



managing opportunity

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Values

The South African Institute of Chartered Accountants (SAICA) is striving to become a values-driven organisation. Our chosen values are:

We SERVE our members

We LEAD by example

We WORK as a team

We RESPECT the individual

Above all, we ACT with integrity

Vision

To develop leaders

Value proposition

The SAICA value proposition we aspire to deliver to our members is:
develop • influence • lead





Mission

The mission 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 CAs(SA) nationally and internationally, by:

- Delivering competent entry-level members
- Providing services to the members to maintain and enhance their professional competence thereby enabling them to create value for their clients and employers
- Enhancing the quality and information used in the private and public sectors for measuring and enhancing organisational performance
- Running and facilitating programmes to transform the profession and to facilitate community upliftment
- Fulfilling a leadership role regarding relevant business-related issues and providing reliable and respected public commentary



Chairman's Report

I believe tough times bring out the best in people. It forces them to think differently about issues and become more creative and innovative. Indeed, we are usually strengthened by such experiences. I believe we are going to need immense strength as we face the next decade, which could be the most difficult ever encountered by this generation.



HH HICKEY, CHAIRMAN



As my second year as Chairman draws to a close, I look back over a period of huge turmoil. It began at a time when the world was enjoying significant economic growth, when share prices were attaining staggering heights on world bourses, commodity prices were reaching unprecedented levels on international markets and business confidence was riding high. Growth in the South African economy exceeded 5% for a third consecutive year, and the growth rate for Africa exceeded the world average for the first time ever. Things looked very rosy, but then the cracks began to appear. First, we felt the impact of the international sub-prime crisis followed by a credit crunch. This led to falling commodity prices, accompanied by plummeting share prices, and suddenly we were in a slide emulating the 'great crash' of 1929. Around the world, tens of thousands of people lost their jobs and we saw the demise of many companies, some of which have been long-standing pillars of the modern economy. Unlike recent downturns it seems that this recession will take several months, if not years, to level off.

I believe tough times bring out the best in people. It forces them to think differently about issues and become more creative and innovative. Indeed, we are usually strengthened by such experiences. I believe we are going to need immense strength as we face the next decade, which could be the most difficult ever encountered by this generation.

Over the past two years, SAICA has been transforming into a much more 'member centric' organisation, constantly looking for ways to improve its support for members in times of change. Much more focus has been placed on understanding the needs of members through scientific research and broad consultation with member constituencies across the breadth of the country. During this past year, we have reached out to our members in smaller practices through our very successful 'Power Practice Programme'. We have made great strides in supporting our Members in Business (formerly known as commerce and industry members) and we have seen the emergence of a very energetic United Kingdom branch. The volume of people taking advantage of various learning and networking opportunities offered by SAICA continues to rise.

We live in a dynamic and fast changing world, which tests us at every turn. Structures and programmes that have stood us in good stead over the years are not necessarily suitable for the future. Accordingly, SAICA has had to review its education and training model to ensure that it produces professionals relevant to the future needs of our country.

There have also been setbacks. Our administration has not been as slick as it should be and our website, especially in the early part of 2008, could not cope with the volumes of transactions. Management has been working hard to overcome these difficulties, but they take time to resolve. The website has had to be replaced with a more modern and flexible engine, which will hopefully stand us in good stead for several years.

Tough times create new opportunities and who better to exploit these opportunities than the best trained professionals in the country. We have confidence that our members will provide the kind of leadership the country needs to weather the storm and will rise up to be a shining example, not only in Africa, but in the world. To assist members in their daunting task, SAICA will be providing a widening stream of new offerings that are designed to assist members to develop a competitive edge in the market place. They range from issuing appropriate accounting standards for small business, to providing guidance on how to cope with, and prosper, in a world threatened by global warming and climate change, and to providing support and guidance on expected new legislation and the King III Report.



We live in a dynamic and fast changing world, which tests us at every turn. Structures and programmes that have stood us in good stead over the years are not necessarily suitable for the future. Accordingly, SAICA has had to review its education and training model to ensure that it produces professionals relevant to the future needs of our country. SAICA will be rolling out the revised model over the next few years. The review involved extensive consultation with many stakeholders. We thank all who have participated in the process and in the many consultation meetings that have taken place around the country.

We have just completed the first three-year cycle of continuing professional development. It has been a very difficult time for members and for the secretariat, but there has been an amazing response. I want to thank members for rising to the occasion. I know that as professionals we believe we don't need to be checked up on. However, that is what the global community expects of professional bodies in a rapidly changing world. Too often over the last decade or two, highly respected people and organisations have disappointed the public whilst in positions of trust. If we, as chartered accountants, are to retain our high standing in the community, we have to demonstrate our ongoing compliance with standards. We have always believed that our members were doing the necessary continuing professional development, but we were not able to demonstrate it. By responding in this way, you are enabling us to promote the high standing of the chartered accountant in a highly credible and visible way.

During the year, we commissioned research into the financial and accounting skills base of our country. Up until now there has been much anecdotal evidence about skills shortages, but no one had quantified them. The results were alarming, but they have given us a clear message as to how we, as an institute, should fulfil our leadership role in the future. We have always known that there was a shortage of chartered accountants and we have, as a profession, invested huge amounts of time and money to increase the numbers. These programmes, whilst beginning with modest results, are now bearing the fruits of the hard work and patience. Our profession can be proud of what it has achieved, and continues to achieve, in this regard.

By now, I would imagine all of us have recognised the severe threats that face humankind's continued existence on this planet. In our leadership role as chartered accountants we need to be spearheading the fight against global warming and climate change and promoting sustainable development strategies whenever and wherever we can.

The skills research report showed an enormous skills shortage at the middle and lower levels, especially in government. As the leader of financial skills development in the country, we do not believe we can ignore the problem. The country's growth and development prospects are inextricably linked to sound accounting and financial skills. No one else is adequately filling the void. Therefore, in consultation with many stakeholders, we have embarked upon programmes to help fill the gaps.

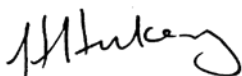
We realised that it would be difficult to meet our skills development objectives on our own. Therefore we looked for a credible partner to provide the necessary learning programmes. We had previously worked with the British-based Association of Accounting Technicians (AAT) in providing training in municipalities. Because that programme worked well, we have now formed a joint venture with the AAT (UK) to train Accounting Technicians in South Africa, concentrating initially on the needs of the public sector. This promises to be another exciting project that will have long-lasting benefits for our profession and our country.



I have alluded to sustainability issues in my statement. By now, I would imagine all of us have recognised the severe threats that face humankind's continued existence on this planet. In our leadership role as chartered accountants we need to be spearheading the fight against global warming and climate change and promoting sustainable development strategies whenever and wherever we can. Sustainability issues pose challenges for us, but they also offer new opportunities, which we should exploit. Sustainability covers economic, environmental and social issues, the latter being critical to our country. SAICA will be launching an exciting array of material on this topic over the next few months. SAICA is also preparing its own sustainability report for release in 2010.

By now, members will be aware that Ignatius Sehoole's second contract period has come to an end and that Matsobane Matlwa has been appointed as the new Executive President. Matsobane commenced duties on 1 February 2009. Ignatius has played a monumental role in transforming SAICA into a highly respected and representative body that enjoys significant support and credibility in South Africa and internationally. Under his leadership it has grown into a dynamic and influential professional organisation that provides its 28 125 members and 9 478 trainees with a wide range of valuable services. On behalf of our members and future members I would like to thank Ignatius for his enormous contribution during the 10 years he has been at the helm. I know he will not be lost to the profession as he will undoubtedly remain involved in those areas he has promoted so passionately. Ignatius, we all wish you well in your future endeavours. You have made us proud!

It remains for me to thank my Board members for the support and guidance they have given me over the past two years. I would also like to thank Ignatius, the management team and staff throughout the country for their support and hard work. In addition, I acknowledge the time and effort put in by the voluntary office holders and committee members at national, regional and district levels, and I thank them for the considerable contributions they have made to the profession over the past year, despite the challenges that have arisen. Without their ongoing support, we would not have the strong and dynamic profession it is today. Thanks also to the broader membership for giving me the opportunity to serve and for the support given to me. I have enjoyed my term very much and wish my successor all the best.



HH Hickey
Chairman



Executive President's Report

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IGNATIUS S SEHOOLE, EXECUTIVE PRESIDENT



The impact of the 2008 global financial crisis was, and continues to be, staggering. In hindsight, the signs of the crisis had been apparent for some time. However, the previously prevailing bull market blinded most market participants and observers. The pace at which the world economy had been growing over the past decade was clearly not sustainable; hence it was inevitable the bubble would burst. The bail-out plans implemented across most of the developed world might provide some relief. The interim reality, though, is huge scale job layoffs across the globe and an enforced tightening of belts by consumers and corporations alike.

Self-evidently, our profession also faces challenging times. One of the several consequences of the financial crisis will be questions directed at the relevance of accounting standards and the adequacy of auditing standards. Questions will also be asked of the adequacy and appropriateness of governance and risk management processes that facilitate complex financial and other transactions, often with little underlying substance. These are difficult questions and are but a few of the many to which we, as a profession, must help to find the answers.

For SAICA, 2008 was a phenomenal year. Various initiatives reached fruition, with many having been launched during the course of the year. We began a process of engaging with members on various issues that affect the profession and we received an overwhelming response. We will endeavour to keep all our members involved and look forward to much constructive engagement in the months and years ahead.

Skills shortage

SAICA commissioned a report that highlighted the extreme shortage of accountants in the country. The report focused attention on the immediate need for more than 22 000 additional accountants. It also emphasised the need for accountants in the broader sense and not just chartered accountants. The report confirmed and quantified our challenges and outlined the need for skills that range from core technical accounting knowledge to advanced business skills and competencies.

AAT(SA), our initiative, which focused on the delivery of high quality accounting technicians, has been a resounding success and continues to gain ground and provide value in local government. We believe that this programme, apart from empowering employees, also provides a structured platform off which to develop skills and improve service delivery across local government on a national scale.

Transformation and growth

Our transformation and growth initiatives remain one of our core focus areas. We initiated our now widely known Thuthuka initiatives in 2002. Although we have, in the intervening years, been criticised for not doing enough or not seeing sufficient numbers coming through the system, people forget that, if all goes well and there are no setbacks, it takes a minimum period of seven years to qualify a chartered accountant.

As accountants, our natural inclination is to measure end outputs, and I am very pleased to report that SAICA is starting to show marked improvements against various targets that were originally set, among them changing the demography of the Qualifying Examination (QE) candidates that present themselves for the QE, so that they are representative both in race and gender, and that all pass percentages achieved across all race groups are equal.

African and Coloured candidates' pass percentages (first timers) in the QE have historically been in the 45% range.

For the 2008 QE, African candidates achieved a record high pass percentage of 63% and Coloured candidates 68% compared to their counterparts' 77%. This year's QE also delivered (for first timers) the highest ever number of African candidates – 204 compared with 168 in 2007.

This past year was also the first that Thuthuka arranged a QE repeat programme, funded by Fasset, for 200 African and Coloured students. The results were amazing. Repeat candidates usually achieve a 19% pass percentage. Yet thanks to the repeat programme, candidates managed to achieve a significantly improved 53% pass rate, thereby escalating the repeat pass percentage for African and Coloured students overall to 44%. This is something of which we can be justifiably proud.



The candidates' demographic profile is also slowly starting to change. In 2008, 17% of first time candidates were African, 5% Coloured, 14% Indian and the remainder (64%) White. The percentages have changed substantially since we started.

During the year, the Thuthuka Trustees accredited an additional two universities – University of KwaZulu-Natal and Free State University – as Thuthuka Bursary Fund universities.

For 2009, the number of Thuthuka students in the system will exceed the 1 000 mark. These students are all being funded by different donors.

