

SUMMARISED GROUP ANNUAL REPORT 2008



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.

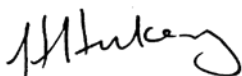
We realised that it would be difficult to meet our skills development objectives on our own. Therefore we looked for a credible partner to provide the necessary learning programmes. We had previously worked with the British-based Association of Accounting Technicians (AAT) in providing training in municipalities. 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.

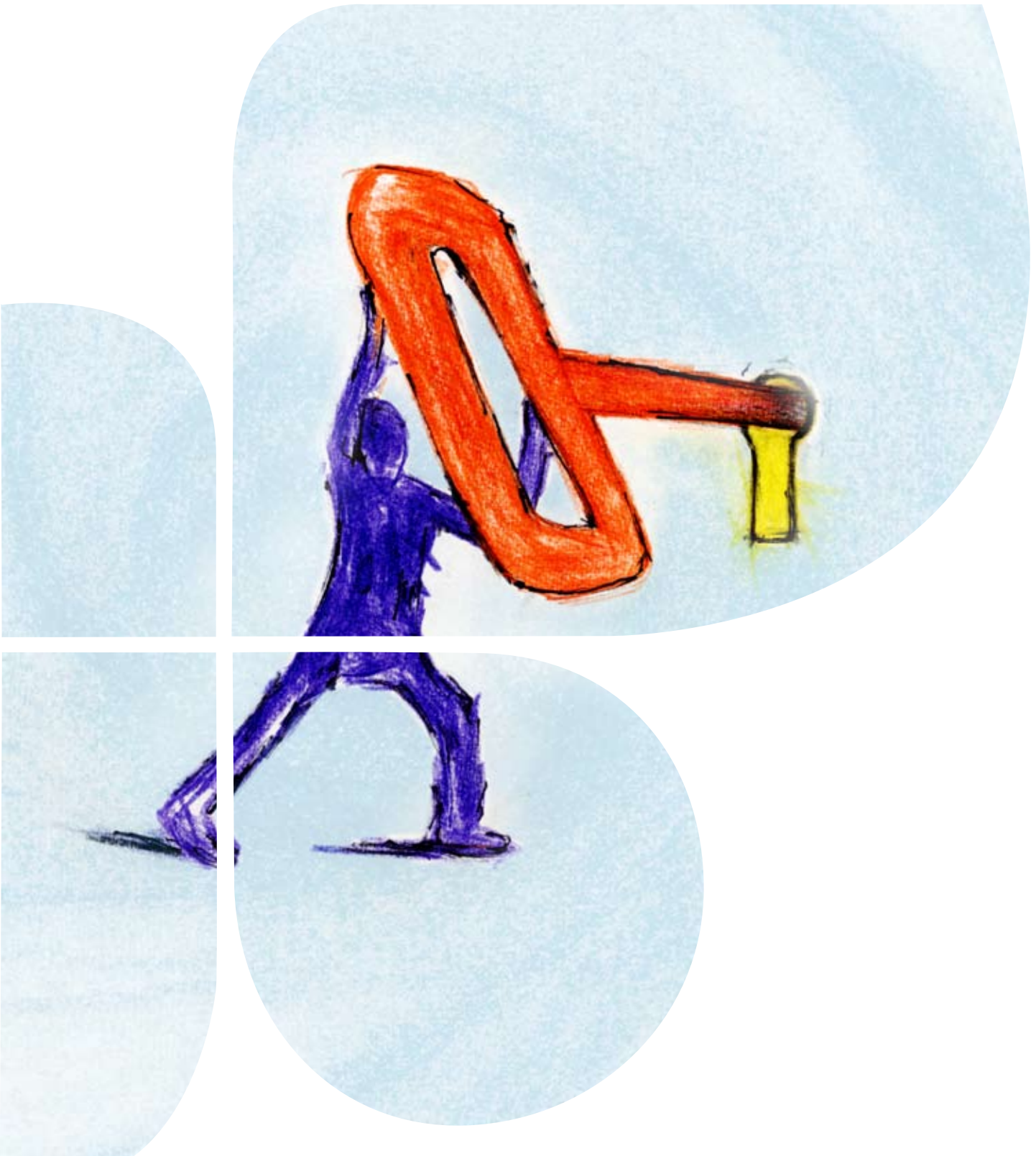
The on-the-job training component of the CA(SA) qualification process will, however, change markedly. The training programme will cover more consistently the learning requirements outlined in the competency framework. This includes more focus on softer skills, strategy and technology as a common requirement 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	<b>9 937</b>	<b>35</b>	9 605	36	9 395	37	9 000	37	8 539	37
Public practice	<b>7 003</b>	<b>24</b>	6 541	24	6 373	25	6 205	26	5 876	25
– large firms employed	<b>2 318</b>	<b>8</b>	2 012	7	1 884	7	1 772	7	1 610	7
– large firms – partner	<b>578</b>	<b>2</b>	594	2	603	2	620	3	647	3
– medium firms employed	<b>827</b>	<b>3</b>	696	3	678	3	665	3	621	2
– medium firms partner	<b>418</b>	<b>1</b>	413	2	415	2	412	2	403	2
– small firms employed	<b>366</b>	<b>1</b>	299	1	278	1	250	1	218	1
– small firms – partner	<b>1 093</b>	<b>4</b>	1 099	4	1 091	4	1 061	4	1 016	4
– sole practitioner	<b>1 403</b>	<b>5</b>	1 428	5	1 424	6	1 425	6	1 361	6
Retired	<b>1 074</b>	<b>4</b>	1 055	4	1 061	4	1 085	4	1 082	5
Government	<b>753</b>	<b>3</b>	701	3	698	3	675	3	601	3
Education	<b>417</b>	<b>1</b>	400	1	401	2	383	2	383	1
Unemployed	<b>135</b>	<b>1</b>	115	—	110	—	114	—	109	1
Other	<b>2 395</b>	<b>9</b>	2 401	9	1 791	6	1 289	5	1 207	5
Total members in South Africa	<b>21 714</b>	<b>77</b>	20 818	77	19 829	77	18 751	77	17 797	77
Foreign based members	<b>6 411</b>	<b>23</b>	6 097	23	5 826	23	5 575	23	5 283	23
Total members	<b>28 125</b>	<b>100</b>	26 915	100	25 655	100	24 326	100	23 080	100
Percentage increase	<b>4</b>		5		5		5		6	
Female members	<b>7 412</b>	<b>26</b>	6 706	25	6 052	24	5 359	22	4 733	21
Male members	<b>20 713</b>	<b>74</b>	20 209	75	19 603	76	18 967	78	18 347	79
Total members	<b>28 125</b>	<b>100</b>	26 915	100	25 655	100	24 326	100	23 080	100
Black members	<b>3 973</b>		3 463		3 008		2 568		2 191	
Percentage growth		<b>15</b>		15		17		17		19
Percentage of total members in South Africa		<b>18</b>		17		15		14		12
Percentage of total membership		<b>14</b>		13		12		11		9



