that independence of auditors is upheld. The basis of the pre-approval is guided by the adherence of the amount to the predetermined thresholds in the policy.

The ARC will be evaluating the performance of the current external auditors for the 2016 financial year during 2017.

INTERNAL ASSURANCE AND RISK MANAGEMENT

The ARC was satisfied with the plan to improve the risk management maturity level following an assessment thereof by an independent assurer. The ARC reviewed and approved the updated Enterprise Risk Management (ERM) Policy and Framework, which was subsequently approved by the Board on 24 November 2016.

The ARC assessed the robustness and resilience of SAICA's internal processes for identifying, evaluating, mitigating, monitoring and responding to threats inhibiting the successful attainment of strategic goals and realising stakeholder value. This was achieved through the review of consolidated strategic risk reports and detailed operational risk reports.

The effectiveness of internal controls was assured through the combined assurance model which identified various levels of assurance provided by management, internal specialists, internal auditors, external auditors and external advisers. In addition, the ARC received assurance from board sub-committees on the effectiveness of the risk management processes relevant to their portfolios. The ARC monitored the mitigation of control weaknesses and levels of non-compliance.

The ARC reviewed all assurances including that of internal audit presented before it and was satisfied with the overall effectiveness of internal controls.

The ARC considered and recommended the Internal Audit Charter for approval by the Board.

The ARC evaluated the performance of internal auditors for the 2015 financial year and will be re-assessing their performance in relation to the 2016 financial year during 2017.

FINANCE FUNCTION

The ARC is satisfied with the leadership expertise and skills of the Executive Director Corporate Services and the Senior Executive Finance, respectively, in the discharge of their duties and responsibilities of ensuring that assets of the company are safeguarded and sustainability goals are achieved. Further, the ARC is satisfied with the staffing and resource allocation of the finance function in ensuring that accounting practices are effective.

ANNUAL FINANCIAL STATEMENTS

We concur that the adoption of the going concern premise in the preparation of the financial statements is appropriate. The committee reviewed and has recommended the 2016 Annual Financial Statements included in the Group Annual Financial Report for approval to the Board. The Board has approved the financial statements on 5 April 2017, which will be open for discussion at the Annual General Meeting.

INTEGRATED REPORT

The committee reviewed the content of the integrated report ensuring it is presented in accordance with the International <IR> Framework on 22 March 2017 and has recommended it for approval. The Board has approved the SAICA Annual Integrated Report on 16 May 2017, which will be open for discussion at the Annual General Meeting.



LL Bam
Chairman of the Audit and Risk Committee

REMUNERATION COMMITTEE CHAIRMAN'S REPORT

HISTORY

Following SAICA members' requests for more details on executive remuneration at the 2013 AGM, the SAICA Board decided to improve the governance and transparency of remuneration management. This led to the establishment of the Remuneration Committee (REMCO) in early 2014 to give special focus to matters of remuneration. Prior to this, there was a Human Resources Committee whose responsibility included matters relating to the attraction, retention and development of talent as well as remuneration. However, in line with the King Principles of Governance and owing to the specialist nature of the remuneration discipline, it was decided to institute a REMCO to oversee and govern remuneration management at SAICA, especially executive remuneration.

The Board also agreed that in order for SAICA to adhere to international and local best practices, the expertise of an independent remuneration specialist ought to be enlisted into the committee. The remuneration specialist is a member of REMCO but is not a member of the Board. The primary focus of the committee in its initial stages was to establish a remuneration philosophy that aligns to the purpose and objectives of SAICA, which culminated in the adoption of a policy of:

- Establishing the basic building blocks of remuneration through the sizing of the organisation and all jobs in order to compare 'apples with apples' when benchmarking salaries, especially executive remuneration
- Aligning remuneration with the relevant market from which SAICA attracts its skills and talents through proper benchmarking and the implementation of appropriate salary structures
- Linking performance directly with remuneration in terms of salary increases and in terms of determining performance bonuses.

In order for SAICA to develop the right competencies to lead the organisation into the future and to achieve its strategic objectives, a decision to further enhance performance-based remuneration to include competency evaluations is currently being refined for implementation. In this regard the committee established and approved the

SAICA leadership competency framework which outlines key competencies required for success within SAICA. This framework applies to the whole organisation but was first implemented at the executive level on a pilot basis in the 2016 financial year.

STRUCTURE OF THE REPORT

This report sets out SAICA's remuneration policy and practices applicable to the current year ended December 2016. It is organised in three parts as follows:

- Part A: Background report as encapsulated in this report
- Part B: Our remuneration policy, practices and governance, as encapsulated in Part 1 of the remuneration report
- Part C: Implementation and outcomes of the remuneration policy, as encapsulated in Part 2 of the remuneration report.

It should be noted that the remuneration outcomes (of salary increases and incentives) for the 2016 year-end will be disclosed in the 2017 year-end financial statements.

CHANGES TO REMUNERATION POLICY

CURRENT YEAR REFINEMENTS TO OUR REMUNERATION POLICY

The Committee made some refinements to the remuneration policy and these have been captured in the Governance and the Remuneration Committee section of the remuneration report. It should be noted that salary increases are subject to rigorous affordability assessments by the Committee while making sure it is competitive enough to attract and retain the appropriate skills.

FORWARD-LOOKING CHANGES TO OUR REMUNERATION POLICY

The Board is considering the introduction of a long-term incentive (LTI) scheme which is intended to better commit SAICA to the implementation of long-term strategic objectives as well as to retain key skills in the organisation. The incentive would be applicable to senior

levels in the organisation, based on the following five identified high-value priorities:

- Sustainable skills pipeline through an appropriate funding model
- Unite 4 Mzansi
- Collaboration towards CA2025
- Sustainable economic growth through SMME support
- Sustainable service delivery through public finance management (PFM) capacity-building

These high-value priorities are currently being implemented through small pilot programmes in the organisation and the intention is to do full-scale implementation for maximum value enhancement to the Institute (and the resultant broader South African economy) in line with SAICA's constitution. The committee has deferred the implementation of this scheme to allow for further analysis and demonstration of how value will be created to the members by the inclusion of this scheme.

REPORT FOR DISCLOSURE PURPOSE

The Institute has approached the King IV principle of a 'non-binding vote' in a stepped-up manner. The first step is the presentation of this remuneration report for disclosure purposes only. This report is the first in the history of the Institute and this represents a huge milestone for the organisation and further enhances its commitment to be transparent on matters related to remuneration, as committed by the chairman of the SAICA Board to the members in the prior year. The next step will be the presentation of the remuneration report for a member non-binding vote at the AGM in the subsequent years. The Board is satisfied that this approach will allow the Institute to appropriately incorporate the actioning of member engagements into its policies and practices.

I am confident that the Institute's remuneration philosophy and policy are designed to effect delivery on the Institute's short-to-medium term strategic direction. I am therefore pleased to present the remuneration report to the members on behalf of the committee. I trust that you will find it clear and understandable.



Xola G Stock
Chairman: Remuneration Committee

AUDITED ANNUAL FINANCIAL STATEMENTS

THE SOUTH AFRICAN INSTITUTE OF CHARTERED ACCOUNTANTS (NPO) GROUP
(Registration Number 020-050)
Group and Institute Annual Financial Statements For the year ended 31 December 2016

Audited Annual Financial Statements
Prepared by: AK Mohamed CA(SA) Position: Senior Executive - Finance (CFO)
Auditor: KPMG Inc

CONTENTS

The reports and statements set out below comprise the Group and Institute annual financial statements presented to the members:

Independent Auditor's Report	116
Statement of Responsibility by the Board	121
Board Report	122
Statements of Financial Position	124
Statements of Surplus or Deficit and Other Comprehensive Income	125
Statements of Changes in Reserves	126
Statements of Cash Flows	129
Accounting Policies and Notes to the Group and Institute Annual Financial Statements	130

INDEPENDENT AUDITOR'S REPORT

To the members of The South African Institute of Chartered Accountants (NPO) Group

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of The South African Institute of Chartered Accountants (NPO) Group ('the Group and Institute') set out on pages 124 to 160, which comprise the statements of financial position as at 31 December 2016, and the statements of surplus or deficit and other comprehensive income, the statements of changes in reserves and the statements of cash flows for the year then ended, and a summary of significant accounting policies and notes to the financial statements.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of The South African Institute of Chartered Accountants (NPO) Group as at 31 December 2016, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Consolidated and Separate Financial Statements section of our report. We are independent of the SAICA Group and the Institute 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

RECOGNITION OF REVENUE AND REVENUE RECEIVED IN ADVANCE

This key audit matter relates to both the consolidated and separate financial statements.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
<p>Recognition of revenue and revenue received in advance</p> <p><i>Refer to notes 18 and 19 to the financial statements.</i></p> <p>This key audit matter relates to both the consolidated and separate financial statements.</p> <p>Revenue from subscriptions and professional development fees represented 90% of total revenue for both the consolidated and separate financial statements, amounting to R291 million.</p> <p>Revenue is automatically invoiced in advance on the iMIS and TCMS systems and recognised to the extent that it is probable that the economic benefits will flow to the Group and the Institute.</p> <p>Due to the volume of subscriptions and professional development fees processed during the year, a risk exists that revenue and revenue received in advance may be inappropriately recognised in the incorrect period.</p> <p>Recognition of revenue and revenue received in advance was considered a key audit matter due to the significance of the balance, the reliance placed on the iMIS and TCMS systems, the significant volume of subscriptions and professional development fees processed during the year and the work effort required to be performed by the audit team.</p>	<p>Our audit procedures included amongst others:</p> <ul style="list-style-type: none">• Involving our IT specialists to test the applications controls around the iMIS and TCMS systems relating to invoicing.• Tested the internal control in relation to the appropriateness of the recognition of revenue. Our tests involved documenting and assessing the design, implementation and operating effectiveness of related key controls by agreeing a sample of application forms for new members and signed training contracts for trainees to the invoiced revenue per the iMIS and TCMS systems.• Agreed a sample of member subscription fees to the approved rate card by the SAICA Group Board and/or bank statements to verify that the revenue was recognised when payment was received or to the extent that it was probable that the economic benefits would flow.• Recomputed 100% of membership fees and trainee fees for the year by recalculating using the approved rate card by the SAICA Group Board and the profile details of the respective members and trainees as per the iMIS and TCMS systems.• For the journal entries passed on revenue received in advance we verified a sample of cash receipts from the bank statement prior to year end and agreed to the iMIS invoice listing to confirm that only revenue received in advance is recognised at year end.