It would be remiss if I did not thank all those in the profession and beyond who are actively involved. I want specifically to thank the Thuthuka Trustees for helping to raise the much needed funds.

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The greatest challenge to transforming our profession over the next few years will most definitely be the quality of learners entering our higher education institutions. Our secondary schooling system will need to provide learners with appropriate numeracy and literacy skills, which skills will prepare the learners to enter higher education institutions and a choice of various professions.

SAICA and Thuthuka will continue to support the secondary education space. I believe that we have made, and will continue to make, a marked impact on the lives of many a learner, and will continue to provide them with unique learning and development opportunities.

Membership and learner/trainee demographics

Overall, our membership base grew by 1 210 against the prior year. The number of female CAs(SA) grew to 26% of the total membership base, with the growth in the number of Black CAs(SA) remaining fairly consistent at 15%.

However, the CA(SA) pipeline is much more representative, with 47% comprising Black trainees and 50% female trainees. In addition, the number of trainees in the system has grown by 5% over the prior year. This speaks volumes to our continued investment as a profession in the development of people across race and gender barriers. Our growth in trainees, although significant, will need further focus to ensure that we deliver an appropriate number of trainee accountants to the market.

Professional development reform

During the course of the year under review, SAICA consulted intensively with members and other affected stakeholders, outlining proposed changes to its professional development programmes for prospective chartered accountants. The qualification review process has commenced with the articulation of what we refer to as the "competency framework", which identifies the competencies an entry level chartered accountant should possess. It details the content of required learning, both academically and in respect of "on the job" training. The framework was developed during 2008 and was published for member comment early in 2009.

The academic component of the qualification process will remain largely unchanged in the short term, apart from a decision to move Part I of the qualifying examination from March to January, effective in 2010. We consulted widely before taking this decision. There are also continued efforts to ensure the relevance of the content of the academic programme while managing and, if possible, reducing the volume of material covered in the academic programme.

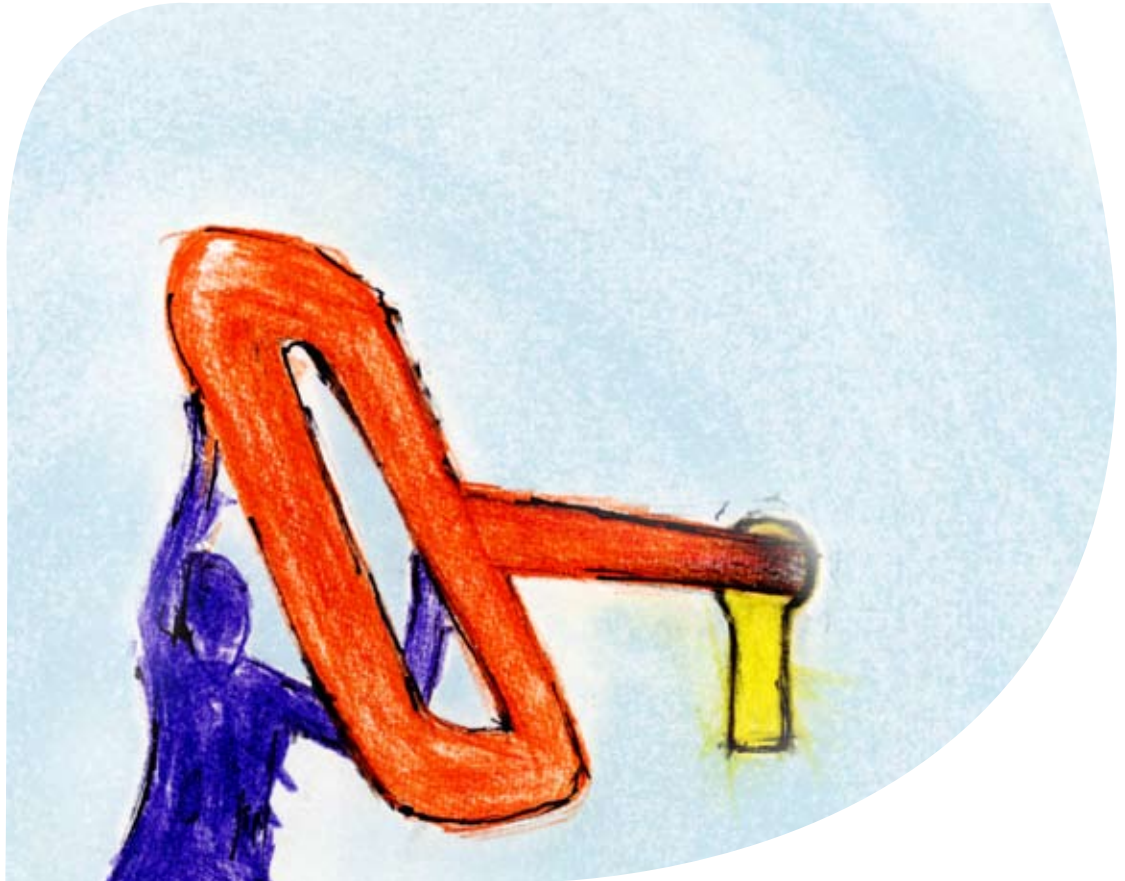
The on-the-job training component of the CA(SA) qualification process will, however, change markedly. The training programme will cover more consistently the learning requirements outlined in the competency framework. This includes more focus on softer skills, strategy and technology as a common requirement for all trainees, regardless of the environment in which the individual chooses to train. This increased consistency sees the distinction between TIPP (Training Inside Public Practice) and TOPP (Training Outside Public Practice) fall away.

To reiterate, this distinction disappears as we introduce consistency across the training programme.



A small key opens big doors

Turkish proverb



All trainees will have to achieve what has been identified as an advanced experience level of competence – a comprehensive understanding and application of the concepts and techniques, with demonstrated competence in complex situations or environments in common compulsory areas, and in at least one elective area. All trainees will also have to achieve basic experience (a general awareness of the vocabulary and related concepts of the field with demonstrated competence in simple, uncomplicated situations) in the remaining residual areas.

The new training model is designed to deliver – more consistently – a wider bouquet of core competencies and skills whilst still delivering individuals with rigorous technical competence.

Corporate law reform/King III

The Companies Bill, approved by Parliament in late 2008, will have a dramatic effect on our members both, in business and in practice. It toughens the corporate governance regime for public companies, draws public entities into the net, and impacts significantly on the audit space with the introduction of reviews for certain classes of companies and full exemption from audit for owner-managed type entities. The Bill also endeavours to modernise the Business Rescue and Affected Transaction landscapes. With an effective date anticipated to be mid-2010, all will have limited time for action to ensure smooth transition and implementation.

The Companies Bill has also necessitated a revision of the King Code, resulting in the publication of King III for public comment on 25 February 2009. King III escalates sustainability as a business imperative, and SAICA has therefore introduced sustainability as a core area. The King Code has been couched in terms of “adopt or explain,” allowing less leeway for partial adoption of the Code. It thus aims to enhance a standard of governance in South Africa that already sits at the forefront of global practice.

Accounting, audit and tax

The global financial crisis has prompted a re-examination of accounting standards, highlighting the need for reducing complexity in reporting despite increasingly complex financial structures. South Africa is participating in the international Financial Crisis Advisory Group (FCAG), a committee appointed jointly by the International Accounting Standards Board (IASB) and Financial Accounting Standards Board (FASB) to advise these bodies on required responses to the crisis. We thank Professor Wiseman Nkuhlu for agreeing to be the South African representative.

The FCAG agreed that fair value accounting represents economic reality; and, accordingly, did not precipitate the crisis but did in fact highlight the severity of the problems. The need for convergence of accounting practices and the enhancement of risk management systems are just two of the items that have been highlighted by the FCAG as requiring urgent attention.

SAICA believes that good governance, general conservatism and high quality regulation contributed positively to South Africa remaining partially insulated from the full impact of the global crisis, and should position the country favourably for the recovery when it eventuates.

SAICA's engagement with the Independent Regulatory Board for Auditors (IRBA) remains on a sound footing and numerous joint initiatives are under way. Revision of the Audit Profession Act, currently in progress, will hopefully address the ambit and reach of practice review and the cost thereof. While some audit work will fall away as a result of the Companies Bill, we are striving to identify assurance engagements in which our members can engage, while simultaneously promoting the value and importance of assurance in the perception of the users thereof.

We maintain that we have made particularly large strides in developing a mutually beneficial relationship with the South African Revenue Services (SARS). In 2008, we made in excess of 60 submissions to SARS and the National Treasury, presented to Parliament on the Revenue Laws Amendment Bill and we engaged continually on issues such as timeframes and design of tax returns, provisional tax changes (an ongoing project) and general operational and administrative issues. I extend a vote of thanks to our team that delivered well in a difficult space.



Continuing Professional Development (CPD)

December 2008 was the end of our first three-year CPD cycle. In response to member requests, we revamped the CPD recording system to provide members with the option of declaring themselves compliant. At the time of writing this report, more than 6 000 members had opted to declare themselves compliant, while almost 90% of the membership base had achieved full compliance. Members who had not yet complied were afforded an opportunity to record compliance with an extension to the end of March 2009. I am firmly of the belief that all of our members who operate in any business environment have no choice but to engage in continued professional learning, and to do so as a business imperative rather than a SAICA requirement. Our challenge is in assisting members to declare their compliance.

The year under review again demonstrated the demand from members for high-quality learning. SAICA expanded its bouquet of services in 2008, with the resultant take-up of services again exceeding the 40 000 attendance mark. More important, however, is our focus on continued development and enhancement of structured learning products that are relevant to members in their chosen careers.

Communication and branding

SAICA revamped its corporate identity – its so-called “look and feel” – during 2008, with the launch of a new logo and corporate image late in the year. The change has been well received by most members.

I am excited at the prospect of the 2009 launch of our new website, on which significant development work was done during the course of 2008. The new look website offers greatly enhanced functionality, usability and content.

During 2007, we commissioned an independent research company to benchmark member satisfaction with SAICA. The benchmark member satisfaction index (MSI) was measured at 76%.

After taking steps to address the issues raised in that member survey, during 2008 we repeated the research, with two waves of tracking surveys in May and October. In May, the MSI had moved significantly to 80% and in October the overall MSI was 81%.

During the course of the MSI exercise, we also tracked member assessment of the strength of the CA(SA) brand, as well as member perception of SAICA's communication performance.

The MSI for information and communication to members was rated at 93% and the member rating of the CA(SA) designation as the leading accounting business and financial designation, MSI was 96%.

These results indicate that we indeed addressed the important member satisfaction drivers more appropriately in 2008 than previously. Our focus in 2009 will be to delight many more members.

Financial overview

Institute

SAICA's reserves were healthy at the end of December and position the Institute well to deal with difficult financial times.

Revenue growth of 10% (2007 – 20%) is a result of growth in membership numbers. Revenue from service offerings has remained consistent with 2007 revenue.

Expenditure reflects a steady growth in items such as depreciation. This is a result of our continued investment in technology platforms that will allow us better to serve our members. The depreciation and amortisation charge to the income statement has increased by 35% (R828 000) over the prior year, while employment costs have increased by R8,8 million (15%). The latter increase stems from a retention strategy implemented in prior years; one that encourages staff retention through bonus and related schemes.



Group

Group revenue increased by 14% over the prior year. Apart from the growth in membership subscriptions explained above, we enjoyed a large 71% (R10,7 million) increase in bursary donations. SAICA will continue to support its Enterprise Development platform, the Hope Factory, both financially and operationally, for the years ahead. Financially, SAICA has renewed its subordination agreement with the Hope Factory, subordinating the loan post year-end for a further 12 months.

The rise in Group expenditure is directly related to the increase in bursary funding received.

Conclusion

I am a proud ambassador of the chartered accountant designation and will remain a conspicuous brand ambassador. Our brand is built on our members' technical excellence, business acumen and high levels of integrity; attributes that are hallmarks of our profession; attributes that will surely continue to stand us in good stead in the years to come.