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

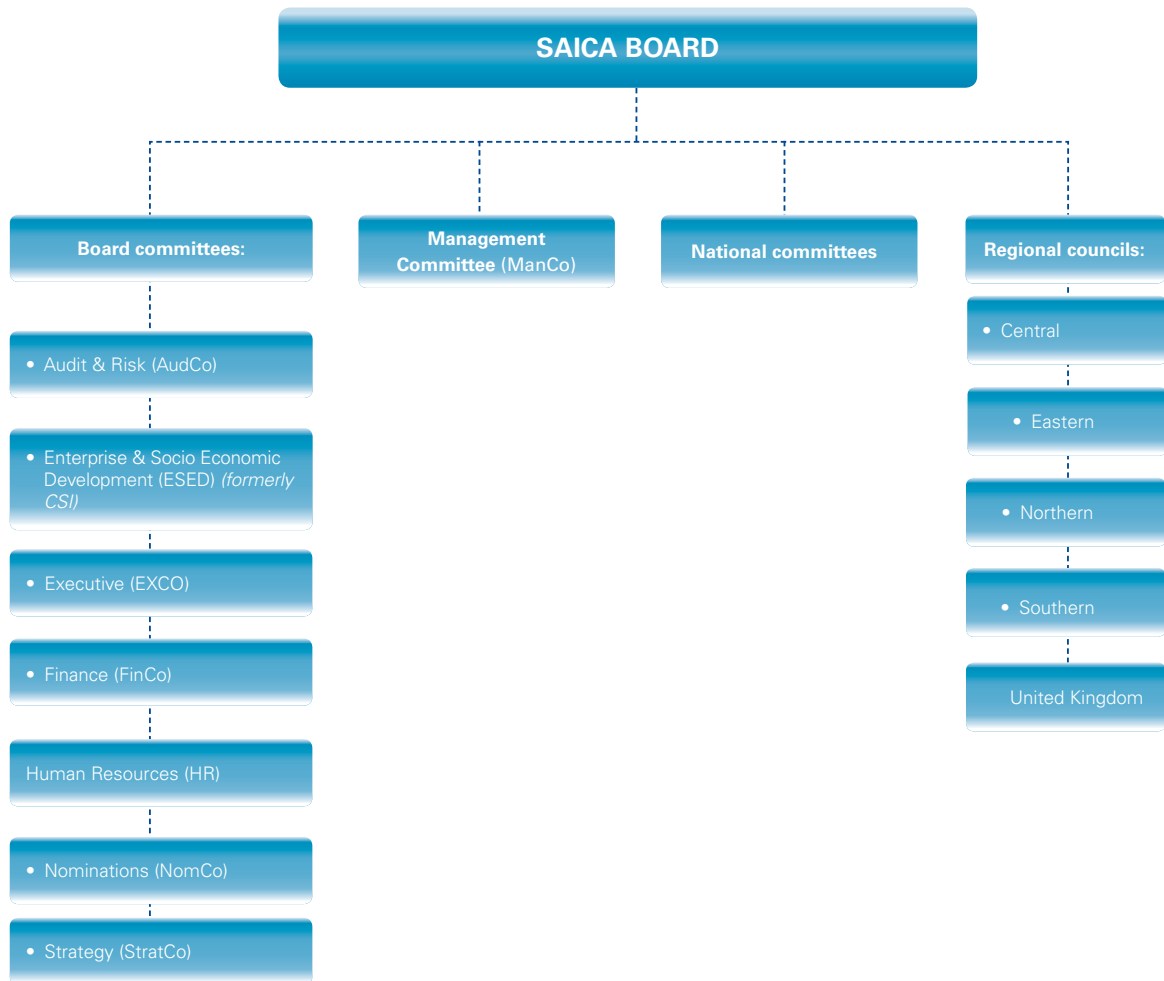
The governance structure is designed to enable the Board to discharge its duties and responsibilities without derogating from the principle that ultimate accountability rests with the SAICA Board.