INDEPENDENT AUDITOR'S REPORT

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
Donor-funding income and expenditure recognition <i>Refer to notes 20 and 21 to the financial statements.</i>	
This key audit matter relates to both the consolidated and separate financial statements	
Included in other income is donor-funding income amounting to R288 million for the SAICA Group and R83 million for the Institute and project expenditure (comprising TVET project expenses and Thuthuka Project expenditure), included in operating expenses amounting to R252 million for the SAICA Group and R71 million for the Institute. Donor-funding income is recognised when the conditions attached in the donor agreement have been met. The recognition of the project expenditure is based on the conditions that are attached to the donor-funding agreement. Donors impose conditions on allocation and administration of these project expenditure. Due to the conditions attached to donor-funding contracts, a risk exists that: <ul style="list-style-type: none">• Project expenditure may be used for conditions outside of the contract terms;• Donor-funding income may be recognised prior to all conditions being met; and• Excess funding may not be accounted for. The recognition of donor-funding income and project expenditure is considered a key audit matter due to the significance of the amount in the financial statements and the work effort required to be performed by the audit team.	Our audit procedures included amongst others: <i>Project income and expenditure:</i> <ul style="list-style-type: none">• Testing the internal control in relation to the appropriateness of the recognition of donor-funding income and expenditure by:<ul style="list-style-type: none">• agreeing the income recognised to the actual expenditure spent as per the conditions attached to the agreement;• testing whether project expenditure has been correctly authorised; and• agreeing these expenditure to supporting invoice to assess whether the expenditure has been incurred for the purpose set out in the donor-funding agreement. <i>Excess funding:</i> <ul style="list-style-type: none">• For all projects still in progress at year end we evaluated the completeness of deferred income at year end by comparing the total funding income to project expenditure incurred. <i>For both donor-funding income and project expenditure:</i> <ul style="list-style-type: none">• Assessed whether the accounting treatment and disclosures for donor-funding income and project expenditure in the financial statements were in accordance with the applicable financial reporting framework.

Other Information

The Board is responsible for the other information. The other information comprises all information included in the Annual Integrated Report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 Board for the Consolidated and Separate Financial Statements

The Board is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Board determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Board is responsible for assessing the Group's and the Institute'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 Board either intend to liquidate the Group and/

or the Institute or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group's and the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

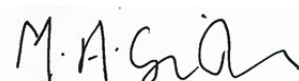
INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of the Board's 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 Group's and the Institute'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 consolidated and separate 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 Group and/or the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board 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.

From the matters communicated with the Board, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Inc.



Per MA Sithole
Director
Registered Auditor
05 April 2017

KPMG Crescent
85 Empire Road
Parktown
Johannesburg
2193

STATEMENT OF RESPONSIBILITY BY THE BOARD

The South African Institute of Chartered Accountants (SAICA) Board is responsible for the preparation and fair presentation of the Group and Institute annual financial statements of SAICA. These comprise the Statements of Financial Position at 31 December 2016, the Statements of Surplus or Deficit and Other Comprehensive Income, Statements of Changes in Reserves and Statements of Cash Flows for the year then ended, a summary of significant accounting policies and notes to the Group and Institute annual financial statements.

The Group and Institute annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs). They are based on appropriate accounting policies that have been consistently applied and that are supported by reasonable and prudent judgements, including judgements involving estimations. The going concern basis has been adopted in preparing the Group and Institute annual financial statements. Based on forecasts and available cash resources, the Board has no reason to believe that the Group and Institute will not be a going concern in the foreseeable future.

The Group and Institute annual financial statements have been audited by the independent audit firm, KPMG Inc., which was given unrestricted access to all financial records and related data, including minutes of meetings of the Board, committees of the Board and management. The Board and management believe that all representations made to the independent auditors during their audit were valid and appropriate.

The Board is also responsible for the system of internal controls of the Group and Institute. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the Group and Institute annual financial statements and to adequately safeguard, verify and maintain accountability of assets. These controls are monitored throughout the Group by management and employees with the necessary segregation of authority and duties. Processes are in place to monitor internal controls, identify material breakdowns and implement timely corrective action.

The Group and Institute annual financial statements were approved by the Board on 5 April 2017 and have been signed on their behalf by:




Mr GC Gorgulho
Chairman
Authorised Board Member




Dr TM Nombembe
Chief Executive Officer
Authorised Board Member

BOARD REPORT

The Board presents its report for the year ended 31 December 2016.

1. REVIEW OF ACTIVITIES

Main business and operations

The principal activity of the Group is to serve the interests of the Chartered Accountancy profession and society, by upholding professional standards and integrity, and the pre-eminence of South African Chartered Accountants nationally and internationally.

The operating results and state of affairs of the Group are set out in full in the attached Group and Institute annual financial statements and do not in our opinion require any further comment.

2. GOING CONCERN

The Group and Institute 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 (where applicable) and commitments will occur in the ordinary course of business. The application of this basis is supported by the application of a detailed budget process and ongoing compliance with budgetary controls.

3. EVENTS AFTER REPORTING DATE

The Board is aware of the following matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect of the financial position of the Group and Institute:

Transfer documents were lodged to the Deeds Office for the disposal of assets held for sale. The sale of 7 Zulberg Close, Bruma, was concluded with the transfer of the property. Refer to note 13.

4. BOARD MEMBERS INTEREST IN CONTRACTS

Board members had no interest in contracts for the year, except for Board members employed by PricewaterhouseCoopers (PWC). PWC conducted internal audits at SAICA with a contract value of R1 019 077. The Board is satisfied that all governance processes were complied with in this regard.

5. BOARD MEMBERS

The Board members of SAICA during the year and up to the date of this report are as follows:

	Date of appointment	Date of resignation
Gorgulho, GC (Chairman)	01/06/2012	
Bam, LL (Vice Chairman)	01/06/2014	
Khan, MA (Vice Chairman)*	01/06/2014	
Essop, NA	01/07/2015	
Lamola, FL	01/07/2014	
Majova-Songca, LY	01/07/2015	
Ncube, R	01/07/2013	
Nombembe, TM	15/01/2014	
Osner, SK	01/07/2015	
Schoeman, MW	01/07/2015	
Sennelo, LJ	18/09/2013	
Sigasa, G	01/11/2015	
Stock, XG	01/07/2015	
Thomas, DA	01/07/2015	
Van Dyk, BD	01/07/2014	
Zondi, TP	01/06/2014	
Kotze, S	01/07/2016	
Phillip, S	01/07/2016	
Singh, K	01/07/2016	
Swanepoel, J	01/07/2016	
Cronje, PJ**	01/06/2011	30/06/2016
Hauptfleisch, W	01/06/2014	02/12/2016
Hoole, TH	01/11/2015	23/06/2016
Jacobs, NA	01/07/2013	02/12/2016

* Appointed to position on 01/07/2016

** Held the position of vice-chairman until date of resignation

6. SECRETARY

The designated secretary is W Gwaza, who was appointed on 29 July 2014.

7. AUDITOR

KPMG Inc. was the auditor for the year under review.

Business and postal address

Business address

17 Fricker Road
Illovo, Johannesburg
2196
South Africa

Postal address

Private Bag X32
Northlands
2116

Statements of Financial Position

	Notes	Group		Institute	
		2016 R'000	2015 R'000	2016 R'000	2015 R'000
Assets					
Non-Current Assets					
Property and equipment	5	37,450	30,526	37,176	29,745
Intangible assets	6	5,789	8,819	5,789	8,819
Investment in Joint Venture	7	1,792	1,482	1,792	1,482
		45,031	40,827	44,757	40,046
Current Assets					
Inventories	9	123	415	123	415
Prepayments	10	2,941	2,826	2,890	2,809
Trade and other receivables	11	38,307	65,302	27,918	58,650
Cash and cash equivalents	12	223,440	163,311	158,639	134,433
		264,811	231,854	189,570	196,307
Assets held for sale	13	20,500	22,274	20,500	22,274
Total Assets		330,342	294,955	254,827	258,627
Reserves and Liabilities					
Reserves					
Reserves	14	144,300	130,362	111,725	107,137
Total Reserves		144,300	130,362	111,725	107,137
Liabilities					
Current Liabilities					
Trade and other payables	16	80,311	100,542	89,397	101,346
Short-term incentive provision	17	16,877	15,530	16,237	15,500
Revenue received in advance	18	88,854	48,521	37,468	34,644
Total Liabilities		186,042	164,593	143,102	151,490
Total Reserves and Liabilities		330,342	294,955	254,827	258,627

Statements of Surplus or Deficit and Other Comprehensive Income

	Notes	Group		Institute	
		2016 R'000	2015 R'000	2016 R'000	2015 R'000
Revenue	19	322,656	289,536	322,656	289,536
Other income and surplus	20	292,343	269,626	87,170	60,633
Operating expenses	21	(613,804)	(564,909)	(416,152)	(347,692)
Operating surplus/(deficit)		1,195	(5,747)	(6,326)	2,477
Finance income	22	13,783	10,219	11,954	8,633
Share of surplus of investments accounted for using the equity method	7	310	183	310	183
Impairment losses		(1,350)	(5,184)	(1,350)	(5,184)
Surplus/(deficit) for the year		13,938	(529)	4,588	6,109
Other comprehensive income					
Items that will be reclassified into surplus or deficit					
Change in fair value of available-for-sale financial assets	8	-	(250)	-	(250)
Items that will not be reclassified to surplus or deficit		-	(7,012)	-	(7,012)
Deficit on revaluation of land and buildings					
Total comprehensive surplus/(deficit) for the year		13,938	(7,791)	4,588	(1,153)

Statements of Changes in Reserves

		Fair value reserve	Revaluation reserve	SAICA Education Fund		SAJAR	Accumulated surplus	Thuthuka Education Upliftment Fund	Thuthuka Bursary Fund	The Hope Factory	Total reserves
	Note	R'000	R'000	R'000		R'000	R'000	R'000	R'000	R'000	R'000
Group											
Balance at 1 January 2015		250	16,281	5,952		-	85,780	2,250	10,155	17,485	138,153
Deficit for the year		-	-	-		-	(529)	-	-	-	(529)
Other comprehensive deficit for the year	8	(250)	(7,012)	-		-	-	-	-	-	(7,262)
Allocation of revaluation reserve		-	(999)	-		-	999	-	-	-	-
Allocation of SAICA Education Fund		-	-	676		-	(676)	-	-	-	-
Allocation of the Thuthuka Bursary Fund reserve		-	-	-		-	(3,230)	-	3,230	-	-
Allocation of The Hope Factory reserve		-	-	-		-	11,560	-	-	(11,560)	-
Balance at 31 December 2015		-	8,270	6,628		-	93,904	2,250	13,385	5,925	130,362
Balance at 1 January 2016		-	8,270	6,628		-	93,904	2,250	13,385	5,925	130,362
Surplus for the year		-	-	-		-	13,938	-	-	-	13,938
Allocation of the SAICA Education Fund		-	-	1,074		-	(1,074)	-	-	-	-
Allocation of Thuthuka Education Upliftment Fund reserve		-	-	-		-	(88)	88	-	-	-
Allocation of the Thuthuka Bursary Fund reserve		-	-	-		-	(7 370)	-	7 370	-	-
Allocation of SAJAR Fund		-	-	-		331	(331)	-	-	-	-
Allocation of The Hope Factory reserve		-	-	-		-	(1,891)	-	-	1,891	-
Balance at 31 December 2016		-	8,270	7,702		331	97,088	2,338	20,755	7,816	144,300

Refer to note 14 for detailed description of reserves.