Most members are aware that I will be moving on from SAICA during the course of 2009. Matsobane Matlwa has been appointed as my successor. I wish Matsobane every success and assure you that he is an extremely capable individual, who will help take the profession and SAICA to great heights. I take this opportunity to thank members of the various boards and committees with whom I have worked over the years. Your passion and commitment has always been exceptional and has served your profession brilliantly.

To the staff at SAICA, your unwavering support and commitment over the years has made my task all that much easier. We were often confronted by what seemed to be insurmountable challenges and have more often than not managed to overcome the obstacles.

Over the years, SAICA has become my second home. I shall sorely miss the interaction and support I have enjoyed. I look forward to engaging with you as a member and as a devout and continuing supporter of the excellent work that has rendered SAICA one of the nation's most distinguished organisations of its kind.



IS Sehoole

Executive President



Small opportunities are often the beginning of great enterprises

Demosthenes



Five-year summary

	2008		2007		2006		2005		2004	
	Number	%	Number	%	Number	%	Number	%	Number	%
Members at end of the year										
In South Africa										
Members in business	9 937	35	9 605	36	9 395	37	9 000	37	8 539	37
Public practice	7 003	24	6 541	24	6 373	25	6 205	26	5 876	25
– large firms employed	2 318	8	2 012	7	1 884	7	1 772	7	1 610	7
– large firms – partner	578	2	594	2	603	2	620	3	647	3
– medium firms employed	827	3	696	3	678	3	665	3	621	2
– medium firms partner	418	1	413	2	415	2	412	2	403	2
– small firms employed	366	1	299	1	278	1	250	1	218	1
– small firms – partner	1 093	4	1 099	4	1 091	4	1 061	4	1 016	4
– sole practitioner	1 403	5	1 428	5	1 424	6	1 425	6	1 361	6
Retired	1 074	4	1 055	4	1 061	4	1 085	4	1 082	5
Government	753	3	701	3	698	3	675	3	601	3
Education	417	1	400	1	401	2	383	2	383	1
Unemployed	135	1	115	–	110	–	114	–	109	1
Other	2 395	9	2 401	9	1 791	6	1 289	5	1 207	5
Total members in South Africa	21 714	77	20 818	77	19 829	77	18 751	77	17 797	77
Foreign based members	6 411	23	6 097	23	5 826	23	5 575	23	5 283	23
Total members	28 125	100	26 915	100	25 655	100	24 326	100	23 080	100
Percentage increase	4		5		5		5		6	
Female members	7 412	26	6 706	25	6 052	24	5 359	22	4 733	21
Male members	20 713	74	20 209	75	19 603	76	18 967	78	18 347	79
Total members	28 125	100	26 915	100	25 655	100	24 326	100	23 080	100
Black members	3 973		3 463		3 008		2 568		2 191	
Percentage growth		15		15		17		17		19
Percentage of total members in South Africa		18		17		15		14		12
Percentage of total membership		14		13		12		11		9



	2008		2007		2006		2005		2004	
	Number	% move- ment	Number	% move- ment	Number	% move- ment	Number	% move- ment	Number	% move- ment
Activity										
Total services taken up	50 733	16	43 721	(9)	48 088	90	25 293	60	15 829	99
Seminars and workshop participants	23 025	15	19 988	34	14 922	(13)	17 081	76	9 725	23
Events	10 025	(1)	10 172	(39)	16 583	304	4 106	35	3 052	–
Broadcasts	800	(81)	4 264	(45)	7 691	–	–	–	–	–
E-learning and other products	3 318	1 271	242	(93)	3 479	397	700	–	–	–
Communication sessions	1 709	(20)	2 132	(16)	2 548	20	2 132	–	–	–
Other CPD	11 856	71	6 923	142	2 865	125	1 274	(58)	3 052	–
Total trainees at the end of the year	9 478	5	9 025	8	9 917	3	9 661	–	9 672	5
Includes the following:										
Black trainees – TIPP	4 301	11	3 870	15	3 968	15	3 460	11	3 129	16
Female trainees – TIPP	4 612	7	4 314	8	4 774	6	4 493	(1)	4 532	9
Black trainees – TOPP	189	7	177	(3)	184	9	169	(14)	197	17
Female trainees – TOPP	140	18	119	32	132	7	123	(18)	150	9
Staff complement at year-end	138	7	129	5	123	2	121	6	114	9
Financial information	R'000		R'000		R'000		R'000		R'000	
Total reserves	67 555	7	63 302	12	56 303	14	49 552	9	45 349	14
Total group annual revenue	236 076	14	206 282	(3)	212 846	33	160 169	24	129 646	45
Total group annual expenditure	239 842	16	206 043	(5)	216 304	35	159 699	23	129 562	49
Total reserves as a percentage of expenditure		28		31		26		31		35
Subscriptions as a percentage of revenue		30		30		26		31		32

(–) denotes information unavailable or not applicable



Corporate governance

In 2008 we continued to entrench good governance practices in everything that we did at all levels of the organisation. We applied best practice and operated within the parameters of SAICA's constitution and by-laws.

The SAICA Board

In 2008 Hester Hickey was re-appointed as chairman of the Board for a further year. The distinct and separate roles of the Executive President and Chairman provided for an appropriate balance of decision-making power.

SAICA has a unitary board, presently comprising sixteen members. During the year, the Vice-Chairman, Roshini Maharaj, resigned due to work pressure.

At the end of 2008 the Board appointed two vice-chairmen, Jan Labuschagne and Kimi Makwetu. Invitees to meetings of the Board and board committees are the Chief Operating Officer, Nazeer Wadee, and the Head: Legal and Governance, Melanie Naidoo. This arrangement ensures smooth running of the Board and maintains a link between the strategic objectives identified, decisions taken by the Board and the implementation and decision-making at management level. In addition, Tim Odell, Chairman of SAICA UK, is also an invitee.

The Board comprises SAICA members only, creating a perceived conflict of interest. Our Board Charter, however, defines an independent board member, different to that of King II. Hence, for SAICA's purposes, a board member is considered independent when he or she is not a member of management and:

- a) within the past three years has not been employed in an executive capacity by the Institute;
- b) is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the board members' ability to act in the best interests of the Institute (further criteria provided in the Charter).

The Board is fairly representative in terms of diversity of skills.

SAICA governance structure

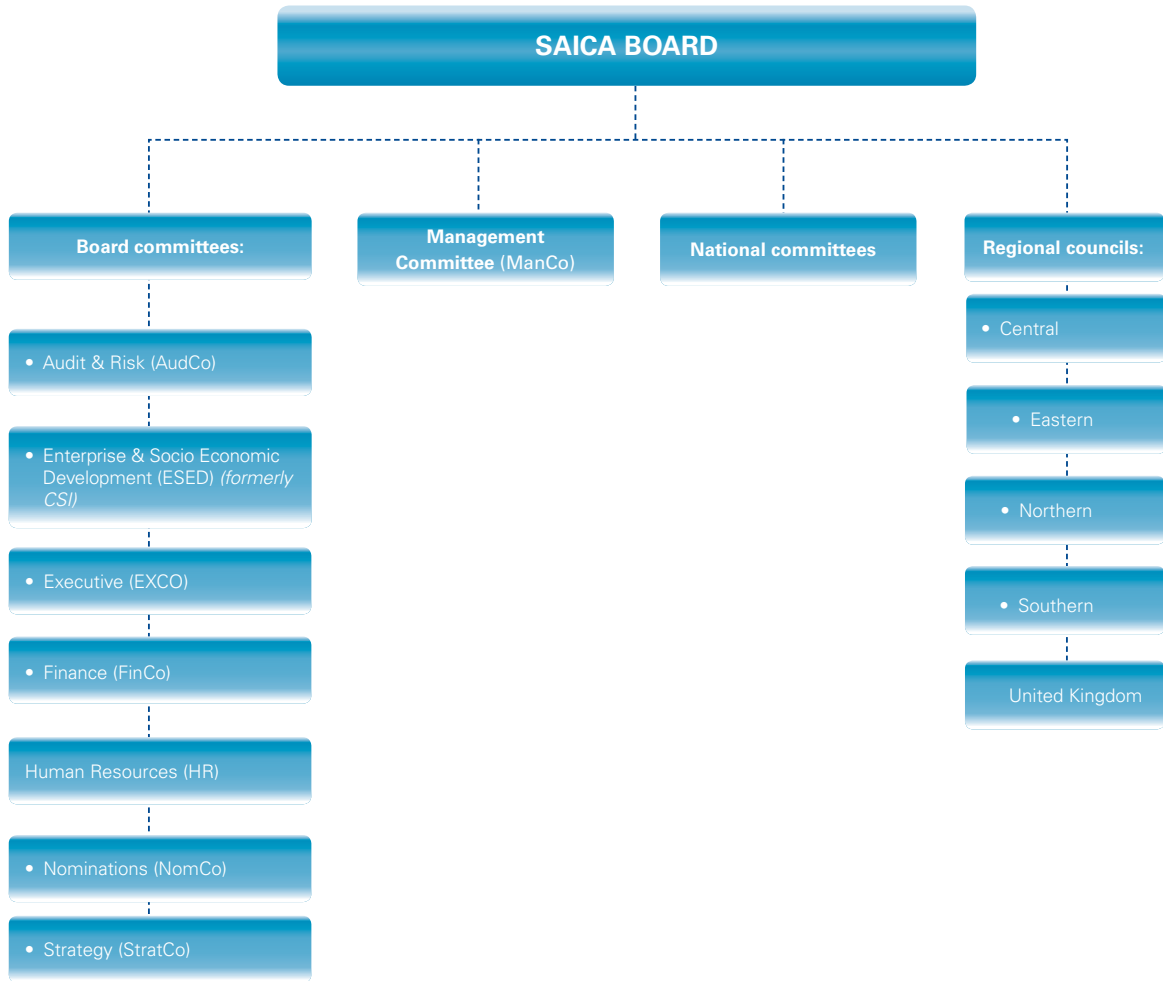
The governance structure is designed to enable the Board to discharge its duties and responsibilities without derogating from the principle that ultimate accountability rests with the SAICA Board.



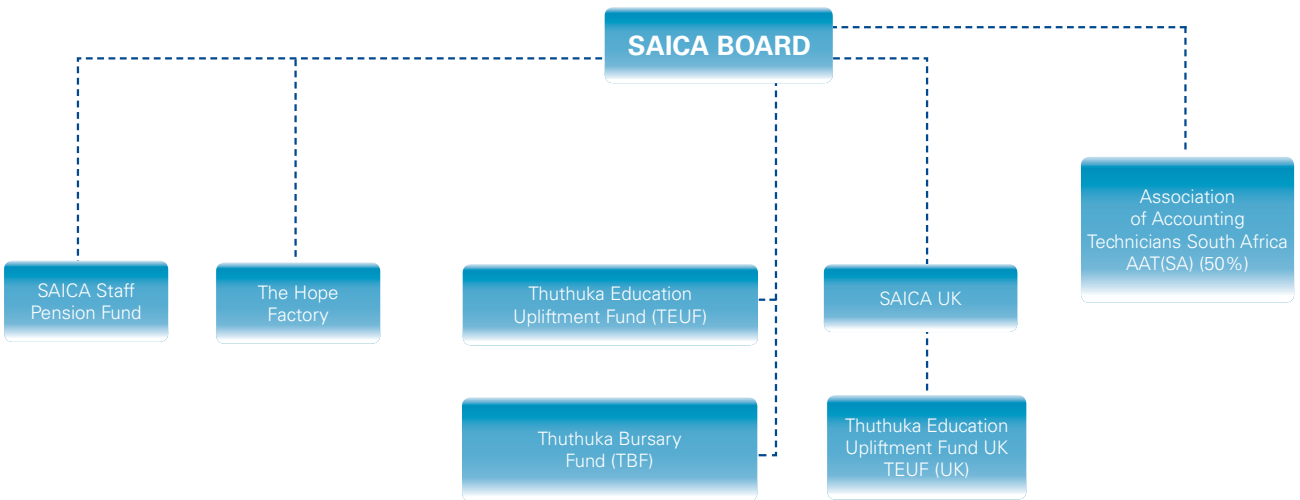
If opportunity doesn't knock, build a door

Milton Berle





OTHER ENTITIES RELATED TO SAICA



The Audit and Risk Committee provides oversight of enterprise-wide risk management at SAICA, reviewing internal controls, monitoring the effectiveness of internal and external audit and monitoring compliance with regulatory and policy requirements. In 2008 the Audit and Risk Committee approved the formation of a compliance function within SAICA.