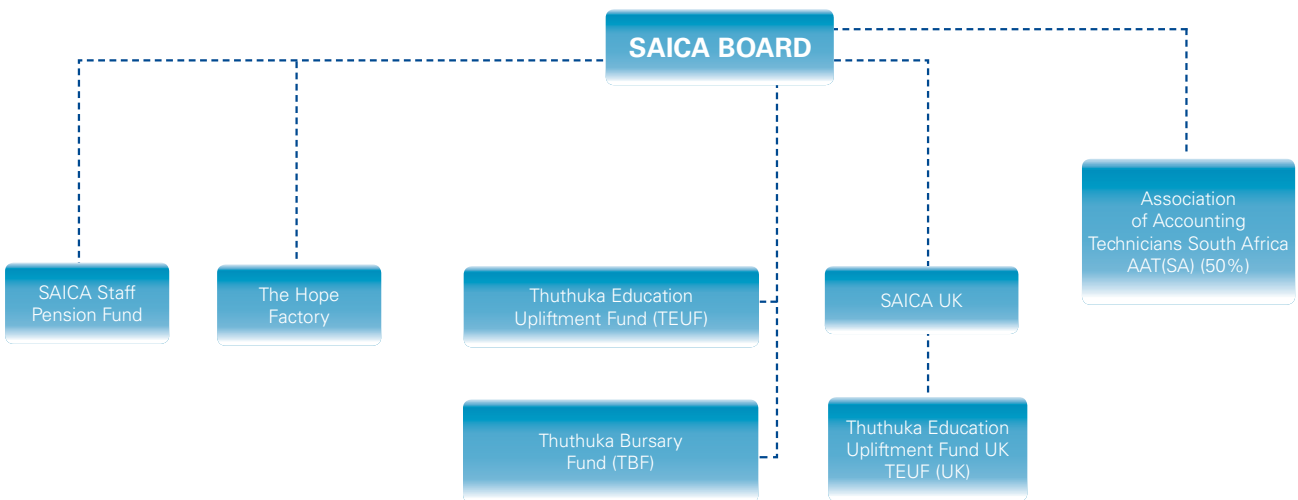
# If opportunity doesn't knock, build a door

*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 <sup>a</sup>	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 <sup>1</sup>	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 <sup>2</sup>	1 June 06	to	Present	6/6	1/2
R Maharaj <sup>3</sup>	1 June 07	to	31 May 08	1/3	Ø
TK Makwetu <sup>4</sup>	3 Jan 08	to	Present	4/6	0/1 <sup>b</sup>
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 <sup>5</sup>	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.

