

310 BROOKS

**INTEGRATED
ANNUAL REPORT**
2017 / 2018



Council for Debt Collectors



Council for Debt Collectors

FOREWORD

The recovery of debts plays an integral part in the economy of South Africa. With the economy under severe strain and in a technical recession, with our weak exchange rate, rising fuel prices, interest rate hikes and a VAT hike, consumers are buckling under the strain of meeting their month to month expenses. It is estimated that more than half the population cannot meet their financial obligations. It is therefore clear that the collection industry affects or has the potential to affect the vast majority of South Africans on a daily basis. Much has been done to improve and regulate the debt collection industry. The most important advance has been the creation of a statutory regulator named the Council for Debt Collectors. This body came into operation in 2003 and this report deals with advances made in the regulation of the industry.

Even though much has been achieved in ensuring that the recovery of debts is done in an ethical manner in accordance with the Act, Regulations and Code of Conduct for which the industry should be congratulated, there is still work that needs to be done.

The issues surrounding the conduct of attorneys in the recovery of debts and the fact that their fees are uncapped has resulted in a public outcry and prompted the Government to consider their inclusion under the Debt Collectors Act. The potential removal of Property managers from the jurisdiction is of grave concern as it would undoubtedly lead to the exploitation of already stressed tenants. The debate surrounding emolument attachment orders is ongoing, prescription and the implementation of authenticated non-face to face debit orders are also of some concern and will hopefully be addressed during the course of the next year.

We look forward to engaging with each stakeholder on the issues raised in this document and to together build the industry to serve stakeholders, the public and South Africa in the effort to ensure the fair recovery of debts.

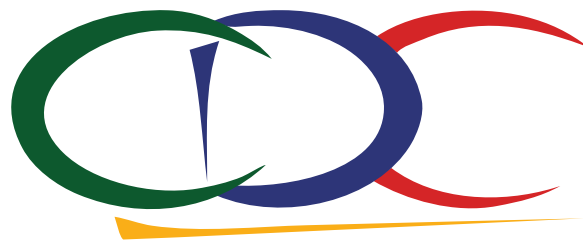
Adv A Cornelius
Chief Executive Officer

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PART A

GENERAL INFORMATION



Council for Debt Collectors

GENERAL INFORMATION

STRATEGIC OVERVIEW

VISION

Regulating the debt collection industry by ensuring the fair recovery of debt.

MISSION

To excel in the provision of accessible, sustainable, ethical, quality and independent oversight services to the debt collection industry.

VALUES

- Passion for Justice
- Ubuntu
- Integrity
- Accountability
- Service Excellence
- Innovation

STRATEGIC OUTCOME ORIENTATED GOALS

- **Outcome 1**
Quality oversight and regulation of the industry thereby contributing to the general NDP goal of reliable, fair and inclusive regulatory bodies.
- **Outcome 2**
Respected, accessible, high performing and sustainable public entity impacting positively on the debt collection profession, society, the economy and the environment.

LEGISLATIVE MANDATE

The Council was established by the Debt Collectors Act, 1998 (Act 114 of 1998) which came into operation on 7 February 2003. The broad objectives of the Council are contained in the long title of the Act:

To provide for the establishment of a Council, known as the Council for Debt Collectors; to provide for the exercise of control over the occupation of debt collector; to amend the Magistrates' Courts Act, 1944, so as to legalize the recovery of fees or remuneration by registered debt collectors; and to provide for matters connected therewith.

The broad mandate is formalized in more detail in the Act as follows:

THE OBJECTS OF THE COUNCIL

The objects of the Council are set out in section 2(2) of the Act: to exercise control over the occupation of debt collector. This provision in the enabling legislation is supplemented by other provisions in the Act, the Regulations and the Code of Conduct promulgated in terms of the Act. Broadly speaking the aims of the Council are to:

- regulate the occupation of debt collectors
- regulate the recovery of fees
- register debt collectors
- issue registration certificates
- the investigation of complaints against debt collectors and
- where appropriate, institute disciplinary proceedings against debt collectors for misconduct.

In short, the Council for Debt Collectors regulates the occupation of debt collector, ensures that debt collectors are registered with the Council and protects the public by the investigation of complaints and the institution of disciplinary proceedings where necessary.

ORGANISATIONAL STRUCTURE

THE CONSTITUTION OF THE COUNCIL

In terms of section 3(1) of the Act the Council must consist of not more than 10 members appointed by the Minister. Appointments can be made for a period not exceeding three years.

In terms of section 3(2) the Minister must appoint:

- a chairperson; and
- as members
 - a magistrate
 - an attorney nominated by a representative body or bodies
 - at least two, but not more than four debt collectors, two of whom shall be appointed after consultation with organisation's representing debt collectors, who are natural persons and who have exercised the occupation of debt collector for at least three years
 - two persons who, in the Minister's opinion, are fit and proper persons to serve on the Council and
 - one person from nominations submitted by institutions representing consumer interests and who, in the opinion of the Minister, is a fit and an appropriate person to serve on the Council.

MEETINGS OF THE COUNCIL

In terms of section 4(1) the Council must meet at least three times in every financial year.

COMMITTEES

- **Executive Committee**

In terms of section 4(1) of the Act the Council may appoint not less than three and not more than five of its members as an Executive Committee provided that the majority of members of the Executive Committee must be members other than members who have been appointed by virtue of the fact that they are debt collectors.

- **Audit Committee**

Although no specific provision has been made in the Act for the appointment of an audit committee, the Council has deemed it necessary to convene such a committee from the members of the Council with the required expertise in order to promote the principles of sound corporate governance recommended in the King Report on Corporate Governance.

GENERAL INFORMATION

COUNCIL MEMBERS



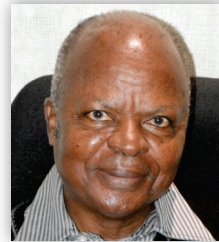
Ms L S Machaba
Chairperson



Mr J van Rensburg
Vice Chairperson



Ms J Ntsihngila
Member



Mr D Lamola
Member



Mr B M J Maseko
Member



Ms M Viljoen
Member



Mr P A Olivier
Member



Mr C Senzani
Member



Mr P A du Rand
Member



Mr S Lindsay
Member

In terms of section 7 of the Act the Council may appoint such personnel as it may deem necessary for the efficient performance of its functions and management of its administration and may determine the remuneration and conditions of service of such personnel.



GENERAL INFORMATION

In terms of the statutory framework set out previously the following Council members were appointed:

NAME	CAPACITY	DATE OF APPOINTMENT	APPOINTED UNTIL	SECTION OF THE ACT
Ms. L S Machaba	Chairperson	4 March 2015	3 March 2018	Section 3(2)(a)
Mr. J van Rensburg	Vice Chairperson	4 March 2017	3 March 2020	Section 3(2)(b)(ii)
Ms. J Ntshingila	Member	4 March 2015	3 March 2018	Section 3(2)(b)(i)
Mr. D Lamola	Member	4 March 2015	3 March 2018	Section 3(2)(b)(iii)
Mr. B M J Maseko	Member	4 March 2015	3 March 2018	Section 3(2)(b)(iii)
Ms. M Viljoen	Member	4 March 2015	3 March 2018	Section 3(2)(b)(v)
Mr. P A Olivier	Member	4 March 2015	3 March 2018	Section 3(2)(b)(iii)
Mr. C Senzani	Member	4 March 2017	3 March 2020	Section 3(2)(b)(iv)
Mr. P A du Rand	Member	4 March 2015	3 March 2018	Section 3(2)(b)(iv)
Mr. S Lindsay	Member	4 March 2017	3 March 2020	Section 3(2)(b)(iii)

SECRETARIAT OF THE COUNCIL

The Council is assisted in its task by a full-time secretariat. The management team consists of the following individuals:



A Cornelius
CEO



T Mabasa
Registrar
Legal Department



L Mangcane
Public Relations
Manager

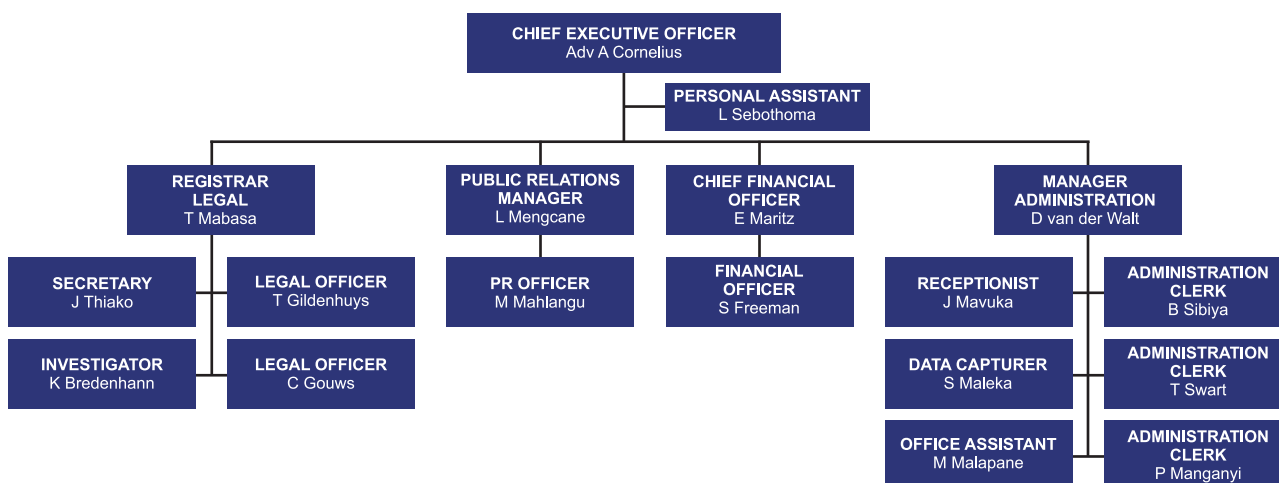


E Maritz
CFO



D van der Walt
Administrative
Manager

The 18 posts and their incumbents are (visually) represented in the organogram below:



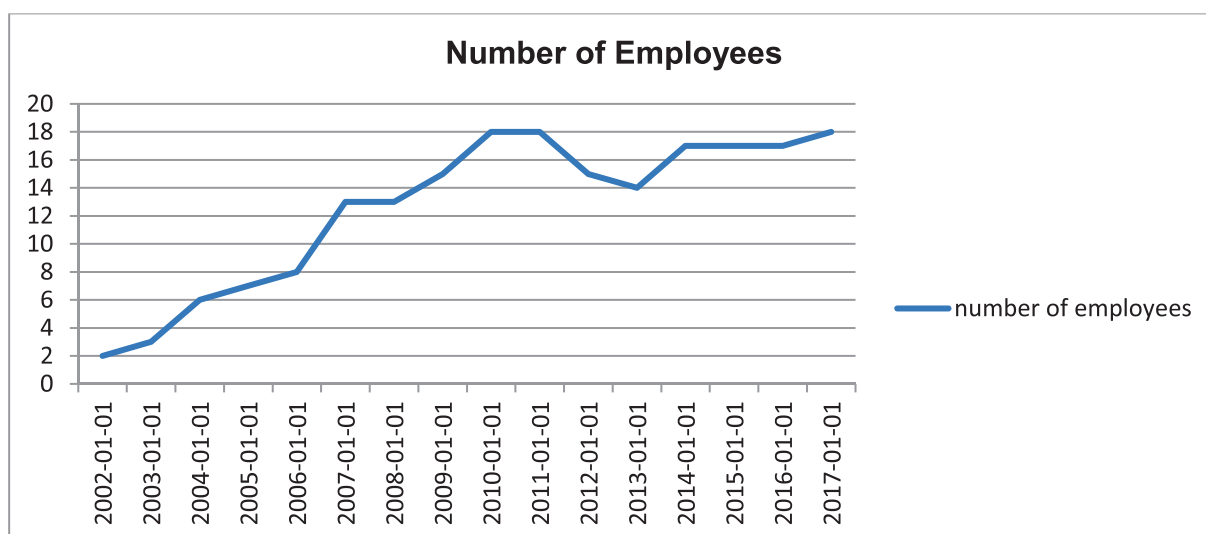
GENERAL INFORMATION

During the year under review one additional appointment in Ms. Mavuka as receptionist was made.