The committee also monitors the internal controls and effectiveness of all SAICA controlled entities.

The following are SAICA controlled entities:

- The Association of Accounting Technicians (Section 21 company over which SAICA has 50% control)
- The Hope Factory (Section 21 company)
- The SAICA Staff Pension Fund
- SAICA UK (A UK company limited by guarantee)
- The Thuthuka Bursary Fund (Trust)
- The Thuthuka Education Upliftment Fund (Section 21 company)
- The UK Thuthuka Education Upliftment Fund (A UK company limited by guarantee – a registered UK charity)

SAICA is also a member of XBRL SA, a Section 21 company, and administers the business of the company.

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS FROM JANUARY TO DECEMBER 2008

Members of the Board take attendance at committee meetings seriously. For the period under review the Board and its sub-committees were well attended and it is a clear indication of the commitment of our Board members to the CA(SA) profession. In addition, it is significant to note that Board members are not remunerated for their services but are merely compensated for 'out of pocket expenses'.

It is common practice for Board members to be elected in May each year. The record of attendance is affected by the fact that some Board members sat on the Board until May 2008 and new Board members were elected in their place. Others were re-elected for an additional term of office.

During the year, the Board met six times (one by tele-conference), the Nominations Committee met four times, the Audit and Risk Committee met three times, the Finance Committee met five times, the Executive Committee met five times, Enterprise and Socio-Economic Development Committee (ESED) met twice, Strategy met once and the Human Resources Committee met twice.



Corporate governance continued

Members of the Board	Tenure			SAICA Board (six meetings)	Audit and Risk (three meetings)
C Ballot	1 Feb 05	to	Present	Ø	Ø
RE Benjamin-Swales	1 June 07	to	31 May 08	3/3	Ø
EJ Carelse	25 Nov 04	to	1 Oct 08	5/5	Ø
K Datay	1 June 06	to	1 May 08	Ø	Ø
TA Derwin	1 June 08	to	Present	3/3	1/1
L De Vries	1 Feb 05	to	Present	Ø	Ø
R Fourie	1 June 05	to	31 May 08	1/3 ^a	Ø
T Fubu	1 Nov 08	to	Present	0/1	Ø
GG Gelink	1 June 06	to	Present	4/6	Ø
C Godfrey	1 Feb 05	to	Present	Ø	Ø
HH Hickey ¹	1 June 03	to	Present	6/6	Ø
A Jagga	1 June 03	to	Present	6/6	Ø
NB Kader	1 June 07	to	30 Oct 08	3/5	Ø
SN Koyana	1 Nov 08	to	Present	1/1	2/3
JH Labuschagne ²	1 June 06	to	Present	6/6	1/2
R Maharaj ³	1 June 07	to	31 May 08	1/3	Ø
TK Makwetu ⁴	3 Jan 08	to	Present	4/6	0/1 ^b
T Matshazi	14 Sept 05	to	31 May 08	3/3	Ø
S Naidoo	1 Nov 08	to	Present	0/1	Ø
S Pillay*	1 June 05	to	31 May 05	1/3	1/1
AF Puggia	1 June 08	to	Present	3/3	Ø
MMT Ramano**	1 Aug 07	to	Present	Ø	3/3
IS Sehoole	1 Jan 01	to	Present	6/6	2/3
VM Sekese ⁵	1 June 06	to	Present	5/6	2/3
B Sithole	1 March 07	to	Present	Ø	Ø
GV Terry	1 June 07	to	Present	6/6	Ø
RJ Thompson	1 June 08	to	Present	3/3	Ø
H Thrush	1 June 06	to	Present	6/6	Ø
P Van Zijl	1 Feb 05	to	Present	Ø	Ø
L Verburg	1 Feb 05	to	Present	Ø	Ø
MP Wormald	14 Sept 05	to	Present	5/6	Ø
F Yende	1 March 07	to	Present	Ø	Ø

KEY:

Ø Denotes individual not a member of committee.

- ¹HH Hickey: Board Chairman from May 07 and re-elected for another one year term from May 2008/remained chairman of Nomco/remained chairman of EXCO
- ²JH Labuschagne: Appointed joint vice-chairman of the Board on 8 October 08. Chairman of Finco from 1 November 08
- ³R Maharaj: Board vice-chairman to May 2008/Finco Chairman to May 2008/HR Chairman to May 2008
- ⁴TK Makwetu: Appointed joint vice-chairman of the Board on 8 October 08. Chairman of HR Committee from 1 November 08
- ⁵VM Sekese: Remains Chairman of Audit and Risk Committee
- *S Pillay could not connect for 1/3 Board teleconference – technical problem
- **MMT Ramano is only a member of the Audit and Risk Committee and not a member of the SAICA Board

Alternates:

- ^aTA Derwin represented Riana Fourie at 1/3 Board meetings
- ^bAF Puggia represented Kimi Makwetu at 1/1 Audit and Risk Committee meeting
- ^cMP Wormald represented Tsakani Matshazi at 1/3 Nominations Committee meetings



Finance Committee (five meetings)	Executive Committee (five meetings)	Human Resources Committee (two meetings)	Nominations Committee (four meetings)	ESED (two meetings)	STRATEGY (one meeting)
Ø	Ø	Ø	Ø	2/2	Ø
Ø	Ø	Ø	Ø	Ø	Ø
Ø	Ø	Ø	Ø	Ø	1/1
Ø	Ø	Ø	Ø	0/1	Ø
Ø	Ø	Ø	Ø	Ø	Ø
Ø	Ø	Ø	Ø	0/2	Ø
Ø	Ø	Ø	Ø	Ø	Ø
Ø	Ø	Ø	Ø	Ø	Ø
Ø	Ø	Ø	2/4	Ø	1/1
Ø	Ø	Ø	Ø	2/2	Ø
4/5	5/5	2/2	4/4	Ø	1/1
5/5	Ø	Ø	Ø	Ø	Ø
Ø	Ø	Ø	Ø	Ø	Ø
Ø	Ø	Ø	Ø	Ø	Ø
0/1	1/1	1/1	0/1	0/1	Ø
1/2	2/2	1/1	1/2	Ø	1/1
0/1	1/1	1/1	0/1	Ø	Ø
Ø	Ø	Ø	2/3 ^c	Ø	Ø
Ø	Ø	Ø	Ø	Ø	Ø
Ø	Ø	Ø	Ø	1/1	1/1
Ø	Ø	Ø	Ø	Ø	Ø
Ø	Ø	Ø	Ø	Ø	Ø
4/5	5/5	2/2	4/4	Ø	1/1
Ø	Ø	Ø	Ø	Ø	1/1
Ø	Ø	Ø	Ø	0/2	Ø
4/5	Ø	Ø	Ø	Ø	Ø
Ø	Ø	Ø	Ø	1/1	Ø
Ø	Ø	2/2	Ø	Ø	Ø
Ø	Ø	Ø	Ø	2/2	Ø
Ø	Ø	Ø	Ø	1/1	Ø
Ø	Ø	Ø	0/1	Ø	Ø
Ø	Ø	Ø	Ø	0/1	Ø



Corporate governance continued

Rigorous governance practices cascading to all SAICA structures

Over the past year, governance practices implemented at SAICA include the evaluation of the effectiveness of Board and board committees, as well as board induction.

With the aid of the Nominations Committee and the legal and governance department, common governance criteria and standards now cascade to national committees formed by SAICA. The process has proved successful in that appointments to these committees are made transparent, resulting in more opportunity being provided to a larger number of members.

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M Naidoo

Head: Legal and Governance



Report of the audit and risk committee

We are pleased to present our report for the financial year ended 31 December 2008.

Audit and Risk Committee Members and Attendance:

The audit and risk committee (committee) consists of the members listed hereunder. During the current year 3 meetings were held.

Members of the Board	Tenure	Audit & Risk Committee (3 meetings)
VM Sekese (Chairman)	1 June 06 to Present	2/3
TA Derwin	1 June 08 to Present	1/1
SN Koyana	1 Nov 08 to Present	2/3
JH Labuschagne	1 June 06 to Present	1/2
TK Makwetu	3 Jan 08 to Present	0/1 ^b
S Pillay	1 July 05 to 30 June 2008	1/1
MMT Ramano	1 Aug 07 to Present	3/3
IS Sehoole	01 Jan 01 to Present	2/3

^bAF Puggia represented Kimi Makwetu at 1/1 Audit & Risk meeting

Audit and Risk Committee Responsibility

The committee reports that it has complied with its responsibilities arising from Corporate Laws Amendment Act, No 24 of 2006 (the Act) that became effective on 14 December 2007. The committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control and risk management

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the Act and the King II Report on Corporate Governance requirements, Internal Audit provides the committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors and the Audit Report on the annual financial statements it was noted that no significant or material non compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the system of internal control for the period under review was efficient and effective.

The committee is directly responsible for the appointment (subject to member ratification), compensation, retention, and oversight of the independent auditors.



Report of the audit and risk committee continued

External audit

The committee has satisfied itself through enquiry that the auditors of SAICA are independent as defined by the Act. The committee, in consultation with executive management, agreed to an audit fee for the 2008 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. Meetings were held with the auditor where management was not present, and also with management where the auditor was not present. The committee has nominated, for approval at the annual general meeting, KPMG as the external auditor for the 2009 financial year, and Mrs Charmaine Swart as the designated auditor.

Annual financial statements

The committee has recommended the annual financial statements as set out on pages 27 to 55 for approval to the board. The board has subsequently approved the financial statements which will be open for discussion at the forthcoming annual general meeting.



VM Sekese

Chairman of the Audit Committee



Statement of responsibility by the Board

for the year ended 31 December 2008

The SAICA Board is responsible for the preparation, integrity and objectivity of the annual financial statements which present fairly the financial position of the group and of the Institute at the end of the financial year and the results for the year, and other information contained in this group annual report.

The Board sets strategy and policy. Management implements strategy, policy and systems of internal control, as well as accounting and information systems. The internal financial controls provide reasonable, but not absolute assurance that assets are safeguarded, the risk of error, fraud or loss is reduced in a cost-effective manner, and that transactions are executed and recorded in accordance with the Institute's policies and procedures. These controls are implemented by trained, skilled staff with clearly defined lines of accountability and an appropriate segregation of duties. The controls include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate control framework.

The Group's internal audit function, introduced during 2004, operates unimpeded and independently from operational management and has unrestricted access to the Audit Committee. It appraises, evaluates and when necessary, recommends improvements to the systems of internal control and accounting practices. This includes conducting operational, financial and specific audits and liaising with the external auditors.

The Audit Committee, together with the internal auditors, plays an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

The Human Resources Committee oversees all aspects of the Group's remuneration.

To the best of their knowledge and belief, based on the above, the Board is satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the year under review.

The external auditors are responsible for reporting on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards. The annual financial statements are based on appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgements and estimates.

The Board believes that the group and Institute will be a going concern in the year ahead. For this reason it continues to adopt the going concern basis in preparing the annual financial statements.