- <sup>1</sup>HH 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
- <sup>2</sup>JH Labuschagne: Appointed joint vice-chairman of the Board on 8 October 08. Chairman of Finco from 1 November 08
- <sup>3</sup>R Maharaj: Board vice-chairman to May 2008/Finco Chairman to May 2008/HR Chairman to May 2008
- <sup>4</sup>TK Makwetu: Appointed joint vice-chairman of the Board on 8 October 08. Chairman of HR Committee from 1 November 08
- <sup>5</sup>VM 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:**

- <sup>a</sup>TA Derwin represented Riana Fourie at 1/3 Board meetings
- <sup>b</sup>AF Puggia represented Kimi Makwetu at 1/1 Audit and Risk Committee meeting
- <sup>c</sup>MP 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 <sup>c</sup>	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 <sup>b</sup>
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

<sup>b</sup>AF 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 33 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 summarised annual financial statements, which appear on pages 27 to 33, 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)**

We have audited the Group annual financial statements and annual financial statements of SAICA which comprise the balance sheets at 31 December 2008, and the income statements and the statements of recognised income and expense and the cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, from which the accompanying summarised consolidated financial statements contained in the entity's summarised report were derived, in accordance with International Standards on Auditing. In our report dated 25 March 2009 we expressed an unmodified opinion on the Group annual financial statements from which the summarised financial statements were derived.

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In our opinion, the accompanying summarised Group financial statements are consistent, in all material respects, with the Group annual financial statements from which they were derived.

For a better understanding of the entity's financial position and the financial performance and cash flows for the year, and of the scope of our audit, the summarised financial statements should be read in conjunction with the Group annual financial statements from which the summarised financial statements were derived, and our audit report thereon.

## **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

	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Revenue	236 076	206 282	161 904	147 389
Expenditure	(239 842)	(206 043)	(167 954)	(146 953)
Operating (deficit)/surplus	(3 766)	239	(6 050)	436
Finance income	9 444	6 689	8 174	6 499
Finance expense	(197)	(240)	(117)	(166)
Net finance income	9 247	6 449	8 057	6 333
Loss on disposal of property, plant and equipment	—	(6)	—	(6)
Surplus before taxation	5 481	6 682	2 007	6 763
Income tax expense	—	—	—	—
Surplus for the year	5 481	6 682	2 007	6 763
Other comprehensive income				
Available-for-sale investments	(1 111)	392	(1 111)	392
Actuarial gains on defined benefit pension plans	2	55	2	55
Limit on recognition of fund assets	(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
<b>Assets</b>					
<b>Non-current assets</b>		<b>33 517</b>	28 516	<b>34 982</b>	29 471
Property, plant and equipment		22 071	22 057	21 918	21 913
Intangible assets		8 710	2 500	8 710	2 500
Investments		2 736	3 959	2 736	3 959
Investment in joint venture		—	—	914	—
Advance to controlled entities		—	—	—	1 099
Investment in controlled entity		—	—	704	—
<b>Current assets</b>		<b>95 474</b>	90 591	<b>78 425</b>	67 243
Inventories		299	235	181	72
Trade and other receivables		23 409	31 472	11 003	13 820
Cash and cash equivalents		71 766	58 884	67 241	53 351
<b>Total assets</b>		<b>128 991</b>	119 107	<b>113 407</b>	96 714
<b>Reserves and liabilities</b>					
Reserves	3	67 555	63 302	60 234	59 455
<b>Non-current liabilities</b>		<b>874</b>	517	<b>35</b>	517
Long-term loan		839	—	—	—
Finance lease obligation		35	517	35	517
<b>Current liabilities</b>					
Trade and other payables		60 562	55 288	53 138	36 742
<b>Total reserves and liabilities</b>		<b>128 991</b>	119 107	<b>113 407</b>	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	—
<b>Balance at 31 December 2008</b>	<b>5 533</b>	<b>(117)</b>	<b>6 273</b>	<b>1 978</b>	<b>46 811</b>	<b>7 653</b>	<b>(913)</b>	<b>337</b>	<b>67 555</b>



## Statement of changes in reserves continued

for the year ended 31 December 2008

	Institute					Total R'000
	Re- valuation reserve R'000	Pension Fund reserve R'000	SAICA Education Fund R'000	Fair value reserve R'000	Accu- mulated funds R'000	
<b>Reconciliation of movement in reserves</b>						
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)	—
<b>Balance at 31 December 2008</b>	<b>5 533</b>	<b>(117)</b>	<b>6 273</b>	<b>1 978</b>	<b>46 567</b>	<b>60 234</b>