Statements of Changes in Reserves

	Note	Fair value reserve R'000	Revaluation reserve R'000	SAJAR R'000	SAICA Education Fund R'000	Accumulated surplus R'000	Total reserves R'000
Institute							
Balance at 1 January 2015		250	16,281	-	5,952	85,807	108,290
Other comprehensive deficit for the year	8	(250)	(7,012)	-	-	-	(7,262)
Allocation of revaluation reserve		-	(999)	-	-	999	-
Surplus for the year		-	-	-	-	6,109	6,109
Allocation of the SAICA Education Fund		-	-	-	676	(676)	-
Balance at 31 December 2015		-	8,270	-	6,628	92,239	107,137
Balance at 1 January 2016			8,270	-	6,628	92,239	107,137
Surplus for the year		-	-	-	-	4,588	4,588
Allocation of the SAICA Education Fund		-	-	-	1,074	(1,074)	-
Allocation of SAJAR Fund		-	-	331	-	(331)	-
Balance at 31 December 2016		-	8,270	331	7,702	95,422	111,725

Refer to note 14 for detailed description of reserves.

Statements of Cash Flows

		Group		Institute	
	Notes	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Cash flows from operating activities					
Surplus/(deficit) for the year		13,938	(529)	4,588	6,109
<i>Adjustments for:</i>					
Depreciation – property and equipment		7,864	5,978	7,357	5,309
Impairment losses		1,350	5,184	1,350	5,184
Amortisation-intangible assets		3,086	2,856	3,086	2,856
Interest received		(13,783)	(10,219)	(11,954)	(8,633)
Deficit/(surplus) on disposal of equipment and intangible assets		1,533	(79)	1,533	(65)
Investment accounted for using the equity method	7	(310)	(183)	(310)	(183)
Operating cash flow before working capital changes		13,678	3,008	5,650	10,577
<i>Working capital changes</i>					
Decrease in inventories		292	31	292	31
Increase/(decrease) in trade and other receivables		26,995	(39,087)	30,732	(38,740)
(Increase)/decrease in prepayments		(115)	73	(81)	(93)
(Decrease)/increase in trade and other payables		(20,231)	33,056	(11,949)	21,561
Increase in short-term incentives		1,347	5,530	737	5,500
Increase in revenue received in advance		40,333	9,611	2,824	6,388
Cash generated by operating activities		62,299	12,222	28,205	5,224
Finance income		13,783	10,219	11,954	8,633
Net cash from operating activities		76,082	22,441	40,159	13,857
Cash flows from investing activities					
Property and equipment purchased	5	(15,112)	(28,115)	(15,112)	(28,026)
Intangible assets purchased	6	(910)	(1,133)	(910)	(1,133)
Proceeds on disposals of property and equipment		69	188	69	126
Proceeds on disposals of investments		-	95	-	95
Net cash utilised in investing activities		(15,953)	(28,965)	(15,953)	(28,938)
Cash flows from financing activities					
Repayment of loan by related party		-	-	-	1,286
Net cash utilised in financing activities		-	-	-	1,286
Increase/(decrease) in cash and cash equivalents		60,129	(6,524)	24,206	(13,795)
Cash and cash equivalents at beginning of the year	12	163,311	169,835	134,433	148,228
Cash and cash equivalents at end of the year	12	223,440	163,311	158,639	134,433

ACCOUNTING POLICIES AND NOTES TO THE GROUP AND INSTITUTE ANNUAL FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The South African Institute of Chartered Accountants (NPO) (SAICA) is a voluntary association not for gain and is registered in terms of the Non-Profit Organisations Act, 1997 (Act 71 of 1997). The primary activity of SAICA is to serve the interests of the Chartered Accountancy profession and society by upholding professional standards and integrity and the pre-eminence of South African Chartered Accountants nationally and internationally.

The South African Institute of Chartered Accountants (NPO) Group consists of SAICA, the Thuthuka Bursary Fund (TBF), the Hope Factory (THF) NPC, the Thuthuka Education Upliftment Fund (TEUF) NPC and a joint venture with the Association of Accounting Technicians in the United Kingdom, namely the Association of Accounting Technicians (South Africa) (AAT(SA)) NPC, having its principal place of business at 17 Fricker Road, Illovo, Johannesburg, South Africa.

2. BASIS OF PREPARATION

The Group and Institute annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The Group and Institute annual financial statements have been prepared in terms of the historical cost convention, as modified by the revaluation of land and buildings and available-for-sale financial

assets through surplus or deficit and other comprehensive income. The functional and presentation currency is Rands. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The Institute's annual financial statements are prepared separately in order to provide useful information to its members.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Group and Institute annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Changes in accounting policies and disclosures

Adoption of new and amended IFRSs

In the current year, the Group and Institute have adopted all the amendments to IFRSs that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2016.

At the date of authorisation of these financial statements for the year ended 31 December 2016, the following IFRSs were adopted:

IFRS / IFRIC	Title and details	Effective	Impact
Amendments to IFRSs	Annual improvements to IFRS 2010-2012 cycle	Annual periods commencing on or after 1 July 2014	Impact not material
Amendments to IFRSs	Annual improvements to IFRS 2011-2013 cycle	Annual periods commencing on or after 1 July 2014	Impact not material
IFRS 11 (amendments)	Accounting for Acquisitions of Interests in Joint Operations	Annual periods commencing on or after 1 January 2016	Impact not material
IAS 16 and IAS 38 (amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	Annual periods commencing on or after 1 January 2016	Impact not material
IAS 27 (amendments)	Equity Method in Separate Financial Statements	Annual periods commencing on or after 1 January 2016	Impact not material
Annual Improvements 2012-2014 Cycle			
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal	Annual periods commencing on or after 1 January 2016	Impact not material
IAS 1 (amendments)	Disclosure Initiative	Annual periods commencing on or after 1 January 2016	Impact not material

New IFRSs or amended IFRSs not yet adopted

The Group and Institute have not applied the following new and amended IFRSs that have been issued by the IASB as they were not yet effective for the financial year beginning on 1 January 2016. The Board anticipates that the new and amended IFRSs will be adopted in the Group's and Institute's annual financial statements when they become effective. The Group has assessed, where practicable, the potential impact of all these new and amended IFRSs that will be effective in future periods.

IFRS / IFRIC	Title and details	Effective for annual periods beginning or commencing on or after:	Impact
IFRS 15 (amendments)	Revenue from Contracts with Customers	1 January 2018	Impact not fully assessed, not expected to be material
IFRS 16 (amendments)	Leases	1 January 2019	Impact not fully assessed, not expected to be material
Annual improvements to IFRS 2012-2014 cycle			
IAS 7 (amendments)	Disclosure Initiative	1 January 2017	Impact not fully assessed, not expected to be material
Annual Improvements 2014-2016			
Clarifications to IFRS 15	Revenue from Contracts with Customers	1 January 2018	Impact not fully assessed, not expected to be material
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018	Impact not fully assessed, not expected to be material

Management anticipates that the application of the IFRSs that were in issue but not yet effective may in the future have an impact on the amounts reported in respect of the Group's and Institute's financial assets and financial liabilities. While the results of our preliminary high-level assessment of the impact of the new and revised standards are disclosed above, it is not practical to provide a reasonable estimate of the effect of the IFRSs that were in issue but not yet effective until a detailed review has been undertaken.

3.2 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group and Institute annual financial statements are presented in Rand (R).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit. All other foreign exchange gains and losses are presented in the Statement of Surplus or Deficit and Other Comprehensive Income within (deficit)/surplus.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing its Group and Institute annual financial statements, the Group has made significant judgements, estimates and assumptions that impact on the carrying amount of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group periodically monitors such estimates and assumptions and makes sure it incorporates all relevant information available at the date when annual financial statements are prepared. However, this does not prevent actual figures from differing from estimates. The judgements made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the annual financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed in the relevant accounting policies.

5. PROPERTY AND EQUIPMENT

Leasehold improvements are additions, improvements or alterations made by the Group and the Institute to leased property that cannot be removed upon termination of the lease because they are attached to, or form part of the leased premises. Leasehold improvements are depreciated over the shorter of the estimated useful life of the improvement or the term of the lease.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount

of the replaced part is derecognised. All other repairs and maintenance are charged to Surplus or Deficit in the financial period during which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Surpluses and deficits on disposals are determined by comparing the proceeds with the carrying amount and are recognised within Surplus or Deficit. When revalued assets are sold, the amounts included in revaluation reserves are transferred to the accumulated surplus.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation is provided on the straight-line basis which, it is estimated, will reduce the carrying amount of the property and equipment to their residual values at the end of their useful lives. Items of property and equipment are depreciated from the date that they are installed and available for use. Land is not depreciated as it is deemed to have an indefinite life. Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment.

The major categories of property and equipment are depreciated at the following rates:

Computer equipment	33,3% per annum
Furniture and fittings	10% to 33,3% per annum
Leasehold improvements	10% to 20% per annum
Motor vehicles	25% per annum
Office equipment	7,5% to 20% per annum

Useful lives of property and equipment

The Group reviews the estimated useful lives of property and equipment at the end of each reporting period. During the prior year, the Board determined that the useful lives of certain items of equipment should be extended because those assets are still in use. No adjustment to useful lives in the current year was deemed necessary.

Fair values of furniture and fittings and office equipment

Furniture and fittings and office equipment are written down to their recoverable amount less costs incurred to sell in terms of IAS 36 on Impairment. The fair values of these assets have been derived using the income approach. The most significant input into this valuation is management's estimate based on past experience of the sale of non-current assets, as well as their expectation of the fair value that can be realised from the sale of these assets. Refer note 13.