The annual financial statements, which appear on pages 27 to 55, were approved by the Board on 25 March 2009 and are signed on its behalf by:



HH Hickey

Chairman



IS Sehoole

Executive President



Report of the independent auditors

for the year ended 31 December 2008

To the members of the South African Institute of Chartered Accountants (SAICA) Report on the financial statements

We have audited the Group annual financial statements and annual financial statements of the Institute, which comprise the statement of financial position at 31 December 2008, and the statement of comprehensive income, the statements of changes in reserves and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 27 to 55.

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Board's responsibility for the financial statements

The Institute's Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Institute at 31 December 2008 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.

KPMG Inc.



Per C Swart

Chartered Accountant (SA)

Registered Auditor

Director

25 March 2009



Statement of comprehensive income

for the year ended 31 December 2008

	Note	Group		Institute	
		2008 R'000	2007 R'000	2008 R'000	2007 R'000
Revenue	15	236 076	206 282	161 904	147 389
Expenditure	16	(239 842)	(206 043)	(167 954)	(146 953)
Operating (deficit)/surplus		(3 766)	239	(6 050)	436
Finance income	18	9 444	6 689	8 174	6 499
Finance expense	17	(197)	(240)	(117)	(166)
Net finance income		9 247	6 449	8 057	6 333
Loss on disposal of property, plant and equipment	3.3	–	(6)	–	(6)
Surplus before taxation		5 481	6 682	2 007	6 763
Income tax expense	19	–	–	–	–
Surplus for the year		5 481	6 682	2 007	6 763
Other comprehensive income					
Available-for-sale investments	5	(1 111)	392	(1 111)	392
Actuarial gains on defined benefit pension plans	23	2	55	2	55
Limit on recognition of fund assets	23	(119)	(130)	(119)	(130)
Other comprehensive income for the year		(1 228)	317	(1 228)	317
Total comprehensive income for the year		4 253	6 999	779	7 080



Statement of financial position

at 31 December 2008

	Note	Group		Institute	
		2008 R'000	2007 R'000	2008 R'000	2007 R'000
Assets					
Non-current assets					
Property, plant and equipment	3	22 071	22 057	21 918	21 913
Intangible assets	4	8 710	2 500	8 710	2 500
Investments	5	2 736	3 959	2 736	3 959
Investment in joint venture	6	–	–	914	–
Advance to controlled entities	7	–	–	–	1 099
Investment in controlled entity	8	–	–	704	–
Current assets					
Inventories	9	299	235	181	72
Trade and other receivables	10	23 409	31 472	11 003	13 820
Cash and cash equivalents	11	71 766	58 884	67 241	53 351
Total assets		128 991	119 107	113 407	96 714
Reserves and liabilities					
Reserves					
		67 555	63 302	60 234	59 455
Non-current liabilities					
Long-term loan	12	839	–	–	–
Finance lease obligation	21.2	35	517	35	517
Current liabilities					
Trade and other payables	14	60 562	55 288	53 138	36 742
Total reserves and liabilities		128 991	119 107	113 407	96 714



Statement of changes in reserves

for the year ended 31 December 2008

Reconciliation of movement in reserves	Group								
	Re-valuation reserve R'000	Pension Fund reserve R'000	SAICA Education Fund R'000	Fair value reserve R'000	Accumulated funds R'000	The Thuthuka Bursary Fund R'000	AAT(SA) R'000	The Hope Factory R'000	Total R'000
Balance at 31 December 2006	6 309	(101)	5 525	2 697	38 303	3 922	–	(352)	56 303
Other comprehensive income for the year	–	(75)	–	392	6 682	–	–	–	6 999
Release from revaluation reserve	(388)	–	–	–	388	–	–	–	–
Transfer to pension fund reserve	–	101	–	–	(101)	–	–	–	–
Transfer from SAICA Education Fund	–	–	(1 867)	–	1 867	–	–	–	–
Transfer from The Thuthuka Bursary Fund	–	–	–	–	81	(81)	–	–	–
Transfer from The Hope Factory	–	–	–	–	52	–	–	(52)	–
Balance at 31 December 2007	5 921	(75)	3 658	3 089	47 272	3 841	–	(404)	63 302
Other comprehensive income for the year	–	(117)	–	(1 111)	5 481	–	–	–	4 253
Release from revaluation reserve	(388)	–	–	–	388	–	–	–	–
Transfer from pension fund reserve	–	75	–	–	(75)	–	–	–	–
Transfer to SAICA Education Fund	–	–	2 615	–	(2 615)	–	–	–	–
Transfer to The Thuthuka Bursary Fund	–	–	–	–	(3 812)	3 812	–	–	–
Transfer from AAT(SA)	–	–	–	–	913	–	(913)	–	–
Transfer to The Hope Factory	–	–	–	–	(741)	–	–	741	–
Balance at 31 December 2008	5 533	(117)	6 273	1 978	46 811	7 653	(913)	337	67 555



Statement of changes in reserves continued

for the year ended 31 December 2008

	Institute					
	Re-valuation reserve R'000	Pension Fund reserve R'000	SAICA Education Fund R'000	Fair value reserve R'000	Accumulated funds R'000	Total R'000
Reconciliation of movement in reserves						
Balance as at 31 December 2006	6 309	(101)	5 525	2 697	37 945	52 375
Other comprehensive income for the year	–	(75)	–	392	6 763	7 080
Transfer to pension fund reserve	–	101	–	–	(101)	–
Release from revaluation reserve	(388)	–	–	–	388	–
Transfer from SAICA Education Fund	–	–	(1 867)	–	1 867	–
Balance as at 31 December 2007	5 921	(75)	3 658	3 089	46 862	59 455
Total recognised income and expense for the year	–	(117)	–	(1 111)	2 007	779
Transfer from pension fund reserve	–	75	–	–	(75)	–
Release from revaluation reserve	(388)	–	–	–	388	–
Transfer to SAICA Education Fund	–	–	2 615	–	(2 615)	–
Balance at 31 December 2008	5 533	(117)	6 273	1 978	46 567	60 234

The reserves are explained further in note 13



Statement of cash flows

for the year ended 31 December 2008

	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Cash flow from operating activities				
Surplus for the year	5 481	6 682	2 007	6 763
Adjusted for:				
– Depreciation charge	2 222	2 049	2 195	2 027
– Amortisation of intangible asset	1 000	340	1 000	340
– Finance income	(9 444)	(6 689)	(8 174)	(6 499)
– Finance cost	197	240	117	166
– Loss on disposal of property, plant and equipment	–	6	–	6
– Pension fund reserve movement	(117)	(75)	(117)	(75)
Operating cash flow before working capital changes	(661)	2 553	(2 972)	2 728
Working capital changes	13 417	(2 050)	19 248	(5 193)
(Decrease)/increase in inventories	(64)	14	(108)	10
(Decrease)/increase in trade and other receivables	8 063	(14 239)	2 816	(541)
Increase/(decrease) in trade and other payables	5 418	12 175	16 540	(4 662)
Net cash flow from operating activities	12 756	503	16 276	(2 465)
Cash flow from investing activities				
Finance income	8 604	6 689	8 174	6 499
Finance cost	(118)	(240)	(117)	(166)
Investment in AAT(SA)	–	–	(914)	–
Proceeds from disposal of property, plant and equipment	9	27	9	27
Acquisition of property, plant and equipment	(2 245)	(2 069)	(2 209)	(2 060)
Acquisition of intangible assets	(7 210)	(2 840)	(7 210)	(2 840)
Acquisition/(disposal) of investments	112	(108)	112	(108)
Investment in controlled entity	–	–	(704)	–
Advance to controlled entity	–	–	1 099	(354)
Net cash flow from investing activities	(848)	1 459	(1 760)	998
Cash flow from financing activities				
Repayment of finance leases	(626)	(446)	(626)	(446)
Long-term loan	1 600	–	–	–
Net cash flow from financing activities	974	(446)	(626)	(446)
Net increase/(decrease) in cash and cash equivalents	12 882	1 516	13 890	(1 913)
Cash and cash equivalents at beginning of year	58 884	57 368	53 351	55 264
Cash and cash equivalents at end of year	71 766	58 884	67 241	53 351



Notes to the annual financial statements

for the year ended 31 December 2008

1. General information

SAICA is a voluntary association not for gain and is registered in terms of the Non-Profit Organisations Act, 1997 (Act 71 of 1997), having its principal place of business at 7 Zulberg Close, Bruma Lake, Johannesburg, South Africa. 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.

2. Accounting policies

The accounting policies set out below have been applied consistently to all periods presented.

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

2.2 Adoption of new and revised standards

In the current year, SAICA has adopted all new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2008. The adoption of these new and revised standards and interpretations has not resulted in changes to the Group's accounting policies and comprise:

- Post-employment benefits by applying IFRIC 14 *The Limit on the Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The impact of the adoption of IFRIC 14 and changes to IAS 1 has been to expand the disclosures provided in the financial statements regarding defined benefit assets (see note 23).

At the date of authorisation of these financial statements for the year ended 31 December 2008, the following standards and interpretations were in issue but not yet effective:

	Standard/interpretation	Effective date – Annual periods commencing on or after
IFRIC 13 (AC 446)	Customer Loyalty Programmes	01 July 2008
IFRIC 16 (AC 449)	Hedges of a Net Investment in a Foreign Operation	01 October 2008
Various	Improvements to IFRS (excluding IFRS 5 amendment)	01 January 2009
IFRS 2 (AC 139) amendment	IFRS 2 Share-based Payment: Vesting Conditions and Cancellations	01 January 2009
IFRS 8 (AC 145)	Operating Segments	01 January 2009
IAS 1 (AC 101)	Presentation of Financial Statements	01 January 2009
IAS 23 (AC 114)	Borrowing Costs	01 January 2009
IAS 27 (AC 132) & IFRS 1 (AC 138) amendment	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	01 January 2009
IAS 32 (AC 125) & IAS 1 (AC 101) amendment	IAS 32 (AC 125) Financial Instruments: Presentation and IAS 1(AC 101) Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation	01 January 2009



	Standard/interpretation	Effective date – Annual periods commencing on or after
IFRIC 15 (AC 448)	Agreements for the Construction of Real Estate	01 January 2009
IFRS 3 (AC 140)	Business Combinations	01 July 2009
IAS 27 (AC 132) amendment	Consolidated and Separate Financial Statements	01 July 2009
IAS 39 (AC 133) amendment	Eligible hedged items	01 July 2009
IFRS 1	First Time Adoption of International Financial Reporting Standards	01 July 2009
IFRS 5 (AC 142) amendment	Improvements to IFRS - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	01 July 2009
IFRIC 17	Distributions of Non-cash Assets to Owners	01 July 2009

All the above amendments to the listed standards, except for IAS 1 and IAS 27 are not applicable to the business of SAICA and will have no impact on the future financial statements.

All applicable standards will be complied with in the financial statements for the period ending 31 December 2009. Compliance with these amendments; revisions and improvements require additional disclosure compared to that required in terms of existing IFRS. IAS 1 amendments have been early adopted in the presentation of these Group and Institute financial statements.

2.3 Basis of preparation

The financial statements are presented in South African Rand rounded to the nearest thousand. They are prepared on the historical costs basis, except for the revaluation of the building and fair value of investments classified as available for sale. The accounting policies below have been applied consistently by Group entities.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only effects that period, or in the period of the revision and future periods if the revision affects both current and future periods (refer to note 26).

2.4 Basis for consolidation

The consolidated financial statements incorporate the financial statements of the Institute and entities controlled by the Institute up to 31 December each year. Control is achieved where the Institute has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

Intra-group balances and transactions, and any unrealised gains from intra-group transactions, are eliminated in preparing the consolidated financial statements.