The reserves are explained further in note 3



# Statement of cash flows

for the year ended 31 December 2008

Note	Group		Institute	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
<b>Cash flow from operating activities</b>				
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)
<b>Operating cash flow before working capital changes</b>	<b>(661)</b>	<b>2 553</b>	<b>(2 972)</b>	<b>2 728</b>
<b>Working capital changes</b>	<b>13 417</b>	<b>(2 050)</b>	<b>19 248</b>	<b>(5 193)</b>
(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)
<b>Net cash flow from operating activities</b>	<b>12 756</b>	<b>503</b>	<b>16 276</b>	<b>(2 465)</b>
<b>Cash flow from investing activities</b>				
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)
<b>Net cash flow from investing activities</b>	<b>(848)</b>	<b>1 459</b>	<b>(1 760)</b>	<b>998</b>
<b>Cash flow from financing activities</b>				
Repayment of finance leases	(626)	(446)	(626)	(446)
Long-term loan	1 600	—	—	—
<b>Net cash flow from financing activities</b>	<b>974</b>	<b>(446)</b>	<b>(626)</b>	<b>(446)</b>
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
<b>Cash and cash equivalents at end of year</b>	<b>71 766</b>	<b>58 884</b>	<b>67 241</b>	<b>53 351</b>



# Notes to the summarised annual financial statements

for the year ended 31 December 2008

## 1. General information

The information contained in this summarised set of financial statements is an extract from the annual financial statements for the year ended 31 December 2008. The annual financial statements can be obtained at the annual general meeting or from the SAICA website ([www.saica.co.za](http://www.saica.co.za)).

The auditor's report on the group and institute's annual financial statements was unqualified.

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## 2. Accounting policies

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.

## 3. 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.



**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.



## 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.

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](http://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](mailto:jennyb@saica.co.za)

Issued by:

### **Melanie Naidoo**

*The Head: Legal and Governance*

*The South African Institute of Chartered Accountants*



# Form of Proxy

## ANNUAL GENERAL MEETING

The South African Institute of Chartered Accountants  
(SAICA)

Non-Profit Organisation No: 020-050-NPO

### TO BE COMPLETED BY SAICA MEMBERS

I

(name in block letters)

of

(address in block letters)

Telephone (work) ( )

(home) ( )

Email

Being a member of SAICA, Membership No

do hereby appoint

or failing him/her, the chairman of the annual general meeting, as my proxy to vote on my behalf at the annual general meeting of members of SAICA which 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, for the purpose of considering and, if deemed fit, passing, with or without modification the resolutions to be proposed at the annual general meeting and at each adjournment of the annual general meeting and to vote for or against the resolutions or to abstain from voting.

The Annual General Meeting of members of the South African Institute of Chartered Accountants (SAICA) will be held to transact the following business.

Please indicate by selecting the appropriate options provided below how you wish your vote to be cast. If no indication is given, the proxy may vote or abstain as he/she thinks fit.

### INSERT AN "X" IN THE APPLICABLE BOX

	In favour of	Against	Abstain
1. The annual financial statements			
2. The report by the Executive President			
3. The report by the auditors			
4. The appointment of the auditors – KPMG Inc.			

Signed at

on

2009

Signature

Each member is entitled to appoint a proxy (a member of SAICA) to attend, speak and vote in place of that member at the annual general meeting.

- Every member of the Institute who is not in arrears in payment of his annual subscription or any contribution or charge payable by him/her to the Institute shall be entitled to be present in person or by proxy at an annual general meeting.
- Without a SAICA membership number this proxy form is not valid.
- The delivery of a duly completed proxy form shall not preclude any member or his/her duly authorised representative from attending the annual general meeting and speaking and voting thereat instead of the proxy.
- The chairman of the annual general meeting may reject a form of proxy which is completed and/or received other than in accordance with these notes.
- Any alteration to this proxy form, other than a deletion of alternatives, must be initialled by the signatory.
- In order to be effective, proxy forms must be faxed to +27(11)621-6823; or must be delivered or posted to the Company Secretary, SAICA, Integritas 7 Zulberg Close, Bruma Lake; or PO Box 59875, Kengray, 2100; so as to reach this address not later than 09h00 on Tuesday, 19 May 2009.
- Membership numbers may be obtained from the most recent subscription invoices posted to members, SAICA membership certificates or contact the membership department on +27(11)621-6600 (international) or 0861 072 422 (national) or email:jennyb@saica.co.za.