	Cost / Valuation	Accumulated depreciation / impairment	2016 Carrying amount	Cost / Valuation	Accumulated depreciation / impairment	2015 Carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000
Group						
Owned assets						
Motor vehicles	1,155	612	543	1,257	504	753
Furniture and fittings	9,797	1,438	8,359	10,706	603	10,103
Office equipment	5,037	2,479	2,558	3,290	1,934	1,356
Computer equipment	12,377	4,230	8,147	13,609	8,939	4,670
Leasehold improvements	20,855	3,012	17,843	14,234	590	13,644
Total	49,221	11,771	37,450	43,096	12,570	30,526

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

	Carrying amount at beginning of year	Additions	Revaluation	Impairment	Disposals	Transfer to non-current assets held for sale	Depreciation	2016 Carrying amount at beginning of year
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Owned assets								
Motor vehicles	753	19	-	-	-	-	(229)	543
Furniture and fittings	10,103	522	-	-	(321)	-	(1,945)	8,359
Office equipment	1,356	1,746	-	-	-	-	(544)	2,558
Computer equipment	4,670	6,474	-	-	(3)	-	(2,994)	8,147
Leasehold improvements	13,644	6,351	-	-	-	-	(2,152)	17,843
Total	30,526	15,112	-	-	(324)	-	(7,864)	37,450

	Carrying amount at beginning of year	Additions	Revaluation	Impairment	Disposals	Transfer to non-current assets held for sale	Depreciation	2015 Carrying amount at beginning of year
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Owned assets								
Buildings	27,900	43	(5,696)	(2,395)	-	(17,016)	(2,836)	-
Land	5,900	-	(1,316)	-	-	(4,584)	-	-
Motor vehicles	177	744	-	-	-	-	(168)	753
Furniture and fittings	4,024	9,531	-	(2,304)	(62)	(463)	(623)	10,103
Office equipment	1,299	1,377	-	(485)	(1)	(211)	(623)	1,356
Computer equipment	2,564	3,599	-	-	(46)	-	(1,447)	4,670
Leasehold improvements	1,104	12,821	-	-	-	-	(281)	13,644
Total	42,968	28,115	(7,012)	(5,184)	(109)	(22,274)	(5,978)	30,526

	Cost / Valuation	Accumulated depreciation / impairment	2016 Carrying amount	Cost / Valuation	Accumulated depreciation / impairment	2015 Carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000
Institute						
<i>Owned assets</i>						
Motor vehicles	763	240	523	865	210	655
Furniture and fittings	9,035	759	8,276	9,878	-	9,878
Office equipment	4,997	2,453	2,544	3,250	1,913	1,337
Computer equipment	11,387	3,336	8,051	12,484	8,089	4,395
Leasehold improvements	20,341	2,559	17,782	13,720	240	13,480
Total	46,523	9,347	37,176	40,197	10,452	29,745

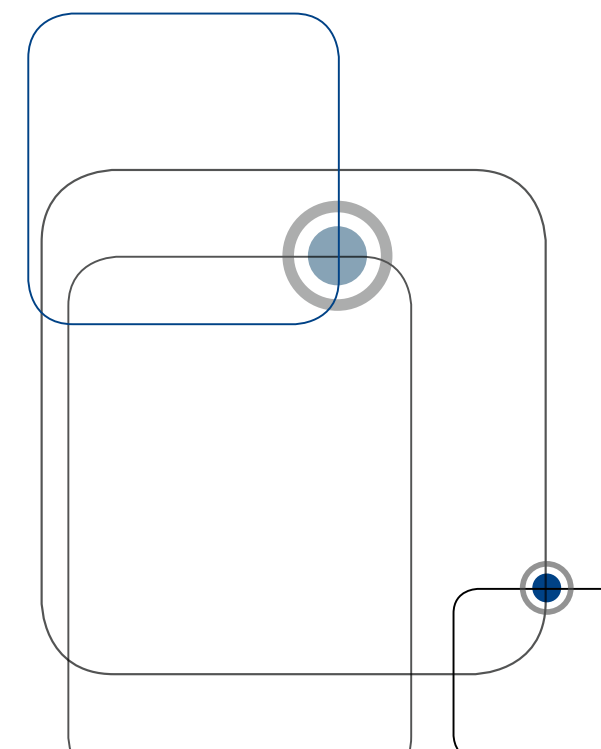
The carrying amounts of property and equipment can be reconciled as follows:

	Carrying amount at beginning of year	Additions	Revaluation	Impairment	Disposals	Transfer to non-current assets held for sale	Depreciation	2016 Carrying amount at beginning of year
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<i>Owned assets</i>								
Motor vehicles	655	19	-	-	-	-	(151)	523
Furniture and fittings	9,878	522	-	-	(321)	-	(1,803)	8,276
Office equipment	1,337	1,746	-	-	-	-	(539)	2,544
Computer equipment	4,395	6,474	-	-	(3)	-	(2,815)	8,051
Leasehold improvements	13,480	6,351	-	-	-	-	(2,049)	17,782
Total	29,745	15,112	-	-	(324)	-	(7,357)	37,176

	Carrying amount at beginning of year	Additions	Revaluation	Impairment	Disposals	Transfer to non-current assets held for sale	Depreciation	2015 Carrying amount at beginning of year
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<i>Owned assets</i>								
Buildings	27,900	43	(5,696)	(2,395)	-	(17,016)	(2,836)	-
Land	5,900	-	(1,316)	-	-	(4,584)	-	-
Motor vehicles	-	744	-	-	-	-	(89)	655
Furniture and fittings	3,614	9,497	-	(2,304)	(24)	(463)	(442)	9,878
Office equipment	1,291	1,359	-	(485)	-	(211)	(617)	1,337
Computer equipment	2,015	3,562	-	-	(37)	-	(1,145)	4,395
Leasehold improvements	839	12,821	-	-	-	-	(180)	13,480
Total	41,559	28,026	(7,012)	(5,184)	(61)	(22,274)	(5,309)	29,745

Impairment

During the current financial year the furniture and fittings and office equipment was tested for impairment and found not to be impaired. Impairment was tested by comparison of the carrying amount to the recoverable amount of the asset.



6. INTANGIBLE ASSETS

An intangible asset is an identifiable, non-monetary asset without physical substance. Intangible assets are identifiable resources controlled by the Group from which the Group expects to derive future economic benefits.

An intangible asset is identifiable if it either is separable, i.e. is capable of being separated or divided from the Group and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Group intends to do so or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

The Group assesses the probability of expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit in the year the asset is derecognised.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in surplus or deficit as incurred.

Development activities involve a plan or design for the production of new or sustainable improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the assets for

their intended use, and capitalised borrowing costs. Other development expenditure is recognised in surplus or deficit as incurred.

Work in progress

Work in progress in respect of computer software comprises design costs, raw materials, direct labour, other direct costs and related overheads. It excludes borrowing costs. Work in progress is carried at the cost.

Computer software and licences

Costs associated with maintaining computer software programmes are recognised as an expense as incurred, if:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Separately acquired licences and development software are shown at historical cost. Licences and development software have a finite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of developed software and licences over their estimated useful lives of 2–11 years.

Impairment of intangible assets

Intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows. Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

AUDITED ANNUAL FINANCIAL STATEMENTS

Group and Institute Annual Financial Statements for the year ended 31 December 2016

	Cost	Accumulated amortisation	2016 Carrying amount	Cost / Valuation	Accumulated amortisation	2015 Carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000
Group and Institute						
Software						
Purchased	10,309	(10,044)	265	12,119	(10,907)	1,212
Developed	13,367	(7,843)	5,524	18,411	(10,804)	7,607
	23,676	(17,887)	5,789	30,530	(21,711)	8,819

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

	Carrying amount at beginning of year	Additions	Amortisation	Disposals	Work in progress*	2016 Carrying amount at end of year
	R'000	R'000	R'000	R'000	R'000	R'000
Software						
Purchased	1,212	-	(947)	-	-	265
Developed	7,607	466	(2,139)	(854)	444	5,524
	8,819	466	(3,086)	(854)	444	5,789

	Carrying amount at beginning of year	Additions	Amortisation	Disposals	Work in progress*	2015 Carrying amount at end of year
	R'000	R'000	R'000	R'000	R'000	R'000
Software						
Purchased	2,138	422	(1,348)	-	-	1,212
Developed	8,404	-	(1,508)	-	711	7,607
	10,542	422	(2,856)	-	711	8,819

Work in progress has been assessed for impairment, with no adjustment required.

* Work in progress is included in additions for cash flow purposes.

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group has applied IFRS 11 to all joint arrangements as of 1 January 2012. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangement and determined it to be a joint venture. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which include any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred

obligations or made payments on behalf of that joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Impairment of an investment in a joint venture

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the joint venture and its carrying amount and recognises the amount adjacent to share of surplus/(deficit) of investments accounted for using the equity method in the Statement of Surplus or Deficit and Other Comprehensive Income.

GROUP FINANCIAL REPORT

Classification of Association of Accounting Technicians (South Africa) NPC as a joint venture

AAT(SA) is a Non-Profit Company whose legal form confers separation between the parties to the joint arrangement and the company itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to and obligations for the assets and liabilities of the joint arrangement. Accordingly, AAT(SA) is classified as a joint venture and is equity accounted for in terms of IFRS 11 and accounted for in the Institute in terms of IAS27.10.

The amounts recognised in the Statement of Financial Position are as follows:

	Group		Institute	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Investment in AAT(SA) accounted for using the equity method	1,792	1,482	1,792	1,482

The amounts recognised in the Statement of Surplus and Deficit and Other Comprehensive Income are as follows:

Share of surplus of investments accounted for using the equity method	310	183	310	183
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Investment in joint venture

At 1 January	1,482	1,299	1,482	1,299
Share of surplus of investment	310	183	310	183
At 31 December	1,792	1,482	1,792	1,482

Name of joint venture	Nature of entity's relationship	Place of incorporation and principal place of business	31 December 2016/2015
AAT(SA)	Offer qualifications and act as a member organisation which is strategic to the Institute's activities	South Africa	50%

The AAT(SA) is a not-for-profit company and there is no quoted market price available for its shares.

No distributions were declared by or received from the AAT(SA) during the 2016 and 2015 financial years.

Summarised financial information for joint ventures

Summarised Statement of Financial Position

Current Assets

Cash and cash equivalents	13,064	20,991	13,064	20,991
Other current assets (excluding cash)	4,426	539	4,426	539
Total Assets	17,490	21,530	17,490	21,530

Reserves

Equity Contributions	16,179	16,179	16,179	16,179
Accumulated deficit	(12,593)	(13,213)	(12,593)	(13,213)
	3,586	2,966	3,586	2,966

Current Liabilities

Trade payables	13,904	18,567	13,904	18,567
Total Reserves and Liabilities	17,490	21,533	17,490	21,533

AUDITED ANNUAL FINANCIAL STATEMENTS

Group and Institute Annual Financial Statements for the year ended 31 December 2016

	Group		Institute	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000

Summarised Statement of Surplus and Deficit and Other Comprehensive Income

Revenue	24,582	24,813	24,582	24,813
(Deficit)/surplus for the year	(181)	(261)	(181)	(261)
Other comprehensive income for the year	801	626	801	626
Total comprehensive income for the year	620	365	620	365

Reconciliation of summarised financial information

A reconciliation of the above summarised financial information to the carrying amount of the investment in the AAT(SA) is set out below:

Summarised financial information

Opening net assets 1 January	2,966	2,601	2,966	2,601
Surplus for the year	620	365	620	365
Total net assets	3,586	2,966	3,586	2,966
Proportion of ownership interest	50%	50%	50%	50%
Carrying amount of the investment	1,792	1,482	1,792	1,482

AAT(SA)

The Group's proportionate share of assets and liabilities:

Current Assets

Cash and cash equivalents	6,532	10,496	6,532	10,496
Other current assets (excluding cash)	2,213	269	2,213	269
Total Assets	8,745	10,765	8,745	10,765

Reserves

Equity Contributions	8,089	8,089	8,089	8,089
Accumulated deficit	(6,297)	(6,607)	(6,297)	(6,607)
	1,792	1,482	1,792	1,482

Current Liabilities

Trade payables	6,953	9,283	6,953	9,283
Total Reserves and Liabilities	8,745	10,765	8,745	10,765

Total Reserves

	1,792	1,482	1,792	1,482
The Group's proportionate share of revenue and expenditure:				
Revenue	12,291	12,407	12,291	12,407
Expenditure	(12,382)	(12,537)	(12,382)	(12,537)
Surplus for the year	(91)	(130)	(91)	(130)
Other comprehensive income	401	313	401	313
Total comprehensive income for the year	310	183	310	183

The Group's proportionate share of cash flow:

Cash generated by operating activities	(4,364)	2,585	(4,364)	2,585
Cash generated in financing activities	401	313	401	313
Net cash flows	(3,963)	2,898	(3,963)	2,898

8. INVESTMENTS

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or the Group intends to dispose of them within 12 months of the end of the reporting period.