Notes to the annual financial statements continued

for the year ended 31 December 2008

2.5 Property, plant and equipment

All property, plant and equipment is initially recorded at cost. The land and building are subsequently carried at a revalued amount, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional valuers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed annually by management and every three years by professional valuers, such that the carrying amount does not differ materially from that which would be determined using the fair value at the balance sheet date. The excess of the revalued amount over the original cost is reflected as a revaluation reserve.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve. A decrease in the carrying amount arising on the revaluation of such land and buildings is debited to the revaluation reserve to the extent of any previous revaluations of that asset in equity before recognition in the income statement.

The realised portion of the revaluation reserve is transferred to accumulated reserves. An annual transfer from the revaluation reserve to accumulated reserves is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to accumulated reserves.

Other items of plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

An item of property, plant and equipment is 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 statement of comprehensive income in the year the asset is derecognised.

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 assets to their residual values at the end of their useful lives. Land is not depreciated as it is deemed to have an indefinite life. Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The major categories of assets are depreciated at the following rates:

Building	–	5,0% per annum
Building components	–	10,0% – 33,3% per annum
Motor vehicles	–	25,0% per annum
Office furniture	–	7,5% – 10,0% per annum
Computer equipment	–	20,0% per annum



2.6 Intangible assets

Intangible assets that are acquired and have finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses.

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 statement of comprehensive income in the year the asset is derecognised.

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

Amortisation is recognised in the statement of comprehensive income and is provided on the straight-line basis which, it is estimated, will reduce the carrying amount of the assets to their residual values at the end of their useful lives.

Intangible assets are amortised at the following rate:

Software – 20,0% per annum

2.7 Impairment

The carrying amounts of the Group's tangible and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the greater of its fair value less cost to sell and its value in use.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent from those of other assets the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

2.8 Inventories

Inventories are stated at the lower of historical cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any selling expenses. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.



Notes to the annual financial statements continued

for the year ended 31 December 2008

2.9 Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instruments. They are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. They are subsequently measured as follows:

2.9.1 Trade receivables

Trade receivables are stated at their amortised cost and reduced by appropriate allowances for estimated irrecoverable amounts. The fair value of trade and other receivables is the present value of future cashflows, discounted at the market rate of interest at the reporting date.

2.9.2 Investments

Investments held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. The fair value of financial instruments classified as available-for-sale is their quoted bid price at the balance sheet date.

2.9.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held on call with banks, net of bank overdrafts, all of which are available for use by the Group. Cash and cash equivalents are measured at fair value.

2.9.4 Trade payables

Trade payables are stated at their amortised cost using the effective interest rate method.

2.10 Post-retirement obligations

The Institute provides benefits to employees through a defined benefit plan and a defined contribution plan in terms of the Pension Funds Act, 1956 (Act 24 of 1956). The pension plans are funded by payments from employees and the Institute, taking account of the recommendations of independent actuaries.

Obligations arising from the defined contribution plan are recognised as an expense when they are due.

For the defined benefit plan, the pension accounting costs are assessed using the Projected Unit Credit Method. Under this method, the cost of providing pensions is charged to the statement of comprehensive income to spread the regular cost over the service period of employees in accordance with the advice of actuaries who carry out a full valuation of the fund every three years. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates on government bonds that have terms to maturity approximating the terms of the related liability. When the calculation results in a benefit for the Group, the recognised asset is limited to the net total of any unrecognised past service cost and the present value of any future refunds from the plan or reductions from future contributions to the plan.

Any actuarial gain or loss is recognised in other comprehensive income when it occurs.



2.11 Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

Provision for employee entitlement to annual leave represents the present obligation which SAICA has to pay as a result of employees' services provided to the balance sheet date. The provision has been calculated at undiscounted amounts based on current salary rates.

2.12 Provisions

Provisions are recognised for a present legal or constructive obligation when, as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the obligation can be made.

2.13 Revenue recognition

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, net of discounts and VAT and where there is reasonable assurance that the income will be received and all attaching conditions will be complied with.

Revenue from subscriptions and training is accounted for when received.

Donations are accounted for when they are received. Where there are attaching conditions, donations are accounted for when there is reasonable assurance that the donation will be received and all attaching conditions will be complied with.

Donations consist of monetary and non-monetary awards.

In these financial statements, surplus is used instead of profit as the Group is not profit driven, yet could generate surplus revenue over cost.

2.14 Government grants

Government grants are recognised as income at fair value when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

2.15 Accounting for leases

Leases for assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease after taking into account any fixed escalation clauses.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. The leased asset is capitalised and a liability raised. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.



Notes to the annual financial statements *continued*

for the year ended 31 December 2008

2.16 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the SAICA group entities at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the rate of exchange ruling at that date. Gains and losses arising on translation are recognised in the statement of comprehensive income.

2.17 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.17.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

2.17.2 Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.18 Finance income

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividends received and gains on day one recognition of an external interest-free loan.

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income is recognised in the statement of comprehensive income on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

2.19 Finance cost

Finance cost comprises interest expense on finance leases. All interest is recognised in the statement of comprehensive income using the effective interest rate method.



3. Property, plant and equipment**3.1 Group**

	Land R'000	Building R'000	Leased assets R'000	Motor vehicles R'000	Office furniture and computer equipment R'000	Total R'000
2008						
Cost/valuation at 1 January 2008	1 851	17 687	2 306	121	9 377	31 342
Additions	–	22	17	–	2 206	2 245
Disposals	–	–	(83)	–	(10)	(93)
Cost/valuation at 31 December 2008	1 851	17 709	2 240	121	11 573	33 494
Accumulated depreciation at 1 January 2008	–	(3 088)	(1 285)	(22)	(4 890)	(9 285)
Depreciation charge	–	(770)	(566)	(29)	(857)	(2 222)
Disposals	–	–	83	–	1	84
Accumulated depreciation at 31 December 2008	–	(3 858)	(1 768)	(51)	(5 746)	(11 423)
Carrying amount at 31 December 2008	1 851	13 851	472	70	5 827	22 071
2007						
Cost/valuation at 1 January 2007	1 851	17 687	2 282	35	7 665	29 520
Additions	–	–	107	121	1 841	2 069
Disposals	–	–	(83)	(35)	(129)	(247)
Cost/valuation at 31 December 2007	1 851	17 687	2 306	121	9 377	31 342
Accumulated depreciation at 1 January 2007	–	(2 323)	(803)	(25)	(4 299)	(7 450)
Depreciation charge	–	(765)	(565)	(23)	(696)	(2 049)
Disposals	–	–	83	26	105	214
Accumulated depreciation at 31 December 2007	–	(3 088)	(1 285)	(22)	(4 890)	(9 285)
Carrying amount at 31 December 2007	1 851	14 599	1 021	99	4 487	22 057



Notes to the annual financial statements continued

for the year ended 31 December 2008

3. Property, plant and equipment continued

3.2 Institute

	Land R'000	Building R'000	Leased assets R'000	Motor vehicles R'000	Office furniture and computer equipment R'000	Total R'000
2008						
Cost/valuation at 1 January 2008	1 851	17 687	2 306	121	9 120	31 085
Additions	–	22	17	–	2 170	2 209
Disposals	–	–	(83)	–	(10)	(93)
Cost/valuation at 31 December 2008	1 851	17 709	2 240	121	11 280	33 201
Accumulated depreciation at 1 January 2008	–	(3 088)	(1 285)	(22)	(4 777)	(9 172)
Depreciation charge	–	(770)	(566)	(30)	(829)	(2 195)
Disposals	–	–	83	–	1	84
Accumulated depreciation at 31 December 2008	–	(3 858)	(1 768)	(52)	(5 605)	(11 283)
Carrying amount at 31 December 2008	1 851	13 851	472	69	5 675	21 918
2007						
Cost/valuation at 1 January 2007	1 851	17 687	2 282	35	7 417	29 272
Additions	–	–	107	121	1 832	2 060
Disposals	–	–	(83)	(35)	(129)	(247)
Cost/valuation at 31 December 2007	1 851	17 687	2 306	121	9 120	31 085
Accumulated depreciation at 1 January 2007	–	(2 323)	(803)	(25)	(4 208)	(7 359)
Depreciation charge	–	(765)	(565)	(23)	(674)	(2 027)
Disposals	–	–	83	26	105	214
Accumulated depreciation at 31 December 2007	–	(3 088)	(1 285)	(22)	(4 777)	(9 172)
Carrying amount at 31 December 2007	1 851	14 599	1 021	99	4 343	21 913



3.3 Loss on disposal of property, plant and equipment

	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Proceeds on disposal	9	27	9	27
Carrying value	9	33	9	33
Loss on disposal	-	(6)	-	(6)

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3.4 Land and building

Land and building consist of an office block, Integritas, erected in 1990 on Portion 14 (a portion of portion 1) and Portion 13 (a portion of portion 1) of erf 201, 7 Zulberg Close, Bruma Lake, Johannesburg. The useful life of the building is estimated at 20 years from 1 April 2003, which was the date of re-occupation.

3.5 Valuation

The land and building, was valued at R17 215 000 as at 31 December 2006 on an open market value basis by "The Property Partnership", a firm of independent Chartered Valuation Surveyors and Registered Valuers. The valuation was based on the assumption of a single tenant scenario occupying a special purpose building using a capitalisation rate of 10,5% in order to convert the first year's annual income to a capital value. In undertaking the valuation of the property, cognisance was taken of the location of the property both in the context of its immediate environment and with regard to its position in terms of access to and from surrounding areas and major freeways. Management have performed a valuation as at 31 December 2008 and that value approximates that at 31 December 2006.

3.6 Encumbrance

There is a bond registered over Portion 14 of erf 201 for R4 500 000 and the amount owing on this bond at 31 December 2008 was Rnil (2007: Rnil).

3.7 Impairments

There were no indicators of impairments at 31 December 2008 to any items of property, plant and equipment (2007: Rnil).

3.8 If land and building were stated at historical cost, the amounts would be as follows:

	Group and Institute			
	2008		2007	
	Land R'000	Building R'000	Land R'000	Building R'000
Cost	1 851	11 347	1 851	11 347
Additions	-	22	-	-
Disposals	-	-	-	-
Accumulated depreciation	-	(3 051)	-	(2 669)
	1 851	8 318	1 851	8 678



Notes to the annual financial statements continued

for the year ended 31 December 2008

4. Intangible assets

	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Software				
Cost/valuation at 1 January	2 840	–	2 840	–
Additions	2 394	2 840	2 394	2 840
Disposals	–	–	–	–
Cost/valuation at 31 December	5 234	2 840	5 234	2 840
Accumulated amortisation at 1 January	(340)	–	(340)	–
Amortisation charge	(1 000)	(340)	(1 000)	(340)
Disposals	–	–	–	–
Accumulated amortisation at 31 December	(1 340)	(340)	(1 340)	(340)
Work-in-progress	4 816	–	4 816	–
Carrying amount at 31 December	8 710	2 500	8 710	2 500

Work-in-progress relates to costs incurred on the development of the new website for SAICA. This website is scheduled to go live during 2009 and will be amortised appropriately.

5. Investments

	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Available-for-sale investments	2 736	3 959	2 736	3 959
Investments consist of funds invested in shares in JSE listed entities and for the prior year, funds invested in money market instruments with Stanlib Collective Investments Limited. A register of investments is kept and is available upon request.				
(Decrease)/increase in fair value	(1 111)	392	(1 111)	392
Investment in joint venture	–	–	914	–

Association for Accounting Technicians (SA), AAT(SA) was registered on 7 October 2008. As such, the financial results consists of three months only that AAT(SA) operated. For the same reason, no comparative figures for previous periods have been disclosed. The principal activities of the company are to provide qualifications and act as a member organisation for accounting technicians, and to regulate and support, in the public interest, the technical competence and professional standards of those persons. SAICA has a fifty percent share in the Association for Accounting Technicians (SA). For the current year SAICA, with AAT(UK), contributed R914 195 equally to the establishment of the venture.