Functionally the administrative component is divided into two departments:

- An administrative department to deal with new applications for registration and renewals of current debt collectors
- A financial department responsible for managing the Council's finances.

The increase of the staff complement since 2003 is reflected in the table below:



The Council has a relatively small administrative component to deal with a considerable workload. The Council wishes to express its appreciation to the members of the Secretariat for their outstanding services, their commitment to service excellence and for the high standard of work delivered. It is also gratifying to report that no financial losses occurred during the year under review.

REPORT OF THE CHAIRPERSON

I have pleasure in presenting the review of the Council's activities for the period from 1 March 2017 until 28 February 2018.

INTRODUCTION

I am pleased to report that the reporting period 2017/2018 was a proactive and productive year, accentuated by a period of continuing growth and stabilisation within the Council for Debt Collectors. The worsening economic situation presented very real challenges to the Council, debt collectors and the general public. I am satisfied that the Council remains well positioned to act as an effective and efficient sector regulator even in these challenging times.

I believe that the Council's progress since its inception achieved its vision of being a world class regulator by meeting and even surpassing the needs and expectations of its stakeholders.

The term of office of some Council members, expired in 2017. New appointments were made and at the time of the drafting of this report there were no vacancies on the Council.

STRATEGIC PLANNING

The strategic plan was reviewed and revised to ensure a vibrant organisation, committed to fulfill its statutory mandate and to render a service to its clients in line with the principles of *Batho Pele*.

Council also identified the need to assist and empower new debt collectors in the industry. To address this need, the Council has embarked on a training initiative for all new registered debt collectors, the distribution of the free software program developed for new collectors is an ongoing process.

CORPORATE GOVERNANCE AND KING IV

All recommendations contained in King III which is applicable to the Council have been implemented and the additional requirements contained in King IV incorporated during the course of the year. Explanations were provided in case of recommendations that could not be implemented. The implementation of King IV added value to the Council to further enhance good corporate governance. The Council, with the assistance of the Audit, Risk and Finance Committee, has reviewed all its policies in 2017 and developed certain new policies to enhance governance.

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are effectively managed. In line with the Act and the King IV Report on Corporate Governance requirements, the Audit, Risk and Finance Committee and external audit provide the Council with assurance that internal controls are adequate and effective.

This is also achieved by means of the ongoing risk management process that is reviewed by the Audit, Risk and Finance Committee as well as at each Council meeting. The Committee is satisfied that the Council's top risks have received adequate attention throughout the course of the reporting year.

The risks inherent to the Council and controls implemented to monitor these risks will be monitored on an ongoing basis.

GENERAL INFORMATION

The Council continuously strives to be competent and respected, and to conduct its affairs with integrity. The Council has the following committees in place:

- Executive Committee
- Audit, Risk and Finance Committee;
- Disciplinary Committees (to exercise its statutory oversight role)

LONG TERM FINANCIAL STABILITY

The Council's finances as indicated in the annual report continue to remain healthy. The Council maintains sufficient reserves to carry on operations for a number of years. I believe that the secretariat will continue to manage the finances and activities prudently, whilst recognizing the need to gear up capacity in certain areas to support the anticipated growth in our membership as well as the needs and expectations of our stakeholders.

ENABLING LEGISLATION

A number of important amendments to our enabling Act have been recommended for inclusion in the legislative program. These amendments will not only enhance a more effective Administration and Regulation process but will also assist debt collectors by providing for a new registration procedure in respect of trainee debt collectors. The inclusion of attorneys under the jurisdiction of the Council as proposed in the current draft is welcomed and will hopefully receive attention during the next financial year.

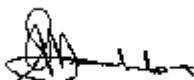
STAKEHOLDER MANAGEMENT

In line with the strategic plan of the Council, various campaigns were conducted to create awareness of the Council and its activities throughout the course of the year. Those activities are set out in Part F.

CONCLUSION

Whilst recognizing that the Council has made great strides since its humble beginning in 2003, the Council is committed to strive towards raising the Council yet to another level. I have full confidence that the Chief Executive Officer and his team will make further strides in the year ahead in increasing the stature of the Council and exceeding the expectations of our stakeholders.

I wish to thank the Chief Executive Officer as well as the staff for their dedication and commitment to ensure service excellence. It is equally important to express my appreciation to fellow Council members for their significant contributions, tireless support and commitment throughout the year.



L S Machaba CA (SA)
Chairperson

REPORT OF THE CHIEF EXECUTIVE OFFICER

INTRODUCTION

For the year under review the Council managed to maintain the high service levels and service excellence that our stakeholders have become accustomed to. Council members and managers have developed a closely-knit bond that promotes the effective functioning of the Council.



MANAGING AND MONITORING OF ADMINISTRATION

From an operational perspective, further strides have been made in ensuring that we run operations effectively, efficiently and economically by updating and enforcing the necessary governance structures and processes that ensures service excellence. The profession of debt collecting is a volatile occupation as reflected in Part D, an additional burden on the industry has been the changes made to the National Credit Act, and the prohibition on the recovery of prescribed debts and the ongoing difference of interpretation by the Courts as to the requirements needed for the granting of EAO orders. Changes to the magistrates Court Act to provide relief is welcomed and it is hoped that an efficient, effective and fair process will be the result of these actions.

The goal of a turnaround time of seven days for applications received has through hard work and diligence been maintained and, in most instances, exceeded. A same day policy has been implemented in those instances where Debt Collectors apply in person for registration.

For the year under review the Council has registered **17 913** debt collectors.

In order to effectively exercise control over the debt collection profession it is crucial that all collectors have to be registered. The figures show that this primary objective has been successfully dealt with.

IT GOVERNANCE

The Council's dedicated software program is improved and maintained on an ongoing basis. A disaster management plan is in existence and comprehensive backup procedures ensure the integrity of the Council's data.

HUMAN RESOURCES

The Council is committed to growing our talent and competencies to enable better quality service. For the period under review a new receptionist was appointed. The succession plan and vision are monitored and evaluated on an ongoing basis. During the course of the reporting period staff members attended various initiatives with the goal of training and empowerment.

A performance reward system has been adopted and in terms of this policy, a number of staff members were rewarded in accordance with their performance, during the year under review.

The annual strategic planning session and team building event allows for the opportunity to not only bring the staff of the Council together, but also to discuss and resolve any areas of concern and improvement. I am happy to report that there were no problems or major concerns. The well-being of the staff remains a priority, contributing to the dedication and loyalty of the staff. The number of employees who received a merit award reflects the staff's commitment to service excellence.

MARKET AND PROMOTE THE COUNCIL

The Council once again embarked on a publicity campaign to raise the public awareness of the functions of the Council. The details of the 2017/18 campaign are set out in the report under Part F.

The Council continued with the process of maintaining an effective stakeholder management plan. The Council also participated in numerous meetings with its stakeholders and on a regular basis attends the general meetings of ADRA (Association of Debt Recovery Agents). All proposed legislative changes and amendments are also broadly canvassed with the industry in order to obtain a comprehensive consensus.

Through its website the Council strives to keep its clients informed. The website has been redesigned to provide an efficient consumer friendly basis for communication. The Council made a concerted effort to keep the public informed about their rights through public consultation, engaging the printed and electronic media as well as awareness campaigns. These matters are fully dealt with in Part F of the main report.

In line with the principles of Batho Pele and in honor of Mandela Day, the staff, in an effort to give back to the community, engaged in a number of activities as set out in Part F.

FINANCIAL MANAGEMENT

The Council's main source of income is the application fees for new registrations and the annual subscription fees for the renewal of existing registrations which has not been adjusted since 2003. Considering the Council's additional income on investments, its financial position is sound, and its financial reserves have grown steadily since its establishment.

The Council has again received an unqualified audit report for the year under review and has received unqualified audit reports since its inception in 2003. The Council's risk management plan is a standing item on the agenda and reviewed regularly to ensure preventative rather than retroactive solutions.

In order to reduce operating costs, the Council has embarked on a process to purchase fixed property which should hopefully be concluded in the next financial year.

DISCIPLINARY HEARINGS

Comparing the number of complaints where disciplinary hearings have been instituted against the number of debt collectors, it is clear that the industry ensures a high degree of self-regulation. The fact that the Council actively ensures compliance with the Act, Regulations and Code, contributes to self-regulation.

As can be seen from the report set out in Part E, this core principle of the regulation of debt collectors is being successfully implemented.

ENABLING LEGISLATION

A critical analysis of our enabling legislation has revealed a number of areas where reform is indicated. These areas have been identified and proposed amendments to both the enabling Act and the Regulations have been developed and are currently being promoted by the Department of Justice and Constitutional Development. The details are dealt with under Part E of the main report.

CORPORATE GOVERNANCE

The implementation and adherence to the principles as set out in King IV is monitored on an ongoing basis.

CONCLUSION

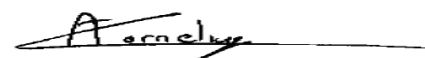
The focus in the 2018/19 period will be on sustainability and the continued monitoring of risk management. We also aim to actively promote the finalisation of the Amendment Bill for approval by Parliament.

The Social Responsibility program will also be monitored and executed. A program to enlarge the Council footprint will also be undertaken, it was decided to run the media campaign in house which will enable the Council to expand its reach without incurring additional costs to do so.

There are several issues impacting on the debt collection industry which needs to be closely monitored going forward. Those issues are:

- The authenticated debit order system
- The changes to the Prescription Act
- The new Property Practitioners Act

Ultimately the achievements and high performance of the Council is only possible due to the commitment and contribution of our dedicated staff and Council members. It is hereby then, that I express my sincere gratitude to the Council's leadership and staff members for their dedication and commitment.



Adv A Cornelius
Chief Executive Officer

SCOPE AND BOUNDARY OF THE INTEGRATED ANNUAL REPORT

The integrated annual report covers the activities and achievements of the Council for Debt Collectors for the period 28 February 2017 to 1 March 2018. The integrated annual report has been prepared according to Generally Recognized Accounting Principles (GRAP) and the recommendations of King IV.

A statement from the Council acknowledging its responsibility for ensuring the integrity of the report.

The members of the Council acknowledge its responsibility to ensure the integrity of the integrated report. The members have accordingly applied their minds to the integrated report and in the opinion of the members the integrated report addresses all the material issues and presents fairly the integrated performance of the Council. The integrated report has been prepared in line with best practice pursuant to the recommendations of King IV Code.

The Annual Report is signed on their behalf by:

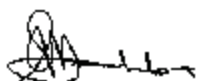


Adv A Cornelius
Chief Executive Officer

AUDITOR'S REPORT, APPROVAL AND STATEMENT OF RESPONSIBILITY

- The Auditor's report
- Approval and statement of responsibility

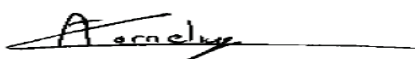
The auditor's report and the financial statements which appear in Annexure 1 to the report were approved by Council on 29 August 2018 and signed on their behalf by:



Ms L S Machaba: Chairperson

29/08/2018

Date



Adv A Cornelius: Chief Executive Officer

29/08/2018

Date

PART B

FINANCIAL INFORMATION



Council for Debt Collectors

REPORT OF THE AUDIT, RISK AND FINANCE COMMITTEE

INTRODUCTION

Although no specific provision has been made in the Act for the appointment of an audit committee, the Council has deemed it necessary to convene such a committee from the members of the Council with the required expertise in order to promote the principles of sound corporate governance recommended in the King Report on Corporate Governance.

AUDIT, RISK AND FINANCE COMMITTEE MEMBERS AND ATTENDANCE

During the year under review the Audit Committee was constituted as follows:

Chairperson	:	Mr J Van Rensburg
Members	:	Mr D Lamola
Member	:	Mr C Senzani

Adv A Cornelius, Chief Executive Officer, has been co-opted for the period under review.

Ms S Machaba (Chairperson of the Council) served on the Audit Committee in an advisory capacity for the duration of the year under review.