Recognition and measurement

Available-for-sale financial assets are initially measured at fair value plus transaction costs for all financial assets not carried at fair value through surplus or deficit.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in Other Comprehensive Income.

Available-for-sale financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership

Change in value of available-for-sale financial assets	-	(250)	-	(250)
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The investment was held on behalf of a trust to be formed, and was managed by the Port Elizabeth district. The control of the investment was transferred to the trust during the year. SAICA has no interest in the trust.

9. INVENTORIES

Inventories comprise:

Promotional items and publications	123	415	123	415
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10. PREPAYMENTS

Prepayments	2,941	2,826	2,890	2,809
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Prepayments consist of annual licences fees, venue deposits for seminars and events, insurance, subscriptions and rental.

AUDITED ANNUAL FINANCIAL STATEMENTS

Group and Institute Annual Financial Statements for the year ended 31 December 2016

	Group		Institute	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000

11. TRADE AND OTHER RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through surplus or deficit. Subsequently at amortised cost. Due to their short-term nature, these are measured at cost.

Trade receivables	16,692	15,790	6,256	8,703
Gross trade receivables	17,958	17,422	7,522	10,335
Less impairment	(1,266)	(1,632)	(1,266)	(1,632)
Other receivables	20,962	48,022	20,962	47,959
Other receivables – related parties	572	1,468	700	1,988
Value-added tax	81	22	-	-
	38,307	65,302	27,918	58,650

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Group has not recognised an impairment because there has not been a significant change in credit quality and the amounts are still considered recoverable. There are no trade receivables that represent more than 5% of the total trade receivables of the Group or Institute other than those disclosed below. There is no material difference between the fair value of receivables and their carrying amount. For further detail on Other receivables – related parties refer to note 27.

Significant trade and other receivables				
TVET Colleges projects	17,331	35,577	17,331	35,577
Gauteng Department of Health	2,544	-	2,544	-
Department of Education: Eastern Cape	2,056	-	2,056	-
Europcar SA	570	-	570	-
Sanlam	-	10,260	-	10,260
TEUF – BANKSETA	1,870	3,798	-	-
TEUF – FASSET	3,635	1,869	-	-
TEUF - Department of Higher Education	3,031	-	-	-
TBF - SizweNtsalubaGobodo	807	-	-	-
TBF - ABSA Bank	575	-	-	-

Impairment of financial assets

Assets carried at amortised cost

At the end of each reporting period the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in surplus or deficit.

	Group		Institute	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Impairment				
Balance at the beginning of the year	1,632	1,293	1,632	1,293
Utilisation of allowances	(226)	(44)	(226)	(44)
Additional allowance	6	383	6	383
Released	(146)	-	(146)	-
Balance at the end of the year	1,266	1,632	1,266	1,632

In determining the recoverability of trade receivables the Group considered any change in quality of the trade receivables from the date that the credit was initially granted to the date of the reporting period. The consideration of credit risk is limited because the debtors base is large and unrelated.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade and other receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade and other receivables. The credit risk of liquid funds is limited because the counter parties are banks with high credit ratings assigned by international credit-rating agencies.

The Group utilises only investment grade banks within South Africa as per the recognised rating agencies. The funds invested are spread across a number of banks.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Trade receivables past due but not impaired:

31 – 60 days	1,092	8,002	1,055	1,169
61 – 90 days	442	668	442	548
91 – 120 days	327	741	232	609
120 days +	6,439	2,647	4,993	2,570
	8,300	12,058	6,722	4,896

Ageing of impaired receivables:

31 – 60 days	-	-	-	-
61 – 90 days	-	-	-	-
91 days +	1,266	1,632	1,266	1,632
	1,266	1,632	1,266	1,632

Group		Institute	
2016 R'000	2015 R'000	2016 R'000	2015 R'000

12. CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand and term deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value

Term deposits	150,368	79,696	144,568	79,696
Call deposits	37,440	30,413	4,095	30,413
Cash at bank and on hand	35,632	53,202	9,976	24,324
	223,440	163,311	158,639	134,433

The cash and cash equivalents carrying amounts approximate their fair values.

The Institute holds the following funds on behalf of:

The Thuthuka Bursary Fund	-	-	19,638	17,376
The Hope Factory	-	-	-	2,125
AAT(SA)	9,927	20,626	9,927	20,626
	9,927	20,626	29,565	40,127

These funds are not available for use by the Institute and are in compliance with the Trust Property Control, 1988 (Act 57 of 1988). Refer to notes 16 and 27 for further details on funds held. Interest received on these funds are paid over to the entities by SAICA.

13. ASSETS HELD FOR SALE

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Management must be committed to the sale and it should be expected to take place within one year from the date of classification.

Non-current assets that meet the definition of held for sale in terms of IFRS 5 are stated at the lower of their carrying amount and fair value less cost to sell if their carrying amount will be recovered principally through a sale transaction.

Non-financial assets are not depreciated once classified as held for sale.

Land and buildings comprising 5 and 7 Zulberg Close as well as the remaining furniture and fittings and office equipment in the said buildings met the requirements of IFRS 5 Non-current Assets Held for Sale as at 31 December 2015.

Land at fair value	4,297	4,584	4,297	4,584
Buildings at fair value	15,953	17,016	15,953	17,016
Furniture and fittings	250	463	250	463
Office equipment	-	211	-	211
	20,500	22,274	20,500	22,274

Group		Institute	
2016	2015	2016	2015
R'000	R'000	R'000	R'000

13.1 Fair values of property and equipment

The Group's land and buildings fair value was determined by the sale agreement. The revaluation was debited to other comprehensive income and is included in reserves in the Statement of Financial Position and in the Statement of Changes in Reserves under revaluation reserve.

The sale agreement was used to determine the fair value of furniture and fittings and office equipment as at 31 December 2016. The impairment was debited to surplus / deficit in the current year.

The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels are defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices)
- Level 3 – inputs for the asset or liability that are based on unobservable market data.

Fair value measurements at 31 December 2016

	Significant other observable input		Significant other observable input	
	Level 3	Level 3	Level 3	Level 3
Buildings				
Office buildings - Integritas I, Bruma, South Africa	11,137	11,746	11,137	11,746
Office buildings - Integritas II, Bruma, South Africa	4,816	5,270	4,816	5,270
	15,953	17,016	15,953	17,016
Land				
Office buildings - Integritas I, Bruma, South Africa	2,863	3,054	2,863	3,054
Office buildings - Integritas II, Bruma, South Africa	1,434	1,530	1,434	1,530
	4,297	4,584	4,297	4,584
	20,250	21,600	20,250	21,600

There were transfers between levels 1 and 3 during the current year.

Non-recurring fair value measurements

Furniture and fittings	250	463	250	463
Office equipment	-	211	-	211
	250	674	250	674

Group		Institute	
2016	2015	2016	2015
R'000	R'000	R'000	R'000

13.2 Valuation techniques

Valuation technique used to derive level 3 fair values

The transfer to Level 3 took place on valuation of the building in December 2015. The fair values of land and buildings have been derived using the income approach. Income of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size, its immediate environment and single-use occupancy. The most significant input into this valuation approach is the price per square metre, related expenses, the market capitalisation rate of 11%, and the vacancy factor of 33.7%, the latter which was adjusted by management due to the high vacancy rate in the area.

The fair value of the furniture and fittings and office equipment have been derived using the income approach. Management have made an estimate based on past experience of sale of non-current assets, as well as their expectation of the fair value that can be realised from the sale of these assets. The income is estimated to be realised within one year, and thus the discounting of cash flows is deemed to be immaterial. The estimates and underlying assumptions have resulted in an impairment of the said assets.

The sales agreement was used to determine the fair value of assets held for sale. This was by way of a sales offer and acceptance of the offer.

13.3 Historical cost of Land and Buildings

If land and buildings were stated at historical cost, net of depreciation, the amounts would be as follows:

Group and Institute	2016		2015	
	Land	Buildings	Land	Buildings
Cost	3,010	26,149	3,010	25,801
Additions	-	-	-	348
Accumulated depreciation	-	(21,714)	-	(18,878)
	3,010	4,435	3,010	7,271

14. RESERVES

The following reserves form part of the various reserves of the Group and the Institute.

Revaluation reserve

The revaluation reserve relates to the revaluation of land and buildings.

SAICA Education Fund reserve

The role of the Fund is to raise finance for the maintenance and development of standards of education and training for Chartered Accountants. The Fund is overseen by a committee appointed by the Board. All funds collected are disbursed in accordance with regulations approved by the SAICA Board.

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until such investments are derecognised.

Reserves of individual entities

The reserves of the Thuthuka Education Upliftment Fund, the Thuthuka Bursary Fund and The Hope Factory are the reserves of the individual entities.

South African Journal of Accounting Research (SAJAR)

The Fund is overseen by a committee appointed by the Board. All funds collected are disbursed in accordance with regulations approved by the SAICA Board.

	Group		Institute	
	2016	2015	2016	2015
	R'000	R'000	R'000	R'000

15. COMMITMENTS UNDER OPERATING LEASES

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the Group. All other leases are classified as operating leases.

Operating leases

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received from the lessor are recognised as a lease liability. This will be amortised over the duration of the lease period to reduce the operating lease expense.

The lease commitments are in respect of the office premises for the Head Office, Central, Eastern and Southern regions of the institute and The Hope Factory. The Institute had entered into a lease in 2015 for the offices at 17 Fricker Road, Illovo, Johannesburg for nine years and eleven months commencing on 1 January 2016. This includes a second building which is currently sub-let and the income from the sublease commitments are also presented below.

Minimum lease payments under operating leases recognised as an expense during the year	17,398	2,294	16,659	1,441
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At year end, the following commitments under operating leases are outstanding and fall due as follows:

One year	15,230	14,198	14,684	13,598
More than one year but less than five years	66,661	63,014	65,499	61,028
More than five years	75,618	92,932	75,618	92,932
	157,509	170,144	155,801	167,558

The sublease income commitments are in respect of the office premises at 17 Fricker Road, Illovo, Johannesburg:

One year	1,493	1,493	1,493	1,493
More than one year but less than five years	5,264	6,757	5,264	6,757
More than five years	-	-	-	-
	6,757	8,250	6,757	8,250

	Group		Institute	
	2016	2015	2016	2015
	R'000	R'000	R'000	R'000

16. TRADE AND OTHER PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

The trade payables are initially measured at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

Trade payables	62,173	72,335	51,827	53,925
Leave pay	6,280	4,853	6,074	4,566
Other payables – related parties	-	-	19,638	19,501
AAT(SA)	9,927	20,626	9,927	20,626
Value-Added Tax	1,931	2,728	1,931	2,728
	80,311	100,542	89,397	101,346

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The carrying amounts approximates the fair value.