7. Advance to controlled entity

	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
– Gross advance to The Hope Factory	–	–	–	1 500
– Impairment due to loss in controlled entity	–	–	–	(401)
	–	–	–	1 099

Refer to note 8 for more information.



	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
8. Investment in controlled entity				
– Investment in The Hope Factory	–	–	1 283	–
– Impairment due to loss in controlled entity	–	–	(579)	–
	–	–	704	–

The advance to The Hope Factory has been converted to an investment. The investment in the controlled entity has been impaired above due to a net cash deficit in The Hope Factory. During the year the subordination agreement between SAICA and The Hope Factory lapsed due to the company achieving a positive net asset value, through the gain on initial recognition adjustment of R840 691 on the Nedbank loan. It was not SAICA's intention for the subordination agreement to lapse due to the gain on initial recognition adjustment and hence to continue supporting The Hope Factory, SAICA has subordinated the loan post year end effective from 1 January 2009 for a further 12 months.

	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
9. Inventories				
Promotional items and publications	183	72	181	72
Raw materials	116	163	–	–
	299	235	181	72
Raw materials comprises stock on hand at year end at The Hope Factory in the Eastern Cape.				
10. Trade and other receivables				
Trade receivables	9 757	10 846	1 742	1 517
– Gross trade receivables	10 966	11 860	2 951	2 431
– Impairment	(1 209)	(1 014)	(1 209)	(914)
Other receivables	11 982	19 340	5 045	1 036
– Gross other receivables	12 036	20 326	5 099	2 022
– Impairment	(54)	(986)	(54)	(986)
Short-term advance to The Hope Factory	–	–	–	524
Prepayments	1 670	1 286	1 370	550
Advance to Thuthuka Education Upliftment Fund	–	–	2 846	10 193
	23 409	31 472	11 003	13 820

The average credit period is less than 30 days. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management.

The carrying amount of trade and other receivables approximates their fair value.

The advance to Thuthuka Education Upliftment Fund are interest free and repayable on demand.

Included in trade receivables is R1 370 (2007: Rnil) foreign debtors relating to SAICA (UK).



Notes to the annual financial statements continued

for the year ended 31 December 2008

11. Cash and cash equivalents

	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Cash at bank and on hand	11 655	11 249	7 130	5 716
Call deposits	31 614	25 178	31 614	25 178
Term deposits	28 497	22 457	28 497	22 457
	71 766	58 884	67 241	53 351

Cash and cash equivalents comprise cash held and short-term bank deposits with an original maturity of six months or less. The carrying amount of these assets approximates their fair value. The effective interest rates on call and term deposits for the year was 12% (2007: 10%).

12. Long-term loan

	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
	839	–	–	–

The loan from Nedbank has been granted to The Hope Factory and commenced on 6 May 2008. The loan is interest free and there is no obligation to repay the loan for the first 360 days of the term which extends for a period of five years. At the end of this initial period of 360 days, the parties will meet to assess the ability of the borrower to repay the loan over the remaining term. If The Hope Factory is not in a position to repay the loan, the repayment shall be deferred for another second term of 360 days. If The Hope Factory is not in a position to repay the loan at the end of the second term the repayment shall be deferred for another third term of 360 days. Management believe that the loan will not be repaid until the end of the five year term and hence have present valued the loan of R1 600 000 based on the above assumption using an appropriate discount rate of 15% at 31 December 2008. The gain on initial recognition of R840 691 has been recognised as finance income. Refer to note 18.

13. Reserves

Revaluation reserve

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

Pension fund reserve

The reserve relates to funds accumulated in excess of future benefit obligations.

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 the investment is derecognised.

The Thuthuka Bursary Fund

The Thuthuka Bursary Fund is registered in terms of The Trust Property Control Act No 57 of 1988, Trust Number: T459/88. The funds of the trust are regulated by its own Board and fund its activities, which is to assist underprivileged learners in becoming Chartered Accountants (SA).

The Hope Factory

The Hope Factory is incorporated as an association not for gain under Section 21 of the Companies Act. The funds of the company are regulated by its own Board. These funds are used to train disadvantaged women to make various craft items.



13. Reserves continued**Association for Accounting Technicians (SA) – AAT(SA)**

AAT(SA) is a joint venture between the Institute and AAT in the United Kingdom. The principal activities of the company are to provide qualifications and a member organisation for accounting technicians, and to regulate and support, in the public interest, the technical competence and professional standards of those persons. AAT(SA) is an association incorporated under Section 21 of the Companies Act, 1973.

Thuthuka Education Upliftment Fund

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.

Donations and grants consist of monetary and non-monetary awards. Funding proposals are approved prior to the education upliftment projects being delivered. Grant/Donor companies will only reimburse SAICA on the presentation of a valid invoice, therefore there will never be a surplus or deficit on any Thuthuka Upliftment Education Fund project.

14. Trade and other payables

	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Creditors and accruals	27 992	43 801	17 557	25 529
Finance lease obligation	502	646	502	646
Subscriptions in advance	22 096	8 617	22 096	8 617
Revenue received in advance	9 972	2 224	5 822	1 711
The Thuthuka Bursary Fund	–	–	5 549	239
The Hope Factory	–	–	1 612	–
	60 562	55 288	53 138	36 742

Creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken is less than 60 days. The carrying amounts approximate fair value.

Included in creditors and accruals is an accrual for leave pay. Employees' entitlement to annual leave is recognised when it accrues to employees. A provision is made for the estimated liability for annual leave due as a result of services rendered by employees up to balance sheet date, with a maximum of 35 days per employee.

Revenue received in advance consists of various revenue items such as examination fees, trainee registration fees, seminars income, future project and bursary income.

Included in trade and other payables is R11 580 (2007: Rnil) foreign creditors relating to SAICA (UK). Interest rate risk is detailed in note 22.4



Notes to the annual financial statements continued

for the year ended 31 December 2008

15. Revenue

	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Subscriptions and members' entrance fees	80 336	69 347	79 026	69 347
Members' entrance fees	8 339	8 010	8 339	8 010
Chartered Accountant (South Africa) subscriptions	68 587	59 306	68 587	59 306
Associate subscriptions	3 410	2 031	2 100	2 031
Accountancy SA journal	6 643	5 821	6 643	5 821
Bursary donations	25 817	15 078	–	–
Education and training	15 234	14 227	15 234	14 227
Funding for Thuthuka projects (includes government grants)	44 813	41 124	–	–
Municipality project	10 612	10 834	10 612	10 834
Publications	3 596	3 120	3 596	3 120
SAICA Education Fund levies	17 174	14 773	17 174	14 773
Seminars and events	24 862	26 148	24 862	26 148
Sponsorships	3 531	2 537	3 531	2 537
The Hope Factory revenue	3 148	3 273	–	–
Thuthuka Education Upliftment Fund project management fee	–	–	916	582
SAICA UK launch	310	–	310	–
Total revenue for the year	236 076	206 282	161 904	147 389

Substantially all of the revenue of the Institute is derived from members of SAICA.



16. Expenditure

	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Expenditure includes the following items:				
Amortisation of intangible assets	1 000	340	1 000	340
Audit fees – external and internal audit services	1 109	1 152	795	697
Audit fees – internal audit services	434	657	434	657
Audit fees – other services	26	24	26	24
Depreciation charge	2 222	2 049	2 195	2 027
Employment costs	66 974	57 967	64 715	56 006
– Salaries and staff-related costs (includes management committee emoluments)	62 631	54 100	60 372	52 139
– Pension fund contributions	4 343	3 867	4 343	3 867
IFAC subscriptions	1 172	1 048	1 172	1 048
Impairment	(737)	425	(459)	377
– Investment in controlled entity/advance to controlled entity	–	–	178	52
– Trade and other receivables	(737)	425	(637)	325
Information technology	7 758	7 577	7 758	7 577
Legal fees	422	157	422	157
Marketing and advertising costs	4 898	3 458	4 898	3 458
Meeting costs	2 271	1 853	2 271	1 853
Postage, printing and stationery	3 257	2 307	3 229	2 280
Rental and occupancy costs	1 182	1 841	782	1 611
SAICA Education Fund	13 649	13 418	13 649	13 418
Travel – local	1 839	1 024	1 824	1 005
Thuthuka bursaries	36 489	15 738	–	–
Thuthuka project costs	8 407	5 293	–	–
Thuthuka service provider costs	9 654	8 448	–	–
Thuthuka teaching and training materials	11 459	25 762	–	–
Costs to administer controlled entities	–	–	3 350	3 207
– Thuthuka Bursary Fund	–	–	1 632	1 214
– Thuthuka Education Upliftment Fund	–	–	1 718	1 993



Notes to the annual financial statements continued

for the year ended 31 December 2008

	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
17. Finance expense				
Finance lease interest	197	166	117	166
Other	–	74	–	–
	197	240	117	166
The interest rate risk is detailed in note 22.4				
18. Finance income				
Interest on Nedbank loan (Refer note 12)	840	–	–	–
Interest on term bank deposits	8 604	6 689	8 174	6 499
	9 444	6 689	8 174	6 499
The interest rate risk is detailed in note 22.4				

19. Income tax expense

The income of the Institute, Thuthuka Bursary Fund, Thuthuka Education Upliftment Fund and Association of Accounting Technicians (SA) is exempt from income tax in terms of Income Tax Act, No 58 of 1962 (the Act). Donations by or to the Institute, Thuthuka Bursary Fund and Thuthuka Education Upliftment Fund are exempt from donations tax in terms of section 56(1)(h) of the Act. The Hope Factory tax loss for the year is R642 643 (2007: R356 761) and SAICA (UK) an entity incorporated in the United Kingdom has a tax loss of R108 701 (2007: Rnil). No deferred tax asset has been raised.



20. Remuneration of management committee members

	Salary R'000	2008 pension fund R'000	Total R'000	Salary R'000	2007 pension fund R'000	Total R'000
IS Sehoole Executive President	3 541	–	3 541	3 301	–	3 301
GV Terry Head: Office of the Executive President	1 745	155	1 900	1 644	144	1 788
WJ Coates Senior Executive: Marketing	898	90	988	835	83	918
FE Cloete (2008: 4 months) Senior Executive: Education and Training	408	26	434	1 091	106	1 197
L de Beer (2007: 7 months) Senior Executive: Standards	–	–	–	665	61	726
ARC Hassim Senior Executive: Member Services	1 115	108	1 223	1 000	94	1 094
BA Mathabela Senior Executive: Human Resources	741	68	809	625	60	685
CC Mulder Senior Executive: Transformation and Growth	1 251	122	1 373	1 060	108	1 168
E Muller (2007: 2,5 months)* Senior Executive: Standards	843	87	930	178	23	201
NA Wadee Chief Operating Officer	1 503	129	1 632	1 096	112	1 208
M Bomela – 2008: 4 months (2007: 5,5 months)* Executive: Corporate Services	514	42	556	499	59	558
M Naidoo Company Secretary	907	93	1 000	794	90	884

*Appointed during 2007

The management committee members are considered key management of the Group and Institute, with remuneration paid solely by SAICA. Board members of SAICA, Thuthuka Education Upliftment Fund, The Thuthuka Bursary Fund, The Hope Factory and the Association for Accounting Technicians (SA) do not receive remuneration for services rendered.

For the first time in December 2008 a provision for senior management incentives was raised. In prior years such an accrual had not been raised as the scheme was not fully implemented. This is included in trade and other payables in note 14 and is R1 013 773.



Notes to the annual financial statements continued

for the year ended 31 December 2008

21. Leasing arrangements

21.1 Operating lease arrangements

Lease payments made under operating leases during the year were R1 036 953 (2007: R823 349) and R650 087 (2007: R593 196) for the Group and Institute, respectively. At the balance sheet date the outstanding commitments under various operating leases fall due as follows:

	Group	Institute
	R'000	R'000
2008		
Within one year	1 115	714
2 – 5 years	2 365	1 952
	3 480	2 666
2007		
Within one year	839	438
2 – 5 years	1 713	813
	2 552	1 251

The lease commitments are in respect of office premises for the Central, Eastern and Southern Regions of SAICA and The Hope Factory.