The Audit Committee met on four occasions during the year under review:

22 May 2017
14 August 2017
16 October 2017
19 February 2018

AUDIT, RISK AND FINANCE COMMITTEE

The Audit, Risk and Finance Committee has presented the following report to Council for the year under review:

AUDIT, RISK AND FINANCE COMMITTEE RESPONSIBILITY

The Audit, Risk and Finance Committee reports that it has adopted appropriate formal terms of reference as its Audit, Risk and Finance Committee charter, has regulated its affairs in compliance with this charter and has discharged its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal control, although not fully compliant with King IV principles due to the size of the organisation, was effective during the year under review.

The Audit, Risk and Finance Committee has addressed this by having developed systems, policies and guidelines to be adhered to by the organisation.

Although the Audit, Risk and Finance Committee advised management and Council to engage a service provider to fulfill the role of internal audit for the Council, a Council decision was not to engage the services of an internal audit due to the size of the organisation. The Audit, Risk and Finance Committee was delegated by Council to closely monitor audit, risk and finance activities during the year.

The Council has developed and implemented a King IV compliance checklist in addition to compliance with the Act, Regulations, policies and procedures.

THE QUALITY OF THE YEAR'S MANAGEMENT AND MONTHLY QUARTERLY REPORTS

The Committee is satisfied with the content and quality of the monthly reports prepared and issued by the Chief Financial Officer.

Reporting has improved in respect of member subscriptions, the entire financial management system and corporate governance.

THE EFFECTIVENESS OF RISK MANAGEMENT AND COMPLIANCE

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are effectively managed. In line with the Act and King IV Report on Corporate Governance requirements the Audit, Risk and Finance Committee (in the absence of internal audit) and external audit provide the Council with assurance that internal controls are appropriate and effective. This is achieved by means of the ongoing risk management process.

A risk assessment workshop was conducted during the year where the top risks and corresponding controls were identified, as part of ongoing risk management. The Committee is satisfied that the Council's top risks have received adequate attention throughout the reporting period. The risks inherent to the Council and controls implemented to monitor these risks were evaluated on an ongoing basis.

EXTERNAL AUDIT

The committee is responsible for recommending the appointment of the independent auditors. The committee has satisfied itself that the auditors of the Council are independent as defined by the Act. The committee, in consultation with executive management, agreed to the audit plan and audit fee for the 2018 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time.

BUDGET

Procedures were reviewed and it was decided to accommodate the reporting of income and expenditures on a monthly basis as and when expenditure is incurred or income received.

It was also decided to review the budget on a six-monthly basis to make provision for any changes due to the volatility of the industry and the current global financial crisis.

EVALUATION OF FINANCIAL STATEMENTS

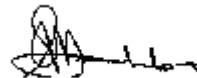
The Audit, Risk and Finance Committee has

- Reviewed external auditor's management letter and management response
- Reviewed, discussed with the external auditors, the CFO and the CEO and recommended the audited annual financial statements to be included in the annual report for approval by Council and
- Council has subsequently approved the unqualified annual financial statements.



MR J Van Rensburg B Proc

(Chairperson for the period under review)



MS L S Machaba CA (SA)

(Council Chairperson for the period under review)

THE FINANCIAL MANAGEMENT OF THE COUNCIL

The following information analyses income and expenditure and contains full disclosure on emoluments.

EXTERNAL AUDIT AND FINANCIAL STATEMENTS

The external auditor presented an unqualified audit report for the year under review. As noted earlier in this report, all annual audit reports since the establishment of the Council have been unqualified.

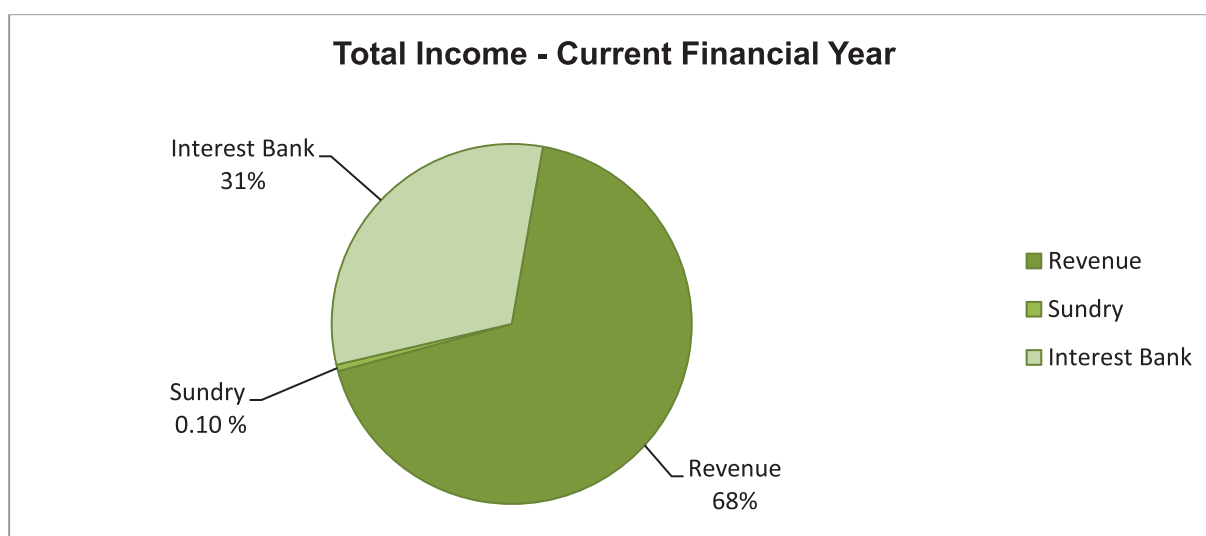
INCOME AND EXPENDITURE

Income

The gross revenue for the year under review totals R19 642 659 and is made up as follows:

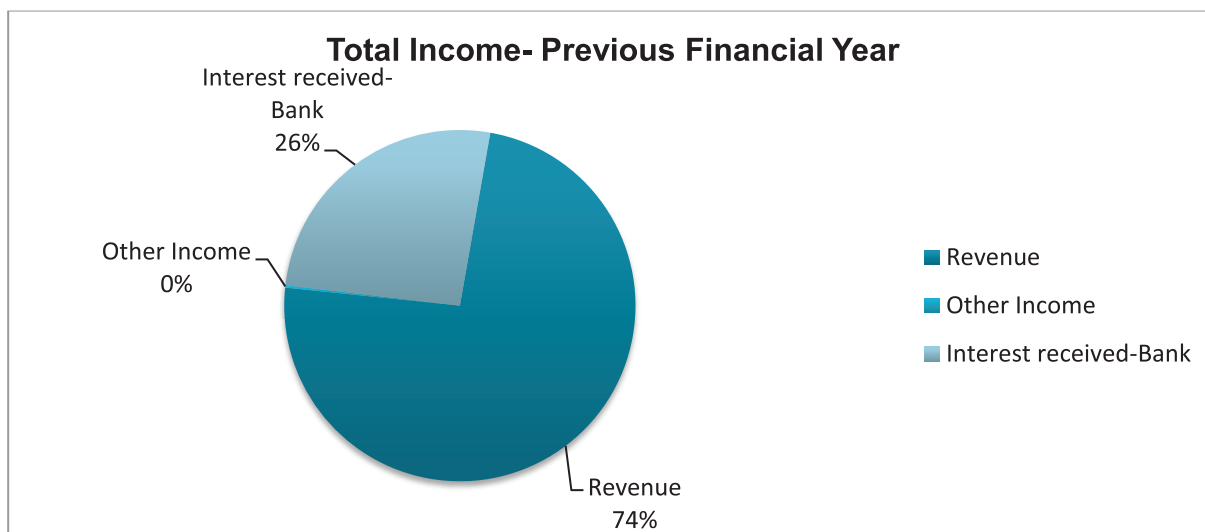
Fees received	:	R 12 962 076
Sundry income	:	R 113 343
Interest received	:	R 5 990

Total income illustrated:



Gross revenue for the previous financial year totalled 19 149 484 and made up as follows:

Fees received	:	R 19 149 484
Sundry Income	:	R 42 100
Interest received	:	R 4 963 167



The income for the year under review compared with the previous financial year:

INCOME	2018	2017	INCREASE
Gross revenue	R 12 962 076	R 14 144 217	
Sundry income	R 113 343	R 42 100	
Other income			
Interest – investments	R 5 990 899	R 4 963 167	
Total income	R 19 642 659	R 19 149 484	R 493 175

The Council's total income in the current financial year increased by R 493 175. This is attributed to an increase in interest rates on the Council's investments.

Expenditure

The Council's expenditure during the year under review totalled R 13 651 760 while the expenditure in respect of the previous financial year totalled R 12 432 338. This represents an increase in expenditure of R 1 219 422.

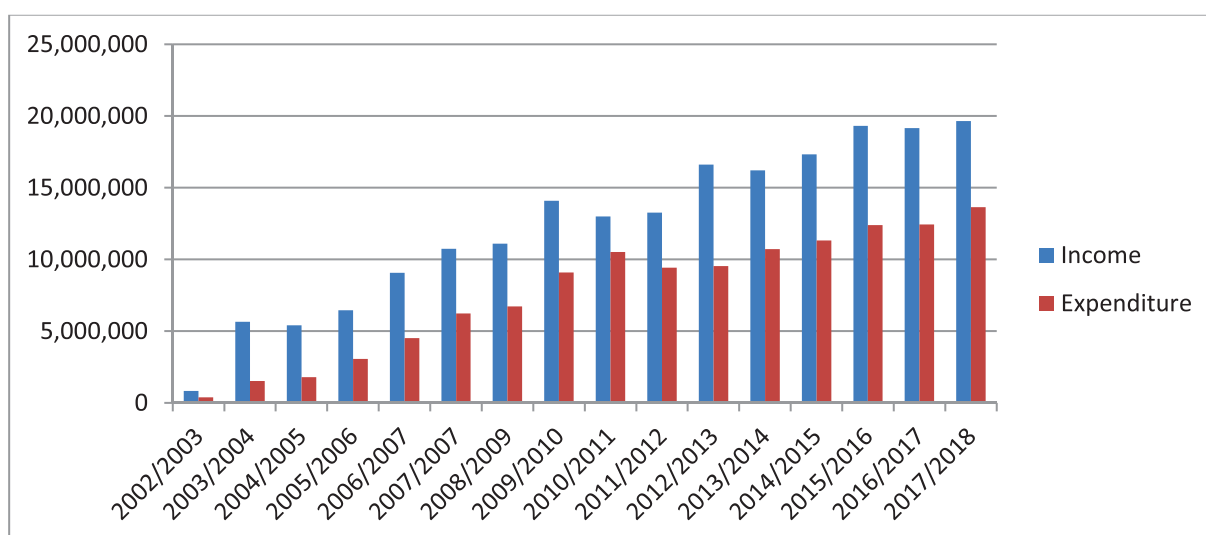
FINANCIAL INFORMATION

INCOME AND EXPENDITURE SINCE 2003

The income based on gross revenue including the income on interest and expenditure since 2003 is reflected in the table below:

FINANCIAL YEAR	INCOME	EXPENDITURE
2002/2003	844 557	390 779
2003/2004	5 651 370	1 531 498
2004/2005	5 412 853	1 787 242
2005/2006	6 469 187	3 075 829
2006/2007	9 061 202	4 505 784
2007/2008	10 744 349	6 245 142
2008/2009	11 095 175	6 725 308
2009/2010	14 095 980	9 102 218
2010/2011	12 994 406	10 519 841
2011/2012	13 256 230	9 427 913
2012/2013	16 609 877	9 539 002
2013/2014	16 207 925	10 728 664
2014/2015	17 326 306	11 319 946
2015/2016	19 324 240	12 397 130
2016/2017	19 149 484	12 432 338
2017/2018	19 642 659	13 651 760

The above information is illustrated as follows:



FINANCIAL INFORMATION

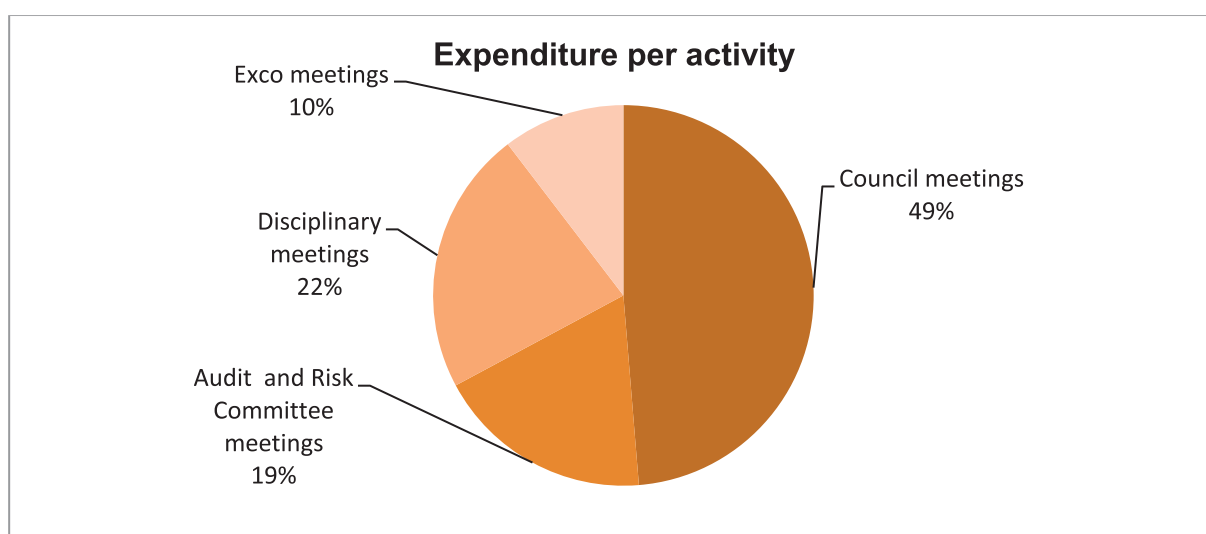
Since there has been no increase in fees since 2003, the income based on gross revenue remains dependent upon the annual fees of registered debt collectors and the number of new registrations. The gap between income and expenditure has been steadily decreasing since 2005 but appears to have stabilised. This becomes more evident if the income on interest is excluded:

FINANCIAL YEAR	INCOME	EXPENDITURE
2002/2003	844 557	390 779
2003/2004	5 651 370	1 531 498
2004/2005	5 412 853	1 787 242
2005/2006	5 827 325	3 075 829
2006/2007	8 044 184	4 505 784
2007/2008	9 026 984	6 245 142
2008/2009	9 658 775	6 725 308
2009/2010	10 511 753	9 102 218
2010/2011	10 014 966	10 519 841
2011/2012	10 906 594	9 427 913
2012/2013	14 099 904	9 539 002
2013/2014	13 249 275	10 728 664
2014/2015	13 120 718	11 319 946
2015/2016	14 460 383	12 397 130
2016/2017	14 144 217	12 432 33
2017/2018	12 962 076	13 651 760

EXPENDITURE IN RESPECT OF COUNCIL RELATED ACTIVITIES

The following expenditure was incurred in respect of Council meetings.

The expenditure is illustrated below.



EMOLUMENTS OF COUNCIL MEMBERS AND MANAGEMENT

Council Members

During the year under review the remuneration of Council members was as follows:

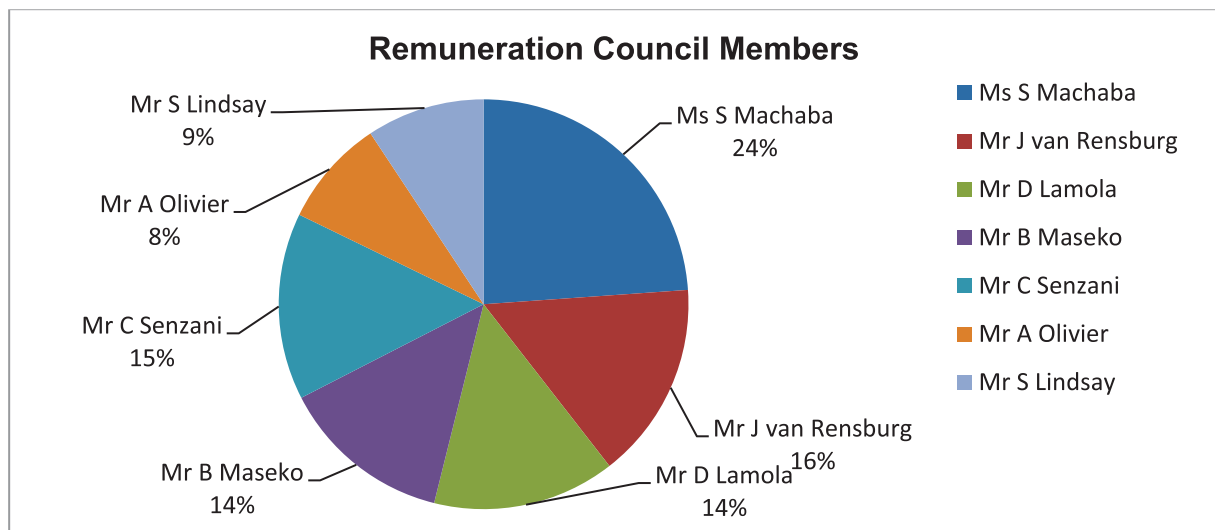
Chairperson	:	R 4 957 per day
Vice chairperson	:	R 4 213 per day
Members	:	R 3 685 per day

The remuneration (including subsistence and travelling) of individual Council members is as follows:

COUNCIL MEMBER	PERIOD	GROSS REMUNERATION
Ms S Machaba - Chairperson	1/3/2017 – 28/2/2018	R 101 175
Mr J Van Rensburg – Vice-Chairperson	1/3/2017 – 28/2/2018	R 52 239
Mr D Lamola – Member	1/3/2017 – 28/2/2018	R 45 703
Mr M J B Maseko – Member	1/3/2017 – 28/2/2018	R 31 877
Mr C J Senzani – Member	1/3/2017 – 28/2/2018	R 45 703
Mr P A Olivier - Member	1/3/2017 – 28/2/2018	R 24 451
Mr S Lindsay	1/3/2017 -- 28/2/2018	R 24 451
TOTAL		R 424 660

Ms M Viljoen, J Ntshingila and Mr P A du Rand are excluded in lieu of their appointment status.

The gross remuneration for 2017/2018 as a percentage of the total expenditure:



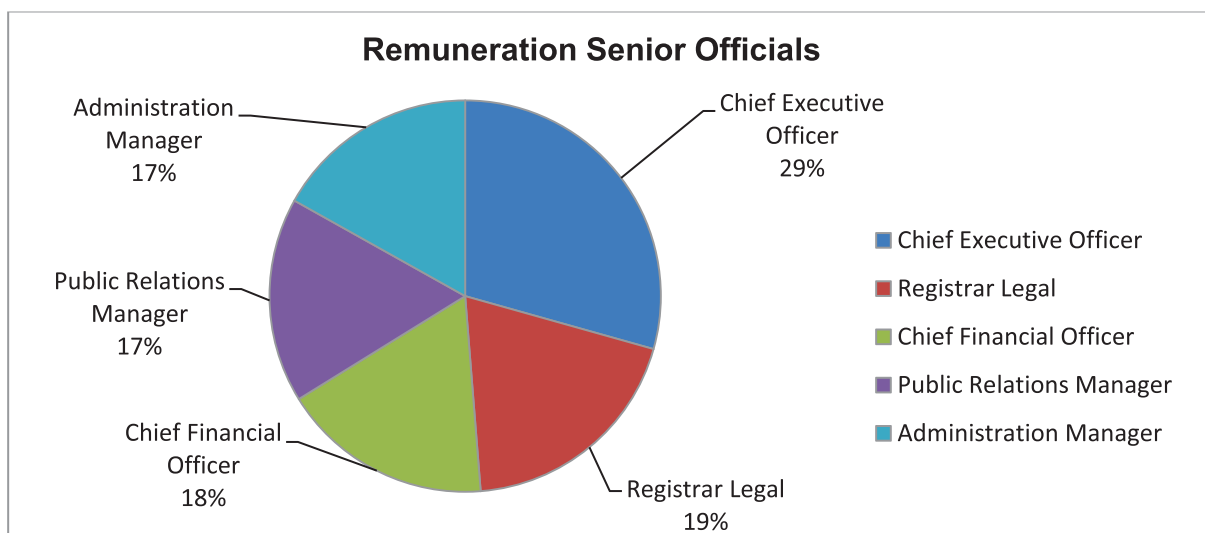
Management

OFFICIAL	Salary	Annual 13 th Cheque	Gross remuneration
Chief Executive Officer	R 1 046 115	R 91 675	R 1 137 790
Legal Registrar	R 711 168	R 63 042	R 774 210
Chief Financial Officer	R 621 505	R 54 465	R 675 970
Public relations manager	R 603 428	R 52 881	R 656 309
Administrative manager	R 597 786	R 52 386	R 650 172
TOTAL			R 3 621 707

Note:

Annual 13th cheques paid were not based on performance and paid in accordance with respective service contracts.

The gross remuneration as a percentage of expenditure for senior officials:



PART C

GOVERNANCE



Council for Debt Collectors

INTRODUCTION

The Council for Debt Collectors is committed to the implementation of sound corporate governance practices which are reviewed on an ongoing basis to ensure compliance with the obligation to use funds in an economic, efficient and effective manner. All actions are underpinned by the principles of openness, integrity and accountability.

COUNCIL

The Council for Debt Collectors was established by the Debt Collectors Act, 1998 (Act 114 of 1998) – referred to below as “the Act”. Section 2(1) of the Act provides that the Council is a juristic person.

In short, the Council for Debt Collectors regulates the occupation of debt collector, ensures that debt collectors are registered with the Council and protects the public by the investigation of complaints and the institution of disciplinary proceedings where necessary. For the year under review and in order to exercise its mandate the Council met on the following dates:

30 May 2017
25 August 2017
20 and 21 November 2017
2 March 2018

The Council for Debt Collectors has two committees which assist the Council to discharge its responsibilities and are accountable to the Council:

- **Executive Committee**

In terms of section 4(1) of the Act the Council may appoint not less than three and not more than five of its members as an Executive Committee provided that the majority of members of the Executive Committee must be members other than members who have been appointed by virtue of the fact that they are debt collectors.

During the year under review, the Executive Committee was constituted as follows:

Chairperson	:	Ms S Machaba
Members	:	Mr B Maseko
	:	Mr P du Rand
	:	Ms J Ntshingila

The Executive Committee met on eight occasions during the year under review:

17 March 2017
19 April 2017
22 June 2017
13 July 2017
29 September 2017
30 October 2017
31 January 2018

- **Audit, Risk and Finance Committee**

Although no specific provision has been made in the Act for the appointment of an audit committee, the Council has deemed it necessary to convene such a committee from the members of the Council with the required expertise in order to promote the principles of sound corporate governance recommended in the King Report on Corporate Governance.

During the year under review the Audit, Risk and Finance Committee was constituted as follows:

Chairperson	:	Mr J Van Rensburg
Members	:	Mr D Lamola
	:	Mr C Senzani
Advisor	:	Ms S Machaba CA (SA)

Ms S Machaba (Chairperson of the Council) serves on the Audit, Risk and Finance Committee in an advisory capacity since 17 January 2011. Council resolved that in compliance with King IV principles, her skills are required on the Audit, Risk and Finance Committee.

The Audit Committee met on four occasions during the year under review:

22 May 2017
14 August 2017
16 October 2017
19 February 2018

IT GOVERNANCE

The software allows for the capturing and scanning of documents at the Council's premises resulting in a more efficient registration process. A concomitant benefit is the elimination of the risk of the possible loss of original documents leaving the premises of the Council.