Employees' entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for annual leave due as a result of services rendered by employees up to the financial year end, with a maximum of 35 days per employee.

For details on Other payables – related parties refer to note 12, 21 and 27.

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 29.1

17. SHORT-TERM INCENTIVE PROVISION

Short-term incentive provision	16,877	15,530	16,237	15,500
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The Short Term Incentive (STI) provision arises out of the constructive obligation, created by the remuneration, STI policy and the performance evaluation process. The minimum requirements set out in the policy are expected to be met, and thus a constructive obligation exists. The amount has been measured in line with the STI policy, however actual amounts paid may vary based on final individual, divisional and organisational performance assessments as approved by the remuneration committee and the SAICA board. The STI is payable in April 2017.

Reconciliation of short-term incentives movement				
Opening balance	15,530	10,000	15,500	10,000
Released	(13,293)	(10,000)	(13,263)	(10,000)
Provided	14,640	15,530	14,000	15,500
Closing balance	16,877	15,530	16,237	15,500

18. REVENUE RECEIVED IN ADVANCE

Subscriptions in advance	31,541	28,138	31,541	28,138
Professional development – pre-qualification in advance	5,927	6,506	5,927	6,506
Future projects and bursary income	51,386	13,877	-	-
	88,854	48,521	37,468	34,644

19. REVENUE

Revenue recognition

Revenue comprises sales of goods, subscriptions and training services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable or received for services provided and goods delivered, net of discounts and value-added tax and where there is a reasonable expectation that the revenue will be received and all attaching conditions will be complied with.

Sales of goods

Revenue comprises invoiced sales to customers excluding value-added tax and other non-operating income relating to Accountancy SA journal, products, seminars, events and sponsorships.

Revenue from the sales of goods is recognised when all the following conditions have been satisfied:

- The Group has delivered the goods to the customers and the customer has accepted the goods together with the risks and rewards of ownership of the goods;
- The amount of revenue can be measured reliably;
- Receipt of the future economic benefits is probable; and
- Costs relating to the transaction can be measured reliably.

Rendering of services

Revenue from subscriptions, members' entrance fees, professional development - pre-qualifications (training and examinations) and SAICA Education Fund levies is recognised for when services are rendered.

When the outcome of a transaction involving the rendering of services can be estimated as reliable, revenue associated with the transaction is recognised with reference to the stage of completion at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The stage of completion of the transaction at the reporting date can be measured reliably; and
- The costs incurred for the transaction and the cost to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the recognised expenses that are recoverable.

AUDITED ANNUAL FINANCIAL STATEMENTS

Group and Institute Annual Financial Statements for the year ended 31 December 2016

	Group		Institute	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Subscriptions – Associate General Accountant (SA)	6,444	2,574	6,444	2,574
Subscriptions – Chartered Accountant (SA)	201,971	168,171	201,971	168,171
Accountancy SA journal	4,628	5,603	4,628	5,603
Members' entrance fees	12,984	11,580	12,984	11,580
Product sales	6,373	5,917	6,373	5,917
Professional development – pre-qualification	44,480	43,500	44,480	43,500
SAICA Education Fund levies	25,434	24,393	25,434	24,393
Seminars and events	11,818	20,533	11,818	20,533
Sponsorships	8,524	7,265	8,524	7,265
	322,656	289,536	322,656	289,536

20. OTHER INCOME AND SURPLUS

Other income: Grants and donations

Other income comprises grants, project income and donations, and is recognised to the extent that it is probable that economic benefits will flow to the Group, and that this can be measured reliably.

Other income is accounted for when it is received or receivable in line with the accrual basis of accounting. Where there are conditions attached to grants, project income and donations, these are recognised in deferred income until conditions are met, when they are then recognised in other income.

Rental income	3,912	-	3,912	-
Profit on foreign exchange	264	-	264	-
Surplus on sale of property and equipment	-	79	-	65
Donor funding	288,167	269,547	82,994	60,568
	292,343	269,626	87,170	60,633

Other income is the donor funding received by entities and the Institute for projects. Any income with unfulfilled conditions has been classified as revenue received in advance. Refer to note 18.

21. EXPENDITURE

Post-employment benefit plans

The Group provides post-employment benefits through a defined contribution plan.

The Group pays fixed contributions into independent entities in relation to several plans and insurance for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Short-term employee benefits

The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service on an undiscounted basis.

Accruals for employee entitlement to annual leave represents the present obligation, which the Group has to pay as a result of employees' services at the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates.

A provision is recognised for the amount expected to be paid under the short-term incentive scheme in the Group as there is a present constructive obligation, based on certain criteria being met, to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

	Group		Institute	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Accommodation and car hire	2,097	2,098	2,097	2,098
Amortisation – intangible assets	3,086	2,856	3,086	2,856
Audit fees – external	1,176	1,621	1,077	1,562
Audit fees – internal	1,019	1,268	1,019	1,268
Catering	3,767	3,530	3,767	3,530
Consulting fees	15,673	14,266	15,641	14,197
Deficit on sale of equipment and intangible assets	1,533	-	1,533	-
Depreciation – property and equipment	7,864	5,978	7,357	5,309
Employment costs	141,107	145,256	131,353	125,940
Impairment – trade and other receivables	174	339	6	339
Information technology	8,562	7,512	8,446	7,344
Legal fees	2,570	1,730	2,432	1,199
Marketing and advertising costs	12,451	18,479	12,120	17,125
Nation-building projects	12,062	2,214	12,062	2,002
Printing and stationery	9,387	8,825	9,272	8,838
Rental and occupancy cost	19,410	2,881	18,672	1,998
Repairs and maintenance	4,577	6,408	4,549	6,144
Seminars and expenses	5,284	11,441	5,284	11,441
Subscriptions	12,945	8,883	12,945	8,883
Thuthuka bursaries	92,072	105,732	-	-
Thuthuka learner study materials	10,281	11,648	-	-
Thuthuka operational project costs	38,216	24,657	-	-
Thuthuka teaching and training costs	40,397	46,977	-	-
Training provider fees – subventions	17,708	16,588	17,708	16,588
Travel – local	9,605	8,076	9,560	7,380
Travel – overseas	2,278	1,798	2,213	1,798
TVET project expenses	70,841	59,322	70,841	59,322

Group		Institute	
2016 R'000	2015 R'000	2016 R'000	2015 R'000

22. FINANCE INCOME

Finance income is recognised using the effective interest rate method.

Finance income earned on cash balances	13,783	10,219	11,954	8,633
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Interest rate risk

The Group's exposure to fair value interest rate risk mainly arises from its fixed deposits with banks and investments in fixed rate debt securities that are classified as available-for-sale financial assets. It also has exposure on cash flow interest rate risk that arises mainly from its deposits with banks and interest-bearing borrowings with the banks. The Group's interest rate risk exposure is reduced by the annual escalation of its fixed deposits with banks and investments should this not be variable interest rate instruments.

Sensitivity analysis

Change in interest rate (basis points)	-50	0	+50	+100	+150
Interest income sensitivity	(793)	-	793	1,586	2,380

The amounts included above for variable interest rate instruments for current assets is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

23. INCOME TAX EXPENSE

The income of the Group (SAICA, AAT(SA), TBF, TEUF and THF) is exempt from income tax in terms of the Income Tax Act, 1962 (Act 58 of 1962). Donations by or to the entities in the Group are exempt from donations tax in terms of section 56(1)(h) of the Income Tax Act. The TBF, TEUF, THF and AAT have public benefit organisation (PBO) status and is not liable for income tax. The tax exemption number of the Institute is 130004454.

24. REMUNERATION OF THE EXECUTIVE COMMITTEE

	2016				2015			
	Salary	Pension fund	Short term incentive	Total	Salary	Pension fund	Short term incentive	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
T Nombembe <i>Chief Executive Officer (CEO)</i>	4,376	-	2,444	6,820	4,148	-	1,900	6,048
F Lamola <i>Executive Director: Corporate Services</i>	2,195	125	545	2,865	1,652	172	396	2,220
CC Mulder <i>Executive Director: Nation-building</i>	2,129	237	575	2,941	1,883	373	515	2,771
A Omar <i>Executive Director: Member and Global Alliances (Resigned: 8 January 2016)</i>	241	-	-	241	1,660	211	382	2,253
L Engelbrecht <i>(eight months) Executive: Member and Global Alliances</i>	1,080	101	-	1,181	-	-	-	-
MA McWalter <i>Chief Executive Officer: The Hope Factory</i>	841	-	-	841	830	-	-	830
	10,862	463	3,564	14,889	10,173	756	3,193	14,122

The Executive Committee members are considered key management of the Group and Institute. Non-executive Board members of the Institute, TEUF, TBF, THF and the AAT(SA) do not receive remuneration for services rendered, however, do receive reimbursement for any costs incurred.

25. CONTROLLED ENTITIES

Subsidiaries are all entities over which the Institute has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Control over the Thuthuka Bursary Fund

The TBF is a controlled entity even though it is a Trust regulated by its own Board. The Board of the Group

has based its assessment of whether or not the Group has control over the TBF on whether the Group has the practical ability to direct the relevant activities of the TBF unilaterally. In making their judgement, the Board considered the Group's dispersion of trustees and management by SAICA. After assessment, the Board concluded the following:

- That the Group has a sufficiently dominant voting interest as it is entitled to appoint all trustees to direct the relevant activities of the TBF;
- That the Group has a management agreement with the

- Trust to make all operating and management decisions;
- That the Group has exposure to financial variable returns given its control over the Board of Trustees, the Trust's administrative processes and its ability to direct all operational and administrative functions emanating from the Management Agreement;
- That the Group cannot be removed as a manager without recourse;
- That the Group has significant exposure from its involvement with the TBF to both financial and non-financial returns due to conducting the day-to-day activities and in addition also has significant reputational exposure;
- That the Trust cannot be separated from a reputation perspective from the Group and that the Group also has the ability to guarantee funding should the Group determine it to be necessary for reputational reasons; and
- That the Group has the ability to use its power over the Trust, as it is acting as a principal, to affect the amount of the investor's returns.

Accordingly, the Group does control the TBF in terms of IFRS 10 and is therefore required to consolidate TBF into its group annual financial statements.

Control over Thuthuka Education Upliftment Fund NPC

TEUF is a controlled entity even though it is a Non-Profit Company in terms of the Companies Act 2008, regulated by its own Board. The Board of the Group assessed whether or not the Group has control over TEUF based on whether the Group has the practical ability to direct the relevant activities of TEUF unilaterally. In making its judgement, the Board considered the TEUF's Memorandum of Incorporation, the fact that SAICA appoints five of the eight members who serve on the TEUF Board and the fact that the Project Manager is a SAICA representative. Based on the contractual arrangements between the Group and TEUF, the Group has the power to appoint and remove the majority of the TEUF Board members. After assessment, the Board of the Group concluded the following:

- The Group conducts all administrative activities on behalf of the TEUF;
- The Group is in possession of an overriding kick-out right per Clause 12.2.1 of the Memorandum of Incorporation relating to the appointment of TEUF Board members. In other words, the Board of the Group has full right to appoint, remove and replace the directors of the TEUF. In addition, the other TEUF Board

AUDITED ANNUAL FINANCIAL STATEMENTS

Group and Institute Annual Financial Statements for the year ended 31 December 2016

members all agree to vote in favour of any resolution to appoint, remove or replace directors proposed by the Group;

- The Group has indirect exposure to the variable returns of TEUF due to the power to control TEUF activities, given that TEUF cannot from a reputational perspective be separated from the Group; and
- The Group has significant reputational risk to TEUF given the latter's purpose and operations.