	Group and Institute Minimum lease payments	
	2008	2007
21.2 Finance lease obligation		
Contractual cash flows		
No later than one year	528	736
Later than one year and not later than three years	38	553
	566	1 289
Less unearned finance income	(29)	(126)
Present value of minimum lease payments	537	1 163
Included in the financial statements as:	537	1 163
Current liabilities	502	646
Non-current liabilities	35	517

Finance leases are in respect of photocopiers. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

The average term of finance leases are three years. The interest rate inherent in the leases is at the prime interest rate for the duration of the lease term. The effective interest rate contracted is approximately 14,6% (2007: 14%).

22. Financial Instruments

22.1 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 which analyse exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The use of financial derivatives is governed by the Group's policies approved by the Board, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continual basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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



22.2 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 2.9 to the financial statements.

22.3 Categories of financial instruments

	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Financial assets				
Loans and receivables	93 505	89 070	76 874	66 621
Available-for-sale financial assets	2 736	3 959	2 736	3 959
Financial liabilities				
Trade and other payables	27 992	43 801	24 718	25 768
Finance lease obligation	537	1 163	537	1 163

22.4 Interest rate risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. This exposure is limited to the finance lease obligation. The risk is decreased by agreements being fixed at a discounted rate of prime interest rate less 50 basis points.

An increase of 100 basis points would increase finance cost by R8 500 (2007: increase by R12 000); an equal change in the opposite direction would have decreased finance cost by the same amount.

22.5 Credit risk management

Credit risk refers to the risk that a counterparty 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 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 accounts receivable.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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.

	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
The ageing of trade and other receivables at the reporting date was:				
Not past due	17 096	25 552	4 819	2 202
60 days	842	756	763	351
Gross receivable	842	756	763	429
Impairment	-	-	-	(78)
90 days	3 801	3 878	1 205	-
Gross receivable	5 064	5 878	2 468	1 822
Impairment	(1 263)	(2 000)	(1 263)	(1 822)
Total (excluding inter-group advances)	21 739	30 186	6 787	2 553
Impairment of trade and other receivables				
Opening balance	2 000	1 575	1 900	1 575
Impairment (reversed)/increase	(737)	425	(637)	325
Closing balance	1 263	2 000	1 263	1 900

Based on past experience, the Group believes that no provision for doubtful debt is necessary in respect of trade receivables outstanding for less than 60 days.



Notes to the annual financial statements continued

for the year ended 31 December 2008

22. Financial Instruments (continued)

22.6 Liquidity risk management

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, banking facilities and reserve borrowing facilities, by continually monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

22.7 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2007.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 21 and note 12, cash and cash equivalents and reserves as disclosed in note 11 and the statement of changes in reserves respectively. The Group's contractual cash flows related to finance leases is shown in note 21.2. The cash flows related to trade and other payables are less than six months.

The gearing percentage at the year end was:

	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Debt	29 368	44 964	25 255	26 431
Cash and cash equivalents	71 766	58 884	67 241	53 351
Net cash	42 398	13 920	41 986	26 920
Equity	67 555	63 302	60 234	59 455
Debt to equity percentage (%)	43	71	42	44
The ageing of payables and accruals at the reporting date was:				
Not past due	20 738	41 508	12 461	25 187
60 days	7 254	2 293	5 096	581
Total (excluding inter-group payables)	27 992	43 801	17 557	25 768

22.8 Equity price risk

Available for sale investments sensitivity analysis

A 100 point increase in the JSE Limited index at reporting date will have increased equity by R12 585 (2007: increase R39 590). An equal change in the opposite direction will have decreased equity by the same amount.

22.9 Foreign currency risk

The district SAICA (UK) included in the Institutes results, undertakes transactions denominated in British Pounds Sterling. Exposure is mainly attributable to trade and other receivables, cash and cash equivalents and trade and other payables balances at year end. There are no open forward cover contracts and the exchange rate used was as follows:

Average rate £1,00:	R15,18
Year end rate £1,00:	R13,70



23. Post-employment benefits**Pension benefits**

The Institute provides pension benefits to employees through The SAICA Staff Pension Fund which is subject to the Pension Funds Act. The fund has both a defined contribution and defined benefit section.

Defined contribution section

All employees joining SAICA after 31 December 1998 become members of the defined contribution section. The contributions to the defined contribution section which are recognised as an expense for the year amounted to R4 342 958 (2007: R3 866 974).

Defined benefit section

There are currently four (2007: six) members in the defined benefit section (four pensioners). An actuarial valuation was done as at 31 December 2008 using the Projected Unit Credit Method.

The results of the actuarial valuation at 31 December 2008 are:

Disclosure in the financial statement**Balance sheet**

	2008 R'000	2007 R'000
Present value of the obligation	(910)	(983)
Fair value of plan assets	2 451	2 405
	1 541	1 422
Unrecognised actuarial gains/(losses)	–	–
Net surplus at 31 December	1 541	1 422
Effect of asset limit	(1 541)	(1 422)
Asset recognised in the balance sheet	–	–
Income statement		
Interest cost	75	104
Expected return on plan assets	(192)	(210)
Settlement cost	–	22
Current service cost	–	27
Income recognised in the income statement	(117)	(57)
Statement of recognised income and expenditure (pension fund reserve)		
Actuarial gains recognised	(2)	(55)
Effect of asset limit	119	130
Net pension fund reserve	117	75
The principal actuarial assumptions used are as follows:		
Discount rate (%)	7,3	8,3
Expected return rate on plan assets (%)	7,3	8,3
Future salary increase (%)	*–	6,5
Future pension increases (%)	3,5	5,0
Inflation rate (%)	3,5	7,0

*As the fund no longer has active members, salary increases are no longer relevant for the fund.



Notes to the annual financial statements continued

for the year ended 31 December 2008

24. Related parties

Key management personnel

Key management personnel have been defined in note 20. Remuneration of key management personnel is also reflected in note 20.

The Thuthuka Bursary Fund

The Thuthuka Bursary Fund assists underprivileged learners in becoming Chartered Accountants (SA). The funds of the trust are managed by SAICA in accordance with a management agreement with the trustees that took effect on 1 January 2004. Funds are repayable on demand at zero percent interest. Security has not been taken against the funds managed. The trust is included in the Group's figures in this annual report. SAICA also bears the cost of administering the trust of R1 631 704 (2007: R1 214 401). At year end the amount owed by SAICA to the trust was R5 548 905 (2007: R239 390) (see note 14).

The SAICA Staff Pension Fund

The SAICA Staff Pension Fund provides pension benefits for its employees through a defined benefit and defined contribution pension plan in terms of the Pensions Fund Act (see note 23).

Thuthuka Education Upliftment Fund

The Thuthuka Education Upliftment Fund is a Section 21 company. Its main business is to establish and maintain structures for carrying out and promoting skills development activities. In terms of the memorandum and articles, the company is controlled by SAICA. SAICA has five of the eight seats on the board of directors and the project manager is also a representative of SAICA. The funds of the company are controlled and managed by SAICA. Thuthuka is included in the Group results in this annual report. During the year SAICA charged Thuthuka a project management fee of R915 811 (2007: R582 000) as a partial contribution to SAICA's costs, while SAICA also provided temporary funding for projects until funds are received from donors. SAICA bears the costs of administering the fund to the value of R1 718 000 (2007: R1 993 330). At year end the amount owed to SAICA by Thuthuka was R2 846 020 (2007: R10 192 736) (see note 10).

The Hope Factory

The Hope Factory is a Section 21 company which was started with the sole purpose of developing skills and creating jobs. The company is controlled by SAICA and three seats on the board of directors are occupied by SAICA personnel. The results of The Hope Factory are included in the Group results in this annual report. At year end the amount owed to SAICA by The Hope Factory was R1 282 902 (2007: R2 024 491) (see notes 7, 8 and 10), before impairment. The management committee and Board of SAICA are key management to the company but do not receive compensation from this company. The funds of The Hope Factory are managed by SAICA. Funds earn market-related interest and the amount owed by SAICA to The Hope Factory at year end is R1 612 468 (2007: Rnil).

Association for Accounting Technicians

AAT(SA) was registered on 7 October 2008. As such, the financial results consist only of the three months that AAT(SA) operated and not a full year. The principal activities of the company are to provide qualifications and a member organisation for accounting technicians, and to regulate and support, in the public interest, the technical competence and professional standards of those persons. SAICA has a fifty percent share of the joint venture of Association for Accounting Technicians (SA). For the current year SAICA with AAT(UK) contributed R914 195 equally (see note 6).



25. Consolidation

Group information includes SAICA (the Institute), the Thuthuka Education Upliftment Fund, the Thuthuka Bursary Fund, The Hope Factory and the Association for Accounting Technicians (SA) (AAT(SA)). All controlled entities are 100% held except AAT(SA) which is fifty percent joint venture with AAT(UK). As these entities do not have share capital, the investment is recorded at Rnil (2007: Rnil) for all except AAT(SA) (see note 6) and The Hope Factory (see note 8).

	2008	2007
	R'000	R'000
The surplus/(deficit) for the controlled entities was as follows:		
Thuthuka Education Upliftment Fund		
Thuthuka Bursary fund	3 812	(81)
The Hope Factory	741	(52)
Association for Accounting Technicians (SA)	(913)	–

26. Critical accounting judgements and key sources of estimation uncertainty**Recoverability of trade receivables**

Management identifies impaired receivables on a continuing basis. The identification is based on the ageing of receivables as well as on a case-by-case basis.

Defined benefit from surplus apportionment

A key source of uncertainty exists and relates to the liabilities of the benefit funds of related assets due to the surplus apportionment in terms of the Pension Funds Act which has yet to be finalised and approved. Details relating to the current surpluses and deficits are included in note 23.

27. Guarantees

The Institute has a guarantee in place with Standard Bank and Nedbank in favour of the South African Post Office Limited for bulk postage to the value of R150 000 (expiry date 1 January 2030) and R250 000 (no expiry date) respectively.



Notice of the annual general meeting

The Annual General Meeting of members of the South African Institute of Chartered Accountants (SAICA) will be held in Gauteng at The Theatre on the Track, 4A Kyalami Boulevard, Kyalami Business Park, 1 Monza Place, Kyalami Park, on 21 May 2009 at 09h00 to transact the following business:

- The consideration of the Annual Financial Statements of the Institute for the year ended 31 December 2008.
- The consideration of a report of the Executive President.
- The consideration of a report by the auditors.
- The reappointment of KPMG Inc as the auditors.

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Due and proper notice will be provided of the aforementioned meeting via the following means:

- 1) Electronic mail – if you are registered on our database as a member capable of accepting communications from SAICA in this manner (email).
- 2) Post – if you are registered on our database as a member unable to accept communications from SAICA in electronic format.

Proxy forms will be available on the SAICA website: www.saica.co.za from 21 April 2009, and mailed to those referred to in 2 above.

Completed proxies must reach the registered office of SAICA at 7 Zulberg Close, Bruma Lake, Johannesburg, 2198; or PO Box 59875, Kengray 2100; or faxed to +27 11 621 6823, no later than 09h00 on Tuesday **19 May 2009**, 48 hours before the time appointed for the AGM and must be addressed to:

Tshidi Mokoena

Legal and Governance Unit
The South African Institute of Chartered Accountants
Integritas
7 Zulberg Close
Bruma Lake
Johannesburg
2198

If you do not receive the notification and proxy forms timeously, please contact the SAICA Call Centre for assistance at 0861 072 422 or +27 11 621 6600 or email jennyb@saica.co.za

Issued by:

Melanie Naidoo

The Head: Legal and Governance
The South African Institute of Chartered Accountants