Numerous refinements were incorporated in the new software system enhancing productivity enabling the Council to render improved service delivery to its clients. The most important refinements include the following:

- Live updates of the register as registration transactions occur including any other register-related updates are captured on the system.
- The submission of the prescribed audit certificates has been computerized.
- New reports facilitating the administration of registrations.
- The generation of revised and additional statistics.
- Refinement of the financial system.
- Printing of certificates per invoice number preventing the inadvertent printing of erroneous certificates.
- The direct linking of e-mails received to the Council's electronic data base. This avoids the printing and scanning of e-mails received.
- In addition, the system has been safe-guarded by limiting the access of the various users.
- In respect of the legal section a number of refinements were developed to facilitate the administration including the upgrading of statistical reports.
- Automatic emailing of control lists to save on printing and paper expenses.

These measures contributed to a hands-on approach in management.

The management of the IT system constitutes a considerable risk to the organisation since the smooth running of the registration process and related matters is dependent on proper maintenance of the system and the protection of the integrity of the data on the system. Consequently, a number of measures have been taken to reduce the risks. The Information Technology policy of the Council has been revised, amongst others, by the inclusion of a detailed backup policy to ensure the integrity of the Council's data at all times. In addition a hardware firewall has been installed to provide an additional layer of protection against hackers. An IT penetration test was conducted and will become standard in the new financial year.

Telephone System

The entire telephone system has been converted to a VOIP system. The VOIP system also carried with it a significant reduction in operating expenditure.

In order to reach all our members, a bulk SMS system was also implemented, enabling the Council to immediately reach all registered debt collectors.

ENVIRONMENTAL REPORT

The Council's operations are mainly of a regulatory and administrative nature. Consequently, the environmental impact is mostly restricted to the use of paper, saving of electricity and its carbon footprint.

The Council uses its waste paper for internal printing of draft documents and waste paper not suitable for this purpose is made available for recycling. In addition, electronic means of communication is used instead of paper-based communication wherever possible.

Travelling is restricted as far as possible.

Measures are in place to ensure that no electricity is used after hours except in the case of the server.

A contractor has been approved to furnish the Council with live plants in all common areas to further reduce the carbon footprint.

A system making use of paperless meetings has been implemented with the acquisition of tablets for all Council members. All meetings are conducted making use of this technology and as a result the objective of paperless meetings has been achieved successfully.

The electronic generation and sending of some documents have been finalised and implemented. Additional documents will be added in due course once the ongoing development of the program is finalised.

RISK MANAGEMENT

The Council's Risk Management policy is a standing item on each Agenda. The Council, through the Audit and Risk Committee, provided oversight of risk management by reviewing management reports and providing guidance on a quarterly basis. Management is accountable for providing assurance to the Board that the risk management process is in place and is integrated into the day to day activities.

INTERNAL CONTROL UNIT

The Council, due to its size, does not have an internal control unit. However, management is responsible for this function and a system of matrix management is in place. This provides management with sufficient oversight over all the activities of the Council.

The Council has established a framework for internal controls, including an effective procurement and provisioning system. The controls implemented focus on those areas identified by management, confirmed by the Council and assessed by the auditors. The controls ensure the protection of Council assets and that liabilities and capital are efficiently managed.

Council policies, procedures and approval frameworks provide direction, accountability and a division of responsibilities. Management closely monitors these controls and act to correct any deficiencies identified. All policies were reviewed in 2016/2017.

As a direct result of these controls the Council has since its inception received clean audit reports.

CODE OF CONDUCT

The Council has approved Codes of Conduct for all committees of the Council and the secretariat. These policies apply to all Council members and employees and compliance with the Codes is mandatory. The purpose of these codes is to promote and enforce ethical business practices and standards with the Council environment. The codes represent the highest ethical standards applicable in the environment in which the Council operates. The codes are driven by the principles of integrity and accountability.

SOCIAL RESPONSIBILITY

One of the cornerstones of corporate citizenship is a commitment towards social responsibility. The Council's social responsibility is implemented through community outreach programs. Outreach programs target all South African citizens and aim to create awareness of the Council and its functions, and to also empower people and to inform them of their rights.

The Council realizes that in the spirit of Batho Pele and good corporate citizenship it is necessary to grow its social footprint by making charitable donations. In the year under review the Council engaged in numerous activities as more completely set out in Part F. In the next financial year, the council aims to identify and assist other institutions in need.

The Council promotes social responsibility by encouraging employees to participate in activities designed to benefit less privileged members of society such as Mandela Day. In this regard the Council staff visited a number of institutions on the day.

PART D

REGISTRATION



Council for Debt Collectors

THE REGISTRATION OF DEBT COLLECTORS

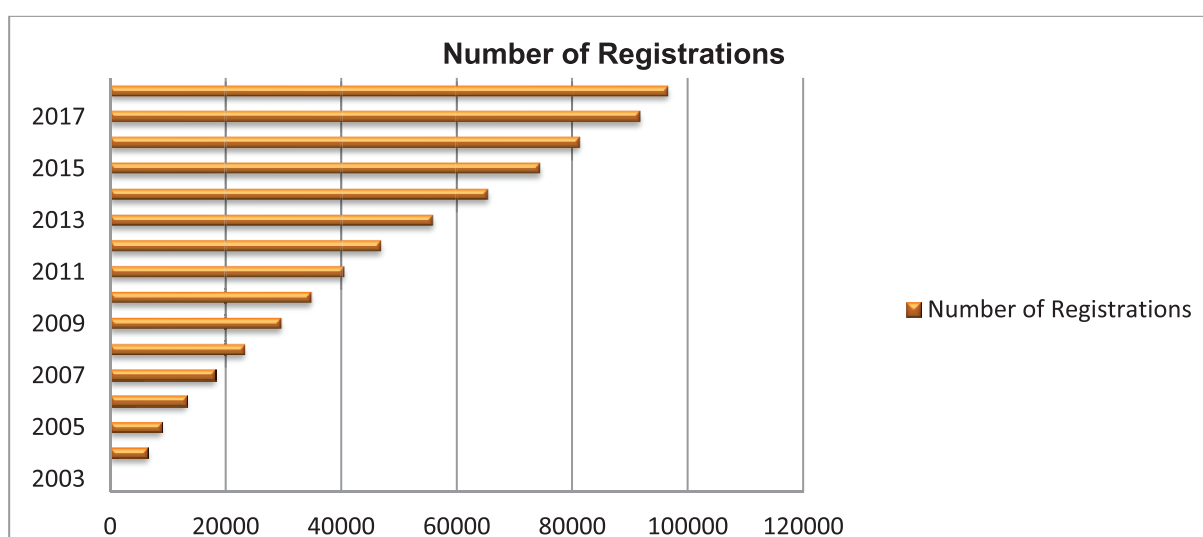
In this Chapter attention is devoted to registration trends while the procedural requirements for registration, transfers and the fee structure are also referred to.

REGISTRATION TRENDS

The total number of approved applications since the inception of the Council reached the number of 96 602 on 28 February 2018. The table below reflects the increase in the accumulated number of applications received since 2003:

28 February 2003	8
28 February 2004	6 580
28 February 2005	8 945
28 February 2006	13 251
28 February 2007	18 233
28 February 2008	23 326
29 February 2009	29 683
28 February 2010	34 912
28 February 2011	40 521
28 February 2012	46 881
28 February 2013	55 903
28 February 2014	65 458
28 February 2015	74 434
29 February 2016	81 347
28 February 2017	91 826
28 February 2018	96 602

Graphically displayed the information can be presented as follows:



REGISTRATION

From the available information it appears that since 2005 the total number of applications received has increased to in excess of 6 000 per year.

During the year under review:

- 7 097 applications were received of which 6 976 were approved;
- 407 registrations were cancelled at the request of the debt collector concerned.

The registration trends since 2007 are as follows:

REGISTRATIONS TRENDS		
Year	Applications received	Applications approved
2007	5 354	4 947
2008	5 803	5 645
2009	6 360	5 950
2010	6 089	5 654
2011	6 256	5 873
2012	6 553	6 360
2013	8 643	8 632
2014	8 263	7 960
2015	9 570	9 251
2016	9861	8656
2017	6855	6422
2018	6976	7079

The difference between applications received and applications approved is as a result of cancellations before registrations at the request of the applicants.

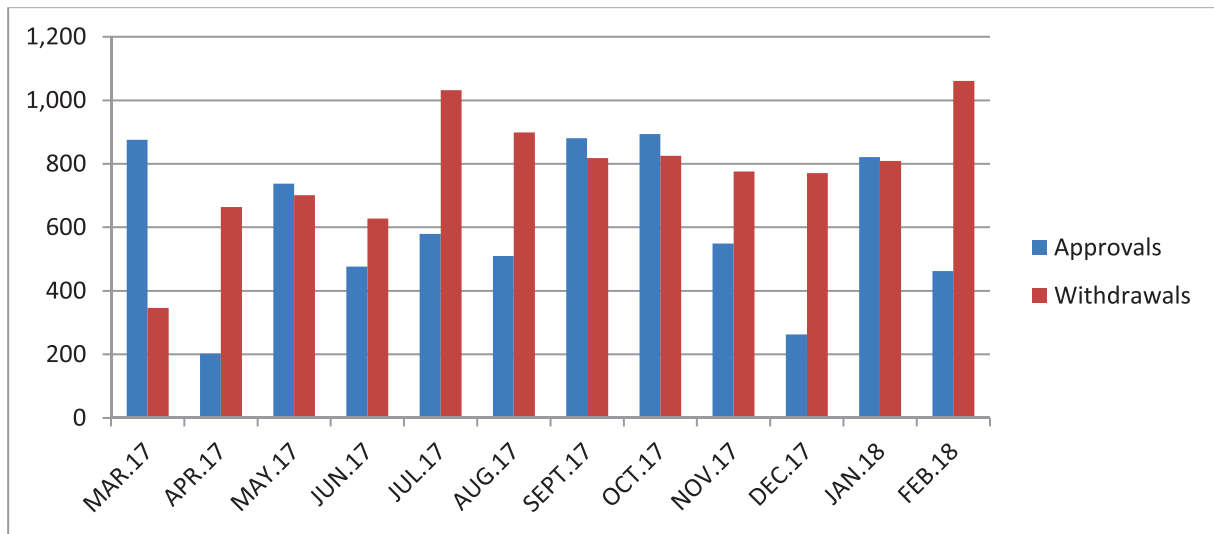
The occupation of debt collector is a volatile one which reflects a high turnover. At the end of the year under review there was a total number of 16 808 active debt collectors as opposed to 17 913 in 2017 and 11 251 in 2016.

The volatility of the industry appears from the statistics on the monthly registrations and withdrawals for the year under review which can be presented as follows:

MONTH	APPROVALS	WITHDRAWALS
*March 2017	876	347
*April 2017	207	664
*May 2017	738	701
*June 2017	476	628
*July 2017	579	1032
*August 2017	510	899
*September 2017	881	818
*October 2017	894	825
*November 2017	549	776
*December 2017	263	771
*January 2018	821	809
*February 2018	462	1061

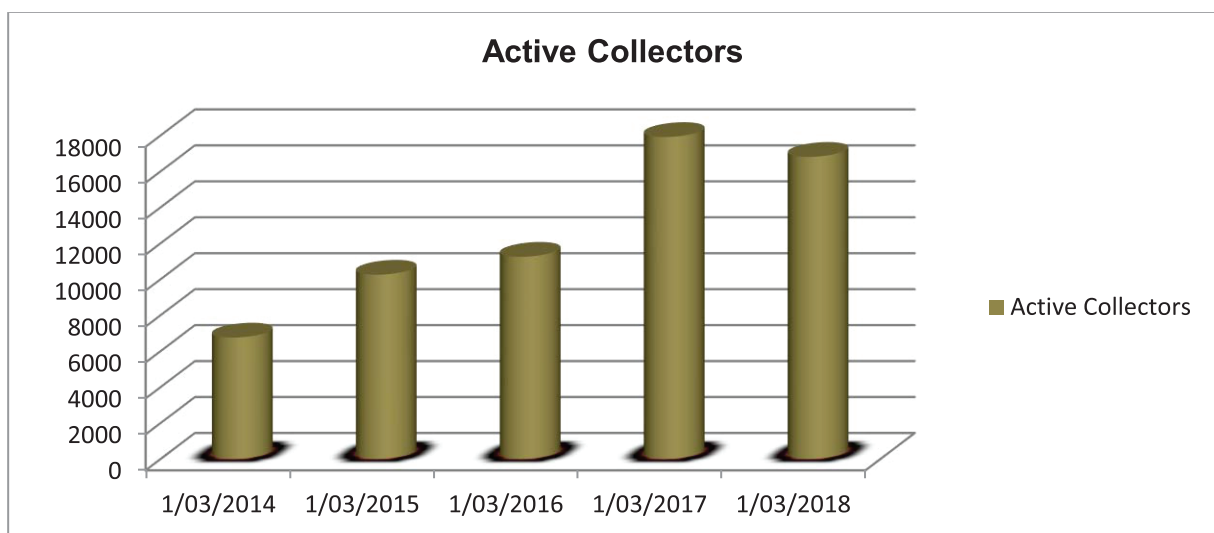
REGISTRATION

Graphically the figures can be displayed as follows:



Even though there is a huge fluctuation between approvals and withdrawals one a month to month basis and on a year to year basis the true reflection of the industry is reflected in the number of active debt collectors as collectors who remain registered for the year is not reflected in the approvals list.