Accordingly, the Group has the practical ability to direct the relevant activities of TEUF unilaterally and therefore the Group has control over TEUF in terms of IFRS 10 and is therefore required to consolidate TEUF into its Group annual financial statements.

Control over The Hope Factory NPC

THF is a controlled entity even though it is a Non-Profit Company in terms of the Companies Act 2008, regulated by its own Board. The Board of the Group assessed whether or not the Group has control over THF based on whether the Group has the practical ability to direct the relevant activities of THF unilaterally. In making its judgement, the Board considered the following:

- The Group conducts all the activities of THF as defined in its Memorandum of Incorporation;
- The Group's dispersion of THF Board, with three (of the ten) seats on the THF Board, dictates any actions taken by THF;
- The Group has the ability to affect the variable returns given its representation on the THF Board and its involvement of the day-to-day management; and
- The Group is exposed to reputational risk given THF's purpose and operations.

After the assessment, the Board concluded that the Group does have the ability to direct the relevant activities of THF and therefore the Group has control over THF in terms of IFRS 10 and is therefore required to consolidate THF into its Group annual financial statements.

The Institute does not own any equity in its entities. However, as the Institute has the power to appoint and remove the Board members and/or trustees, the Board members of the Institute concluded that the Institute has control over the TBF and TEUF and THF. Accordingly these entities are consolidated in these financial statements.

Details of the Institute's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Control proportion of ownership interest and voting power held by the Institute
Thuthuka Bursary Fund	Bursaries and education	South Africa	100%
Thuthuka Education Upliftment Fund NPC	Bursaries and education	South Africa	100%
The Hope Factory NPC	Entrepreneurship	South Africa	100%

CONTROLLED ENTITIES

Thuthuka Bursary Fund

Thuthuka Bursary Fund is registered in terms of the Trust Property Control Act, Trust Number: T459/88. The funds of the trust are regulated by its own Board. Its activities are funded by various donors and it aims to assist underprivileged learners in becoming CAs(SA). The Management Committee and Board of SAICA are key management to the trust but do not receive compensation from this trust. The funds of the trust are managed by the Institute in accordance with a management agreement with the Trustees that took effect on 1 January 2004. The Institute is restricted from utilising the funds of the trust.

The Hope Factory NPC

THF, a non-profit company in terms of the Companies Act of South Africa, was started with the sole purposes of assisting potential entrepreneurs to create and establish businesses and to equip and support existing entrepreneurs to grow their businesses. The company is controlled by SAICA and three seats on the Board are occupied by SAICA employees. The Management Committee and Board of SAICA are key management to the company but do not receive compensation from this company. The funds of THF are managed by SAICA.

26. COMMITMENTS

AAT(SA)

The Group has committed to continue to provide its share of the financial support to its joint venture, AAT(SA), for the next three years as part of its strategy to ensure its financial sustainability.

TEUF

The company has signed contracts with BANKSETA, FASSET, the National Skills Fund, National Research Foundation, and the FirstRand Foundation Trust, for current projects.

	2017-2018
Total Contracted Income (for remaining project term)	
BANKSETA	118,908
National Skills Fund	100,782
FirstRand Foundation Trust	1,545
Outstanding commitments as at 31 December 2016	221,235

TBF

Commitments received	2017	2018	2019	Total
Secured funding in respect of bursaries	53,946	54,522	49,052	157,520

Thuthuka Education Upliftment Fund NPC

The TEUF is a non-profit company in terms of the Companies Act of South Africa. The principal activities of the company are to establish and maintain structures for carrying out and promoting skills-development activities that will contribute to changing the membership demographics of the Chartered Accountancy profession with the ultimate aim that the membership of the profession will reflect South Africa's population demographics. In terms of the Memorandum of Incorporation, the company is controlled by SAICA. SAICA has five of the eight seats on the Board and the project manager is also a representative of SAICA. The funds of the company are controlled and managed by SAICA.

Financial support

There are no contractual arrangements which would require the Institute to provide financial support to a consolidated structured entity. However, for reputational reasons, the Institute has committed to provide financial or other support to the consolidated entities. In addition, the Institute has committed to support the consolidated entities in obtaining financial support if so required.

Changes in the Institute's ownership interest in a subsidiary

There have been no changes in its ownership interest in any subsidiaries during the year under review.

AUDITED ANNUAL FINANCIAL STATEMENTS

Group and Institute Annual Financial Statements for the year ended 31 December 2016

Commitments made to students

The current cost for a year of study is approximately R114 960 (2015: R104,508) per student, R57 480 (2015: R52,254) of which is funded by the National Students Financial Aid Scheme (NSFAS).

For 2017 there are 760 students on the bursary scheme with a total commitment of R43 684 800 for the year.

For every student who continues to pass, there will be a contractual obligation to provide a bursary to complete the accredited undergraduate degree.

Thus the total commitment as at 31 December 2016 for the committed bursaries is:

Commitments received	Number of committed students	2017	2018	2019	Total
Total Commitments	760	53,946	54,522	49,052	157,520

The surplus funding will be utilised to fund new intake in 2018 onwards.

27. RELATED PARTY TRANSACTIONS

Key management

The details of key management and their remuneration have been set out in note 24

The Group

The Group has no other related party relationships.

Institute

Transactions and balances between related parties:

	Transactions for the year		TBF balances at year end	
Details	2016 R' 000	2015 R' 000	2016 R' 000	2015 R' 000
Thuthuka Bursary Fund				
Administration costs in kind	2,680	2,409	-	-
SAICA donation (membership fees)	1,990	3,247	-	-
Finance interest paid on funds held	1,248	883	-	-
Funds held on behalf of TBF	-	-	19,638	17,376
Trade payables	-	-	7	49

	Transactions for the year		TEUF balances at year end	
Details	2016 R' 000	2015 R' 000	2016 R' 000	2015 R' 000
Thuthuka Education Upliftment Fund				
Project management fee income	(1,393)	(1,619)	-	-
Project management fees incurred	1,393	1,619	-	-
Administration costs in kind	1,665	1,184	-	-
Trade and other receivables	-	-	128	469

Details	Transactions for the year		THF balances at year end	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
The Hope Factory NPC (THF)				
Interest paid on funds held	216	703	-	-
Administration costs in kind	404	369	-	-
Funds held on behalf of THF	-	-	-	2,125
Trade receivables	-	-	1	51
SAICA donation (Enterprise Development)	400	-	-	-

Details	Transactions for the year		Amounts owed at year end	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Association of Accounting Technicians (South Africa)				
Interest paid on funds held	801	626	-	-
Funds held on behalf of AAT(SA)	-	-	9,927	20,626
Loan from SAICA	-	-	572	1,468

The AAT(SA) loan is interest free with no fixed repayment terms.

Administration cost in kind are costs incurred by SAICA on behalf of the entities which are not reimbursed. The cost relate to some staff cost, marketing, IT, HR, finance and other miscellaneous administration costs.

28. GUARANTEES

The Institute has a guarantee in place with Standard Bank in favour of the South African Post Office Limited for bulk postage to the value of R150 000 (expiry date 1 January 2030) (2015: R150 000). The Institute also has guarantees in place with Nedbank for bulk postage to the value of R250 000 (2015: R250 000). The Institute also has a guarantee in place with First National Bank for the lease of 17 Fricker Road, Illovo in favour of Sanlam to the value of R3 497 570.

	Group		Institute	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000

29. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's Risk Management Committee monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyse exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The internal audit function reports quarterly to the Group's Audit and Risk Committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability.

Categories of financial instruments

The Group has classified its financial assets and liabilities in the following categories:

Financial assets	Classification				
Trade and other receivables	Loans and receivables	38,307	65,302	27,918	58,650
Cash and cash equivalents	Loans and receivables	223,440	163,311	158,639	134,433
Total financial assets		261,747	228,613	186,557	193,083

Financial liabilities	Classification				
Trade and other payables	Financial liabilities at amortised cost	72,306	92,961	81,392	94,052

Reconciliation to line items in the Statement of Financial Position

Financial Liabilities	Classification as				
Trade and other payables	Financial liabilities at amortised cost	72,100	92,961	81,392	94,052

Non-financial Liabilities included in Trade and other payables

Value-Added Tax	1,931	2,728	1,931	2,728
Leave pay	6,280	4,853	6,074	4,566
	80,311	100,542	89,397	101,346

29.1 Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its current liabilities, commitments and guarantees with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of the current liabilities, commitments and guarantees based on earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay.

GROUP FINANCIAL REPORT

Group	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5+ years	TOTAL
31 December 2016						
Non-interest bearing	74,031	-	112,011	-	-	186,042
Commitments	1,145	2,166	10,426	61,397	75,618	150,752
Financial guarantee contracts	-	-	-	-	3,898	3,898
	75,176	2,166	122,437	61,397	79,516	340,692
31 December 2015						
Non-interest bearing	95,689	-	68,888	16	-	164,593
Commitments	1,057	2,116	9,521	55,981	92,932	161,607
Financial guarantee contracts	-	-	-	-	400	400
	96,746	2,116	78,409	55,997	93,332	326,600
The Institute						
31 December 2016						
Non-interest bearing	83,323	-	59,779	-	-	143,102
Commitments	1,099	2,074	10,018	60,235	75,618	149,044
Financial guarantee contracts	-	-	-	-	3,898	3,898
	84,422	2,074	69,797	60,235	79,516	296,044
31 December 2015						
Non-interest bearing	96,779	-	54,711	-	-	151,490
Commitments	1,008	2,016	9,071	53,995	92,932	159,022
Financial guarantee contracts	-	-	-	-	400	400
	97,787	2,016	63,782	53,995	93,332	310,912

Commitments and guarantees are disclosed in note 15 and note 28 respectively.