This can be seen from the following graph:



The Council is convinced that the enactment of the proposed amendment relating to trainee debt collectors (more fully dealt with in part E) will contribute to curb the large number of withdrawals.

In the course of the financial year the stringent measure implemented in 2012 was continued, resulting in better compliance with registration requirements. New applications in respect of companies and closed corporations are verified to ensure that all directors and members are registered and trust account particulars are also verified before any application is processed.

To assist the industry in the case of submission of defective applications, measures were adopted to facilitate the correction of these applications before refusal. In appropriate cases the Council presented training to debt collectors on the correct procedures for submitting applications for registration.

PROCEDURAL REQUIREMENTS

An application for registration as a debt collector must be lodged with the Council on the prescribed form and must be accompanied by the registration fee and annual subscription fee prescribed by Regulation.

The total fees (registration fee and annual subscription fee payable) including VAT are:

- R 3 420.00 in respect of a company or close corporation;
- R 1368.00 in respect of each director or member of the company or close corporation;
- R 912.00 in respect of every officer of the company or close corporation who is involved in debt collecting;
- R 912.00 in the case of a natural person.

TRANSFERS

In the case of a transfer from another juristic person, company, close corporation or a sole proprietor, a new application must be lodged complying with the applicable procedural requirements.

Notes:

The disqualifications for registration as a debt collector are contained in section 10(1) of the Act.

FEE STRUCTURE

The Council is aware of, and also sensitive to, the current economic climate. Consequently, there has been no increase in the registration and annual subscription fees since 2003. Tight budget controls particularly in respect of expenses have kept the Council financially viable without necessitating any fee increases.

PART E

COMPLIANCE



Council for Debt Collectors

THE FUNCTIONING OF THE LEGAL SECTION

The Legal Department is charged with the primary responsibilities of receiving, investigating, and in appropriate instances prosecuting cases of unprofessional conduct. The Legal Department also provides legal support to the Council, Administration Department and Stakeholders.

In this chapter, attention is devoted to the disciplinary procedure, statistics on disciplinary hearings and the outcome of disciplinary hearings. Appeals to the Council emanating from disciplinary hearings are also dealt with.

DISCIPLINARY PROCEDURE

Any allegation of improper conduct against a debt collector must be in the form of a written affidavit, stating the date, time and particulars of the incident, the name of the debt collector and the names of any witnesses to the incident, and must be submitted to the Council as soon as practical after the incident, together with any corroborative documents, if any.

Broadly speaking the following disciplinary procedure is followed:

- On receipt of a complaint that meets the requirements outlined above, the complaint is brought to the attention of the debt collector concerned within 14 days.
- The investigation process is then started. The investigation is done by way of correspondence between the parties and correspondence received from the debt collector is forwarded to the complainant for comment.
- Once all aspects have been canvassed and the investigation completed, the matter is referred to the Chief Executive Officer for a decision whether disciplinary proceedings should be instituted.
- Once a decision has been taken both parties are informed of the decision.
- Should the decision be to proceed with disciplinary proceedings, the debt collector is informed of the charges to be answered and of the date and time to attend the inquiry. This inquiry is heard by members of the Council other than those members who made the initial decision to have the debt collector charged or by a person or persons appointed by the Council to conduct such an inquiry. The complainant is also instructed to attend the proceedings and give evidence when necessary.
- Should the result of the inquiry be a guilty verdict, the committee determines a suitable sentence as provided for in section 15(3) of the Act.

The Council has no jurisdiction over the actions or fees charged by attorneys, micro lenders, banks or furniture stores. These institutions are controlled by their respective regulatory bodies or applicable legislations. In the case of attorneys; Law Society (LSSA) has jurisdiction, banks shall be dealt with by Banking Ombudsman whilst Micro Lenders and Furniture Stores by the National Credit Regulator (NCR).

E-mail queries are not regarded as formal complaints and cannot be investigated since they do not meet the requirements laid down by the Regulations. They are not under oath and all complaints shall be in our prescribed complaint form which shall be under oath or by an affidavit.

STATISTICS ON DISCIPLINARY HEARINGS

For the year under review the statistics in respect of complaints and disciplinary hearings are as follows:

• Number of investigations carried over	:	270
• Complaints received complying with Regulations	:	699
• Investigations finalised (no disciplinary action taken)	:	559
• Number of cases in which a decision has to be taken by the Executive Committee	:	6
• Number of disciplinary matters finalised	:	102
• Number of partly heard disciplinary hearings	:	2
• Complaints still under investigation	:	199

The number of formal complaints received during the year under review has increased from 768 to 969. The number of disciplinary hearings finalised increased from 88 to 102. The number of investigations finalised where no disciplinary action was taken has increased from 400 to 559 for the corresponding period.

The relatively high number of complaints where no disciplinary action was taken in relation to the number of complaints received can be attributed to the following:

- The Council is by statute compelled to commence an investigation even where it is evident from the facts submitted in the complaint that no transgression has been committed.
- The complaint received does not constitute a contravention of the Act, Regulations or the Code of Conduct.
- On submission of the complaint to the debt collector involved, an acceptable explanation is received.

The Council for the year under review received and attended to high volume telephonic queries and complaints. Prescription in terms of Prescription Act 68 of 1969 and Section 126B of the National Credit Act, emolument attachment orders (EAO), administration orders, credit amnesty, debt review, who regulates attorney's debt collectors or attorneys conduct and buying of debt books made up the bulk of the queries received by the Legal Division during the period under review.

OUTCOME OF DISCIPLINARY HEARINGS

Having regard to the number of convictions for improper conduct in relation to the number of registered debt collectors as referred elsewhere in this report, the industry needs to be complimented for the high level of self-regulation which is evident from these statistics.

During the period November 2005 (the date on which the imposition of fines was computerized) until 28 February 2012 fines totaling an amount of R 4 310 491 have been imposed of which a total amount of R 1 129 000 was suspended. Consequently, the total amount of fines payable amounted to R 3 181 391.

During this period a reprimand in terms of section 15(3) (d) was considered an appropriate sentence in seven disciplinary hearings.

No orders were made in terms of section 15(3) (e) for the repayment of the costs incurred by the Council during the year under review.

Four orders for re-imbursement in terms of Section 15(3) (f) of the Act to persons prejudiced by the conduct of debt collectors were made where necessary.

UNREGISTERED DEBT COLLECTORS

The Council is aware of some debt collectors which failed to register as prescribed by section 8 of the Act. This constitutes a criminal offence in terms of section 25(a) of the Act. The Council has where possible, facilitated the lodging of criminal steps against those unregistered collectors and where possible instituted disciplinary steps against them as well. The Council has entered into a memorandum of understanding with the Department of Justice, National Credit Regulator, Law Society and South African Police (SAPS) with intent to deal with all criminal activities in debt collection which includes court processes and fraudulent emolument attachment orders. The Council's legal division also plays a role with the stakeholder's legal departments on complaints referrals and information sharing sessions.

The police are encouraged to accept and assist the public whenever there is an alleged criminal offence in terms of the Debt Collectors Act instead of referring them as civil cases.

PENDING LITIGATION

In the matter *Francois Horn and Associates CC v Council for Debt Collectors* the appeal was heard and judgment reserved. The Council is still awaiting judgment.

In the matter between *Michael Lester Bolhuis and Council for Debt Collectors*, the Council has applied for matter to be set down in the High Court since the Applicant has not done so and is waiting for a court date.

ENABLING LEGISLATION

Amendments to the enabling legislation during the year under review are dealt with below. Attention is also devoted to pending and proposed amendments to the enabling legislation.

AMENDMENTS TO THE ENABLING LEGISLATION

- **Amendments to the Act**

There were no amendments to the Act during the year under review. Pending amendments are dealt with below under **Amendments under consideration** below.

- **Amendment of the Regulations**

An inflationary increase was granted on 23 December 2015 of the fees contained in Annexure B of the Regulations.

- **Amendments to the Code of Conduct**

There were no amendments to the Code of Conduct for the year under review.

A number of amendments to the Act and Regulations have been promoted during the previous financial year but has not yet been enacted. These amendments are dealt with briefly below:

- **Amendments to the Act**

The amendments to the Act have been submitted to Parliament for consideration. Those amendments entail the following:

- **Trainee debt collectors**

Provision is made in the proposed amendments for the registration of trainee debt collectors.

- **Admission of guilt**

Cases of alleged misconduct by debt collectors may be dealt with quickly and cost-effectively should the Act make provision for the payment of admission of guilt fines.

- **Inspectors**

The appointment of inspectors and their powers will enable the Council to authorise on-site visits to certain premises in the course of an investigation. Provision is also made that a debt collector who does not comply with a directive or request of an inspector may be found guilty of improper conduct.

- **Trust accounts**

Provision is made to provide that the Council must take control over, administer and finalise a trust account or apply to the Master of the High Court to appoint a curator bonis to control, administer and finalise the trust account of a debt collector as and when required.

- **Delegation of powers by Council**

The proposed amendment provides that the Council may, if it so wishes, delegate any of its powers and functions to certain persons on the conditions the Council may deem fit.

- **Exemptions from the provisions of the Act**

Provision is made for the exemption from certain provisions of the Act in contrast to the current situation where an exemption has to be sought from the entire Act.

- **Inclusion of attorneys**

Provision is made for the inclusion of attorneys under the Act, subject to the jurisdiction of the Council and the fees allowed by Annexure B.

- **Amendments to the Regulations**

The enactment of the Act above will necessitate the promulgation of Regulations dealing with the aspects as set out above.

- **Amendments to the Code of Conduct**

There are currently no amendments to the Code of Conduct under consideration.

PART F

PUBLIC RELATIONS



Council for Debt Collectors

CONSUMER EDUCATION AND AWARENESS CAMPAIGN

The campaign aimed at increasing awareness about the existence of the Council, its mandate as well as the rights and responsibilities of consumers regarding debt collection. A radio campaign was the main method utilised for this exercise. Council partnered with community radio stations from all nine provinces in order to conduct outside broadcasts. Brand activation and dissemination of information were done during the outside broadcasts.

The radio stations used were *Zibonele FM* in Western Cape, *Radio Riverside* in Upington, *Nkqubela FM* in Eastern Cape, *Kasi FM* in Gauteng, *QwaQwa Radio* in Free State, *Moutse Community Radio* in Mpumalanga, *Izwi Lomzansi FM* in KwaZulu Natal, *Moletsi FM* in Limpopo and *Aganang FM* in Free State. The total reach for all radio stations was 20 031 000.

In addition to the radio campaign, advertisements were placed on Sowetan and Citizen with a readership of 2 518 000 and 371 000, respectively.

Social media platforms such as Facebook and Twitter played a crucial role by bridging the gap between formal means of communication and making information easily accessible anywhere at any time.



Site C Plaza, Khayelitsha CTN



Kwadwesi, Port Elizabeth EC

BILLBOARD

The Council's Billboard was placed for four months on N1 between Johannesburg and Pretoria with a traffic flow of approximately 120 000 vehicles per day, reaching an estimate of 14 400 000.