AUDITED ANNUAL FINANCIAL STATEMENTS

Group and Institute Annual Financial Statements for the year ended 31 December 2016

Group	Weighted average effective interest rate %	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5+ years	TOTAL
31 December 2016							
Non-interest bearing	0%	4,260	8,536	27,317	1,258	-	41,371
Variable interest rate instruments	7.05%	133,151	-	-	23,484	-	156,635
Fixed interest (current account)	0%	66,405	-	-	-	400	66,805
		203,816	8,536	27,317	24,742	400	264,811
31 December 2015							
Non-interest bearing	0%	58,466	3,246	4,709	2,122	-	68,543
Variable interest rate instruments	5.85%	110,109	-	-	-	-	110,109
Fixed interest (current account)	0%	52,802	-	-	-	400	53,202
		221,377	3,246	4,709	2,122	400	231,854
The Institute							
31 December 2016							
Non-interest bearing	0%	560	1,796	27,317	1,258	-	30,931
Variable interest rate instruments	7.05%	127,690	-	-	23,484	-	151,174
Fixed interest (current account)	0%	7,065	-	-	-	400	7,465
		135,315	1,796	27,317	24,742	400	189,570
31 December 2015							
Non-interest bearing	0%	52,799	1,741	5,212	2,122	-	61,874
Variable interest rate instruments	5.85%	110,109	-	-	-	-	110,109
Fixed interest (current account)	0%	23,924	-	-	-	400	24,324
		186,832	1,741	5,212	2,122	400	196,307

29.2 Foreign Currency Risk

SAICA's foreign currency risk arises from transactions within SAICA's foreign districts, namely United Kingdom, United States, Australia and Bermuda; transactions incurred during foreign travel of SAICA's employees and foreign subscriptions and royalties. There are no open forward cover contracts. The exchange rate used was as follows:

2016	£	€	AUD\$	USD\$
Average rate	16.79	15.66	10.60	14.59
Year-end rate	17.08	14.38	9.86	13.65

2015	£	€	AUD\$	USD\$
Average rate	19.51	15.48	10.33	13.50
Year-end rate	22.83	16.84	11.22	15.40

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the Rand against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management is 10% and it represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the Rand strengthens by 10% against the relevant currency. For a 10% weakening of the Rand against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative.

29.2.1 Rand exposure to the following currencies

GBP (i)	35	48	35	48
USD (ii)	44	33	44	33

- This is mainly attributable to the exposure outstanding on currency GBP payables in the Group at the end of the reporting period.
- This is mainly attributable to the exposure to outstanding currency USD payables at the end of the reporting period.

30. CONTINGENT LIABILITIES

No contingent liabilities have been identified by management of the Group for the year ended 31 December 2016.

31. EVENTS AFTER REPORTING DATE

The Board is aware of the following matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect of the financial position of the Group and Institute:

Transfer documents were lodged to the Deeds Office for the disposal of assets held for sale. The sale of 7 Zulberg Close, Bruma, was concluded with the transfer of the property. Refer to note 13.

32. 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 and commitments will occur in the ordinary course of business.

NOTICE OF THE SAICA ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (AGM) of members of the South African Institute of Chartered Accountants (SAICA) will be held at **SAICA, 17 Fricker Road, Illovo, Sandton, Gauteng**, on **22 June 2017** at **09h00**, for the transaction of the following business:

- To consider the SAICA Group Financial Report for the year ended 31 December 2016.
- To consider a report by the auditors.
- The appointment of KPMG as the external auditors for the ensuing year.

REGISTRATION AND PROXY VOTING

Registration and proxy voting via SAICA's e-voting platform opens at 09h00 on Tuesday, 6 June 2017 and closes at 09h00 on Tuesday, 20 June 2017, 48 (forty-eight) hours before the time appointed for the AGM.

In order to use the e-voting facility, members must register and cast their proxy e-votes and follow the on-screen prompts which have been detailed in the e-Voting and Webcast Guidelines. There will be no paper-based proxy voting option. All proxy voting will be conducted through the e-voting system.

ON-THE-DAY VOTING

Members will be able to log on to the AGM e-voting platform on 22 June 2017 and supply their SAICA membership number, South African ID number, or Passport number and follow the on-screen prompts. Read e-voting and webcast guidelines for assistance in this regard. If proxy e-votes have not been cast, members will be allowed to cast their e-votes when the voting is opened during AGM proceedings. There will be no paper-based on-the-day voting as all voting will be electronic.

WEBCAST ACCESS TO THE AGM

SAICA members will be able to utilise the webcast option to participate remotely in the AGM proceedings on 22 June 2017, by logging on to the Webcast Dashboard. Read e-voting and webcast guidelines. This will enable online submission of comments or questions, which will be presented to the chairman for action, at the chairman's discretion. The AGM will be adjourned to enable the e-voting process to be completed. The meeting will be re-convened to allow the chairman to announce the results. Members joining via webcast and casting an electronic vote are requested to stay connected during this process. Additional instructions on the proceedings at the AGM will be provided by the chairman at the AGM.

QUERIES

Email SAICA to log any technical support queries relating to the e-voting platform.

TERMS AND CONDITIONS

Read the SAICA AGM e-voting Terms and Conditions.

Issued by:

Welsh Gwaza
Company Secretary
The South African Institute of Chartered Accountants

MANAGEMENT
COMMITTEE PROFILES

DTERENCE NOMBEMBE CA(SA)



CHIEF EXECUTIVE OFFICER

FANISA LAMOLA CA(SA)



EXECUTIVE DIRECTOR
CORPORATE SERVICES

CHANTYL MULDER CA(SA)



EXECUTIVE DIRECTOR
NATION BUILDING

LINDI ENGELBRECHT CA(SA)



EXECUTIVE DIRECTOR
MEMBERS AND
GLOBAL ALLIANCE

NASIEGH HAMDULAY CA(SA)



SENIOR EXECUTIVE
STRATEGY AND RISK

WELSH GIWAZA LL.M(LONDON) LL.M(WITS)



SENIOR EXECECUTIVE
LEGAL AND GOVERNANCE

XOLANI MHLUKA BA - INDUSTRIAL PSYCHOLOGY WITS



SENIOR EXECUTIVE
HUMAN RESOURCES

AZHAR PANCHBHAI CA(SA)



SENIOR EXECUTIVE
MEMBER ENGAGEMENT

MANDI OLIVIER CA(SA)



SENIOR EXECUTIVE
PROFESSIONAL DEVELOPMENT

AK MOHAMED CA(SA)



SENIOR EXECUTIVE
FINANCE (CFO)

WILLI COATES MCom (ECONOMICS)



SENIOR EXECUTIVE
BRAND

WILLIE BOTHA CA(SA)




SENIOR EXECUTIVE
ASSURANCE AND PRACTICE

JULIUS MOJAPelo CA(SA)



SENIOR EXECUTIVE
PUBLIC SECTOR

NWABISA TSENGIWE-MODIBA




SENIOR EXECUTIVE
MARKETING, COMMUNICATION
AND PR, TRANSFORMATION
AND GROWTH

BYRON RIDDLE CA(SA)



SENIOR EXECUTIVE
TRANSFORMATION AND GROWTH

GUGU MAKHANYA



SENIOR EXECUTIVE
TRANSFORMATION AND
GROWTH

ZINKITA MABINDLA CA(SA)




SENIOR EXECUTIVE
CORPORATE REPORTING

PIETER FABER



SENIOR EXECUTIVE
TAX AND LEGISLATION,
STANDARDS

THENJI SITHOLE MCom



SENIOR EXECUTIVE
INFORMATION TECHNOLOGY

AZIM OMAR CA(SA)



EXECUTIVE DIRECTOR
MEMBERS AND GLOBAL ALLIANCE
(RESIGNED 8 JANUARY 2016)

LANGA MCONI BCOMM, MBA

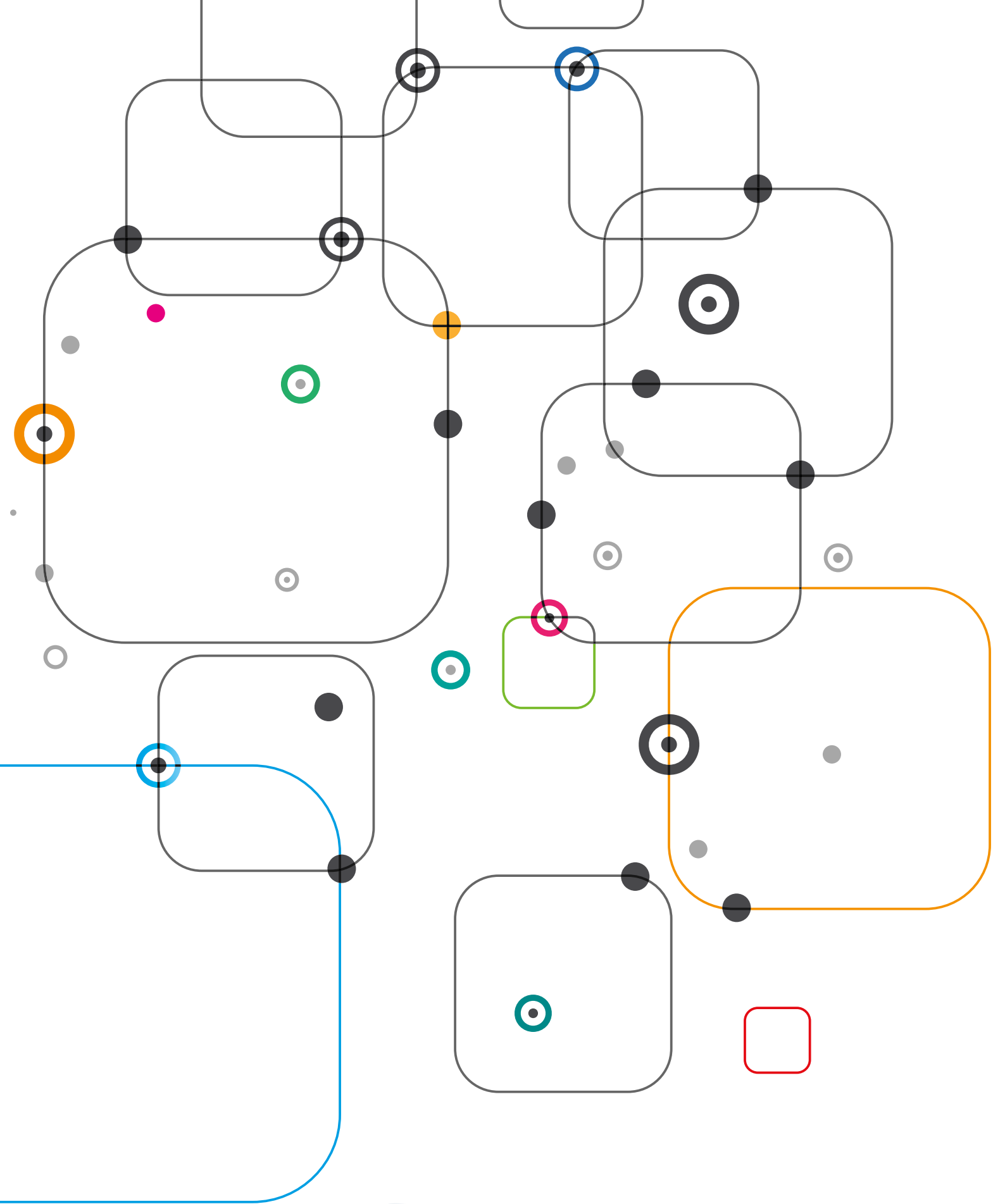


SENIOR EXECUTIVE
SERVICE DELIVERY
(RESIGNED – 21 JULY 2016)

KIM BROMFIELD CA(SA)



SENIOR EXECUTIVE
CORPORATE AND PUBLIC SECTOR
REPORTING
(RESIGNED 31 AUGUST 2016)



SAICA

THE SOUTH AFRICAN INSTITUTE
OF CHARTERED ACCOUNTANTS

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