Billboard along N1

CAREER EXPO

The Council honoured an invitation by JB Marks Annual Career EXPO organised for grade 11 and grade 12 learners of communities in Umthatha and surroundings. We also participated in career exhibition organised by AngloGold Ashanti for learners in Soweto. In both exhibitions the Council's officials interacted and educated learners about the existence of the Council.



Soweto Annual Career Expo



JB Marks Annual Career Expo in Mthatha

SOCIAL RESPONSIBILITY

Ramatshagalala Secondary School situated in Siyabuswa, Mpumalanga was identified and adopted by the Council as its social responsibility project for a three-year period (2017-2019). The Council purchased hundred (100) chairs for learners to the school and further renovated ceiling in the classrooms.



Ramatshagalala Secondary School in Siyabuswa, Mpumalanga

COUNCIL PERSONNEL

Council's personnel celebrated Mandela Day 2017 by visiting Paediatric Ward at Steve Biko hospital to spend 67 minutes on providing toys and party packs to the children.

They also had a tour in SPCA in Silverton, Pretoria and donated cleaning material on the day.



Steve Biko Academic Hospital in Pretoria



SPCA in Silverton

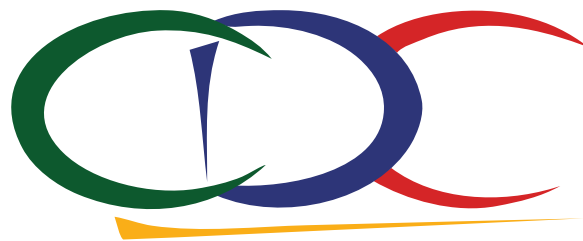
A delegation also attended the annual Oliver awards ceremony.



PR ACTIVITIES 2017		
VENUE	EVENT	DATE
Department of Health: Tambo Memorial Hospital	Employee Wellness workshop	14 March 2017
Germiston	World Consumer Rights Day	15 March 2017
Department of Infrastructure: Springs	Employee Wellness workshop	23 March 2017
Mthatha Airport Hangers	J B Marks: Career Exhibition	11 May 2017
Dlamini Community Hall: Soweto	Soweto Career Expo	15 & 16 May 2017
Department of Social Development: Nigel	Employee financial literacy workshop	24 May 2017
Consumer Affairs Office: Ghandi Square, Jhb	Consumer Exhibition	29 May 2017
Elliotdale Community Hall: EC Office of Consumer Protector	Employee financial literacy workshop	30 May 2017
Consumer Affairs Office: Ghandi Square, Jhb	Consumer Exhibition	31 May 2017
Consumer Affairs Office: Ghandi Square, Jhb	Consumer Exhibition	01 June 2017
Consumer Affairs Office: Gauteng	Employee financial literacy workshop	07 June 2017
Department of Social Development: Garankuwa	Employee financial literacy workshop	09 June 2017
Department of Social Development: Pretoria CBD	Employee financial literacy workshop	14 June 2017
Department of Agriculture: Randfontein	Employee wellness exhibition	21 June 2017
Department of Agriculture: Pretoria (Union Buildings)	Employee wellness exhibition	26 June 2017
Department of Infrastructure: Charlotte Maxeke Hospital, Jhb	Employee financial literacy workshop	27 June 2017
Department of Transport: Heidelberg	Employee financial literacy workshop	04 July 2017
E-Government: Jhb	Employee financial literacy workshop	05 July 2017
Department of Transport: Benoni	Employee financial literacy workshop	11 July 2017
Department of Health: Hellen Joseph Hospital, Jhb	Employee financial literacy workshop	20 July 2017
Tshwane University of Technology: Pretoria	Entrepreneurship week: Exhibition	02-03 August 2017
Department of Health: Sterkfontein Hospital, Krugersdorp	Employee financial literacy workshop	10 August 2017
Department of Health: Edenvale Hospital, Jhb	Employee financial literacy workshop	14 August 2017
Tshwane University of Technology: Pretoria	Credit management day - Exhibition	18 August 2017
UNISA FM – Pretoria (330 000 listenership)	Interview	11 September 2017
Department of Labour: Braamfontein	Employee financial literacy workshop	20 September 2017
Department of Justice– GCIS studio	In-studio interview	03 October 2017
Department of Social Development: Pretoria CBD	Employee financial literacy workshop	17 October 2017
Department of Infrastructure: Steve Biko Hospital	Employee financial literacy workshop	25 October 2017
Classic FM: Johannesburg (250 000 listenership)	Interview	07 November 2017
WC Office of Consumer Protector	Employee financial literacy workshop	13-14 November 2017
Consumer Affairs Office: Evaton	Workshop – people with disabilities	15 November 2017
KZN Consumer Affairs Office: Harding	Major community workshop - KwaMachi	23 November 2017
KZN Consumer Affairs Office: Harding	Major community workshop - KwaJali	24 November 2017
Consumer Affairs Office: Sharpville	Workshop – people with disabilities	24 November 2017
Lesedi FM	Interview	28 November 2017
KZN Consumer Affairs Office: Nquthu	Major community workshop	07 December 2017
SABC Talk Show – Yilungelo Lakho	Interview	11 December 2017
Channel Islam International	ITV interview	17 January 2018
UNISA Radio (DoJ invite)	In-studio interview	29 January 2018
Department of Social Development: Gauteng	Employee financial literacy workshop	21 February 2018
Gauteng Infrastructure Financing Agency (GIFA)	Employee financial literacy workshop	23 February 2018

ANNEXURE A

ANNUAL FINANCIAL STATEMENTS



Council for Debt Collectors



COUNCIL OF DEBT COLLECTORS
(Registration number Debt Collectors Act, 1998 (Act 114 of 1998))
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018

COUNCIL FOR DEBT COLLECTORS
Annual Financial Statements for the year ended 28 February 2018
General Information

Country of incorporation and domicile	South Africa
Officers	Adv A Cornelius S Machaba CA(SA)
Registered office	310 Brooks St Brooklyn Pretoria 0011
Business address	310 Brooks St Brooklyn Pretoria 0011
Postal address	Council for Debt Collectors PO Box 35629 Menlo park 0102
Auditors	Mazars Gauteng Chartered Accountants (S.A.) Registered Auditor
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Debt Collectors Act, 1998 (Act 114 of 1998).
Preparer	The annual financial statements were independently compiled by: JJ Eloff Chartered Accountant

COUNCIL FOR DEBT COLLECTORS
Annual Financial Statements for the year ended 28 February 2018
Index

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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COUNCIL OF DEBT COLLECTORS

Annual Financial Statements for the year ended 28 February 2018

Councils' Responsibilities and Approval

The Council is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council acknowledges that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Council has reviewed the entity's cash flow forecast for the year to 28 February 2019 and, in the light of this review and the current financial position, They are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 4.

The annual financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the Audit committee on 13 August 2018 and were signed on its behalf by:



S Machaba CA(SA)



Adv A Cornelius

Independent Auditor's Report

To the Members of the Council for Debt Collectors

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of the Council for Debt Collectors set out on pages 7 to 17, which comprise the statement of financial position as at 28 February 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Council for Debt Collectors as at 28 February 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and the requirements of the Debt Collectors Act.

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Detail Income Statement. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

REGISTERED AUDITOR – A FIRM OF CHARTERED ACCOUNTANTS (SA) • IRBA REGISTRATION NUMBER 900222

ERASMUS FORUM A 434 RIGEL AVENUE SOUTH ERASMUSRAND PRETORIA 0181 • PRIVATE BAG X17 BROOKLYN SQUARE, 0075
TEL: +27 12 347 3820 • FAX: +27 12 347 3737 • pta@mazars.co.za • www.mazars.co.za

PARTNERS: H SAVEN (NATIONAL CHAIRMAN), MV NINAN (MANAGING PARTNER), SJ ADLAM, B BANK, R BUCH, JC COMBRINK, GJ DE BEER, JJ ELOFF, MH FISHER, M GROBBELAAR, GD JACKSON, MV PATEL, S RANCHHOOJEE, NP SWARTZ, DM TEKIE, S TRUTER, S VORSTER

A FULL LIST OF NATIONAL PARTNERS IS AVAILABLE ON REQUEST OR AT www.mazars.co.za

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

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Mazars Gauteng
Daniel Tekie
Partner
Registered Auditor
13 August 2018
Pretoria

COUNCIL FOR DEBT COLLECTORS
Annual Financial Statements for the year ended 28 February 2018
Chief Executive Officer's Report

The Chief Executive Officer has pleasure in submitting the report on the annual financial statements of Council For Debt Collectors for the year ended 28 February 2018.

1. Nature of business

The entity is engaged in exercising control over the occupation of debt collectors and operates principally in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the entity are set out in these annual financial statements.

3. Officers

The Council members in office at the date of this report are as follows:

Officers	Position
Adv A Cornelius	Chief Executive Officer
S Machaba CA(SA)	Chairperson

There have been no changes to the officers for the year under review.

4. Events after the reporting period

On 28 September 2017, the entity entered into an agreement with 310 Brook Street Investments Proprietary Limited to acquire a building for R10 800 000. The registration of the building are still in process and is not yet in the name of the council and it is expected to be in the 2019 reporting period.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

5. Going concern

The Council believe that the entity has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Council have satisfied themselves that the entity is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Council is not aware of any new material changes that may adversely impact the entity. The Council is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the entity.

6. Auditors

Mazars Gauteng will continue in office in accordance with section 90 of the Companies Act of South Africa.

7. Liquidity and solvency

The Council has performed the required liquidity and solvency test and they are satisfied with the financial position and performance of the entity.

COUNCIL FOR DEBT COLLECTORS
Annual Financial Statements for the year ended 28 February 2018
Statement of Financial Position as at 28 February 2018

Figures in Rand	Note(s)	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	2	1,045,769	230,712
Intangible assets		-	2,337
		1,045,769	233,049
Current Assets			
Inventories	3	71,353	60,887
Trade and other receivables		6,023	1,202
Other financial assets	4	75,628,339	70,649,786
Cash and cash equivalents	5	632,420	1,611,791
		76,338,135	72,323,666
Total Assets		77,383,904	72,556,715
Equity and Liabilities			
Equity			
Reserves	6	20,000,000	20,000,000
Retained income		54,285,084	48,870,526
		74,285,084	68,870,526
Liabilities			
Current Liabilities			
Trade and other payables	7	507,192	614,755
Operating lease liability		-	14,932
Members for registration and application	8	2,591,628	3,056,502
		3,098,820	3,686,189
Total Equity and Liabilities		77,383,904	72,556,715

COUNCIL FOR DEBT COLLECTORS**Annual Financial Statements for the year ended 28 February 2018****Statement of Profit or Loss and Other Comprehensive Income**

Figures in Rand	Note(s)	2018	2017
Revenue	9	12,962,076	14,144,217
Other income		113,343	42,100
Operating expenses		<u>(13,651,760)</u>	<u>(12,432,338)</u>
Operating (loss) profit	10	(576,341)	1,753,979
Investment revenue	13	<u>5,990,899</u>	<u>4,963,167</u>
Profit for the year		<u>5,414,558</u>	<u>6,717,146</u>

COUNCIL FOR DEBT COLLECTORS
Annual Financial Statements for the year ended 28 February 2018
Statement of Changes in Equity

Figures in Rand	Other NDR	Retained income	Total equity
Balance at 01 March 2016	20,000,000	42,153,380	62,153,380
Profit for the year	-	6,717,146	6,717,146
Balance at 01 March 2017	20,000,000	48,870,526	68,870,526
Profit for the year	-	5,414,558	5,414,558
Balance at 28 February 2018	20,000,000	54,285,084	74,285,084
Note(s)	6		

COUNCIL FOR DEBT COLLECTORS
Annual Financial Statements for the year ended 28 February 2018
Statement of Cash Flows

Figures in Rand	Note(s)	2018	2017
Cash flows from operating activities			
Cash (used in) generated from operations	14	(620,768)	1,764,798
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(970,261)	(136,715)
Sale of property, plant and equipment	2	64,596	-
Purchase of other intangible assets		(410)	(3,147)
Movement in term deposits		(4,978,553)	(6,343,922)
Interest Income		5,990,899	4,963,167
Net cash from investing activities		106,271	(1,520,617)
Cash flows from financing activities			
Movement in members for registration		(464,874)	153,728
Movement in loans to employees		-	4,200
Net cash from financing activities		(464,874)	157,928
Total cash movement for the year		(979,371)	402,109
Cash at the beginning of the year		1,611,791	1,209,682
Total cash at end of the year	5	632,420	1,611,791

COUNCIL FOR DEBT COLLECTORS
Annual Financial Statements for the year ended 28 February 2018
Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards for Small and Medium-sized Entities.

The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	6 years
Computer equipment	3 years
Books	5 years
Cutlery	5 years

1.2 Financial instruments

Initial recognition and measurement

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

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

COUNCIL FOR DEBT COLLECTORS
Annual Financial Statements for the year ended 28 February 2018
Accounting Policies

1.2 Financial instruments (continued)

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded and subsequently recorded at fair value.

1.3 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.4 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those wholly due within 12 months after the end of the period in which the employees rendered the related service, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.5 Revenue

Revenue mainly comprises annual and registration fees received from registered debt collectors.

Annual and registration fees received:

Annual and registration fees are recognised only when it is probable that the economic benefits associated with the transaction will flow to the Council. Based on past experience, the Council does not consider economic benefits to be associated with annual and registration fee to be probable until the consideration is received, and therefore does not accrue for revenue on annual and registration fees received. Annual and registration fees received are therefore recognised as revenue on a cash-basis, net of Value-Added Tax, as and when received.

Other revenue is measured at the fair value of the consideration received and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and Value-Added Tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

COUNCIL FOR DEBT COLLECTORS
Annual Financial Statements for the year ended 28 February 2018
Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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2. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	367,498	(2,836)	364,662	-	-	-
Furniture and fixtures	285,809	(8,670)	277,139	207,437	(186,886)	20,551
Motor vehicles	341,175	(86,524)	254,651	136,382	(108,194)	28,188
Office equipment	25,550	(8,829)	16,721	396,829	(354,244)	42,585
IT equipment	796,488	(707,522)	88,966	998,922	(876,208)	122,714
Other Property, plant and equipment	41,928	(12,180)	29,748	29,586	(27,342)	2,244
Books	52,569	(38,687)	13,882	158,839	(144,409)	14,430
Total	1,911,017	(865,248)	1,045,769	1,927,995	(1,697,283)	230,712

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Scrappings	Depreciation	Closing balance
Buildings	-	367,498	-	(2,836)	364,662
Furniture and fixtures	20,551	265,017	-	(8,429)	277,139
Motor vehicles	28,188	286,902	-	(60,439)	254,651
Office equipment	42,585	17,351	(39,622)	(3,593)	16,721
IT equipment	122,714	55,287	(19,416)	(69,619)	88,966
Other Property, plant and equipment	2,244	27,973	-	(469)	29,748
Books	14,430	13,200	(3,929)	(9,819)	13,882
	230,712	1,033,228	(62,967)	(155,204)	1,045,769

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	16	20,776	(241)	20,551
Motor vehicles	55,464	-	(27,276)	28,188
Office equipment	40,612	21,238	(19,265)	42,585
IT equipment	143,867	79,027	(100,180)	122,714
Other Property, plant and equipment	1,478	805	(39)	2,244
Books	13,906	14,869	(14,345)	14,430
	255,343	136,715	(161,346)	230,712

3. Inventories

Stationary	71,353	60,887
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COUNCIL FOR DEBT COLLECTORS
Annual Financial Statements for the year ended 28 February 2018
Notes to the Annual Financial Statements

Figures in Rand

4. Other financial assets

Held to maturity

Investment held with Investec Bank	59,828,671	55,408,501
Wholesale deposit accounts at Investec, over fixed periods at effective rates.		
Investment held with ABSA Bank	15,799,668	15,241,285
Fixed deposits accounts at ABSA, over fixed periods ranging from 90 days to 1826 days at fixed interest rates.		
	75,628,339	70,649,786

Current assets

Held to maturity	75,628,339	70,649,786
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5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3,846	3,527
Bank balances	628,574	1,608,264
	632,420	1,611,791

6. Reserves

Building reserve: Funds earmarked to be utilised to acquire an own building	20,000,000	20,000,000
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7. Trade and other payables

VAT	177,539	227,819
Other payables	-	97,315
Accrued leave pay	322,495	289,621
Accrued expenses	7,158	-
	507,192	614,755

8. Members for registration and application

Fees received for registration which have not yet been processed because of insufficient information supplied by depositor	<u>2,591,628</u>	<u>3,056,502</u>
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9. Revenue

Annual Fees	8,637,500	9,673,194
Interest received (trading)	614,296	787,175
Registration fees received	3,632,680	3,595,048
Duplicate certificates received	77,600	88,800
	12,962,076	14,144,217

COUNCIL FOR DEBT COLLECTORS
Annual Financial Statements for the year ended 28 February 2018
Notes to the Annual Financial Statements

Figures in Rand

10. Operating (loss) profit

Operating (loss) profit for the year is stated after accounting for the following:

Operating lease charges

Premises

- Straight-lined amounts

Property, plant and equipment

Amortisation on intangible assets

Depreciation on property, plant and equipment

Employee costs

1,580,558 1,546,603

64,596 -

2,747 4,102

155,204 161,346

9,039,645 8,276,007

11. Taxation

No provision has been made for 2018 tax as the Council is exempt from tax in terms of the provisions of section 10(1)(cA)(i) of the Income Tax Act.

12. Employee cost

Employee costs

Bonus

Medical aid - company contributions

Other payroll levies

Leave pay provision charge

Workmens compensation

Post-employment benefits - Pension - Defined contribution plan

5,423,011 5,237,213

275,630 -

1,838,876 1,651,895

32,873 3,756

23,421 18,539

1,445,834 1,364,604

9,039,645 8,276,007

13. Investment revenue

Interest revenue

Other interest

5,990,899 4,963,167

14. Cash (used in) generated from operations

Profit before taxation

Adjustments for:

Depreciation and amortisation

Profit on sale of assets

Interest received - investment

Movements in operating lease assets and accruals

Changes in working capital:

Inventories

Trade and other receivables

Trade and other payables

5,414,558 6,717,146

157,951 165,448

(64,596) -

(5,990,899) (4,963,167)

(14,932) 14,932

(10,466) (33,387)

(4,821) 2,362

(107,563) (138,536)

(620,768) 1,764,798

COUNCIL FOR DEBT COLLECTORS
Annual Financial Statements for the year ended 28 February 2018
Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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15. Prior period errors

Interest received on investments held with Investec has been recognised twice in the 2017 financial statements. The balance of the investment in the 2017 financial statements included the capital amount and the accrued interest, which had already been recognised. The effect of the error is R 421 463.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position

Other Financial assets	(421,463)	(421,464)
Opening retained earnings	421,463	-

Profit or Loss

Finance Income	-	421,464
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16. Categories of financial instruments

Note(s)	Financial assets at amortised cost	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
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Categories of financial instruments - 2018

Assets

Non-Current Assets

Property, plant and equipment	2	-	-	1,045,769	1,045,769
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Current Assets

Inventories	3	-	-	71,353	71,353
Other financial assets	4	75,628,339	-	-	75,628,339
Trade and other receivables		6,025	-	-	6,025
Cash and cash equivalents	5	632,420	-	-	632,420
		76,266,784	-	71,353	76,338,137

Total Assets		76,266,784	-	1,117,122	77,383,906
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Equity and Liabilities

Equity

Equity Attributable to Equity Holders of Parent:

Reserves	-	-	20,000,000	20,000,000
Accumulated profit	-	-	54,285,084	54,285,084
			74,285,084	74,285,084

Total Equity		-	74,285,084	74,285,084
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Liabilities

Current Liabilities

Trade and other payables	7	-	329,653	177,539	507,192
Members for registration and application	8	-	-	2,591,628	2,591,628
			329,653	2,769,167	3,098,820
Total Liabilities		-	329,653	2,769,167	3,098,820

COUNCIL FOR DEBT COLLECTORS
Annual Financial Statements for the year ended 28 February 2018
Notes to the Annual Financial Statements

Total Equity and Liabilities		-	329,653	77,054,251	77,383,904
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Categories of financial instruments - 2017

Assets

Non-Current Assets

Property, plant and equipment	2	-	-	230,712	230,712
Intangible assets		-	-	2,337	2,337
		-	-	233,049	233,049

Current Assets

Inventories	3	-	-	60,887	60,887
Other financial assets	4	70,649,786	-	-	70,649,786
Trade and other receivables		1,200	-	-	1,200
Cash and cash equivalents	5	1,611,791	-	-	1,611,791
		72,262,777	-	60,887	72,323,664
Total Assets		72,262,777	-	293,936	72,556,713

Equity and Liabilities

Equity

Equity Attributable to Equity Holders of Parent:

Reserves		-	-	20,000,000	20,000,000
Accumulated profit		-	-	48,870,526	48,870,526
		-	-	68,870,526	68,870,526
Total Equity		-	-	68,870,526	68,870,526

Liabilities

Current Liabilities

Operating lease liability		-	-	14,932	14,932
Trade and other payables	7	-	386,936	227,819	614,755
Members for registration and application	8	-	-	3,056,502	3,056,502
		-	386,936	3,299,253	3,686,189
Total Liabilities		-	386,936	3,299,253	3,686,189
Total Equity and Liabilities		-	386,936	72,169,779	72,556,715

17. Events after the reporting period

On 28 September 2017, the entity entered into an agreement with 310 Brook Street Investments Proprietary Limited to acquire a building for R10 800 000. The registration of the building are still in process and is not yet in the name of the council and it is expected to be in the 2019 reporting period.

COUNCIL FOR DEBT COLLECTORS
Annual Financial Statements for the year ended 28 February 2018
Detailed Income Statement

Figures in Rand	2018	2017
Revenue		
Annual Fees	8,637,500	9,673,194
Duplicate Certificate Fees	77,600	88,800
Interest received	614,296	787,175
Registration fees	<u>3,632,680</u>	<u>3,595,048</u>
	<u>12,962,076</u>	<u>14,144,217</u>
Cost of sales	<u>-</u>	<u>-</u>
Other income		
Forfeited amounts	8,400	5,100
Gains on disposal of assets	64,596	-
Interest received	5,990,899	4,963,167
Penalties	40,500	37,000
Recoveries	<u>(153)</u>	<u>-</u>
	<u>6,104,242</u>	<u>5,005,267</u>
Expenses (Refer to page 19)	<u>(13,651,760)</u>	<u>(12,432,338)</u>
Profit for the year	<u>5,414,558</u>	<u>6,717,146</u>

COUNCIL FOR DEBT COLLECTORS
Annual Financial Statements for the year ended 28 February 2018
Detailed Income Statement

Figures in Rand	Note(s)	2018	2017
Operating expenses			
Advertising		455	6,878
Audit committee		102,301	82,533
Auditors remuneration		70,500	77,500
Awareness campaigns		744,407	434,643
Bank charges		31,389	27,202
Cleaning		2,606	4,798
Computer expenses		23,521	34,636
Consulting and professional fees		138,030	141,218
Council meetings		269,909	375,593
Depreciation, amortisation and impairments		157,951	165,448
Disciplinary		3,493	-
Disciplinary proceedings		124,436	84,731
Employee costs		9,039,645	8,276,007
Entertainment		5,977	6,541
Executive meetings		57,591	62,130
Insurance		78,845	67,920
Lease rentals on operating lease		1,580,558	1,546,603
Members and staff expenses		69,109	71,125
New building		164,132	-
Petrol and oil		43,856	37,816
Postage		36,026	28,428
Printing and stationery		117,056	109,087
Repairs and maintenance		8,305	7,583
Royalties and license fees		32,393	34,506
Security		19,406	11,666
Social responsibility		86,309	93,887
Software expenses		396,299	379,365
Staff welfare		27,945	32,878
Telephone and fax		132,858	140,450
Training		86,452	91,166
		13,651,760	12,432,338



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