



# Council for Debt Collectors

## INTEGRATED REPORT

2015 / 2016



## 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, the weak Rand/Dollar exchange rate, rising fuel prices and interest rate hikes, consumers are buckling under the strain of meeting their month to month expenses. This leads to escalating levels of unpaid debt. It is therefore clear that the collection industry affects or has the potential to affect the 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 attorneys and the fact that their fees are uncapped, the debate surrounding emolument attachment orders, prescription and the implementation of authenticated debit orders are just a few that should be mentioned.

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.

**SHIRLEY MACHABA**  
**CHAIRPERSON**



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## **PART A: GENERAL INFORMATION**



## 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 organisations 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.

## Council Members



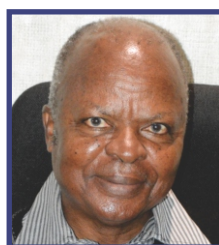
**Ms L S Machaba**  
*Chairperson*



**Ms J Ntsihngila**  
*Member*



**Mr J van Rensburg**  
*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 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)
Ms J Ntsihngila	Member	4 March 2015	3 March 2018	Section 3(2)(b)(i)
Mr J van Rensburg	Member	4 March 2015	3 March 2017	Section 3(2)(b)(ii)
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 2015	3 March 2017	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 2015	3 March 2017	Section 3(2)(b)(iii)

In terms of section 3(3) of the Act Mr J van Rensburg has been elected Vice Chairperson by the members of the Council on 17 January 2011.

### Secretariat of the Council

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

## ORGANISATIONAL STRUCTURE

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*



**R Joubert**  
*Registrar  
Administration*

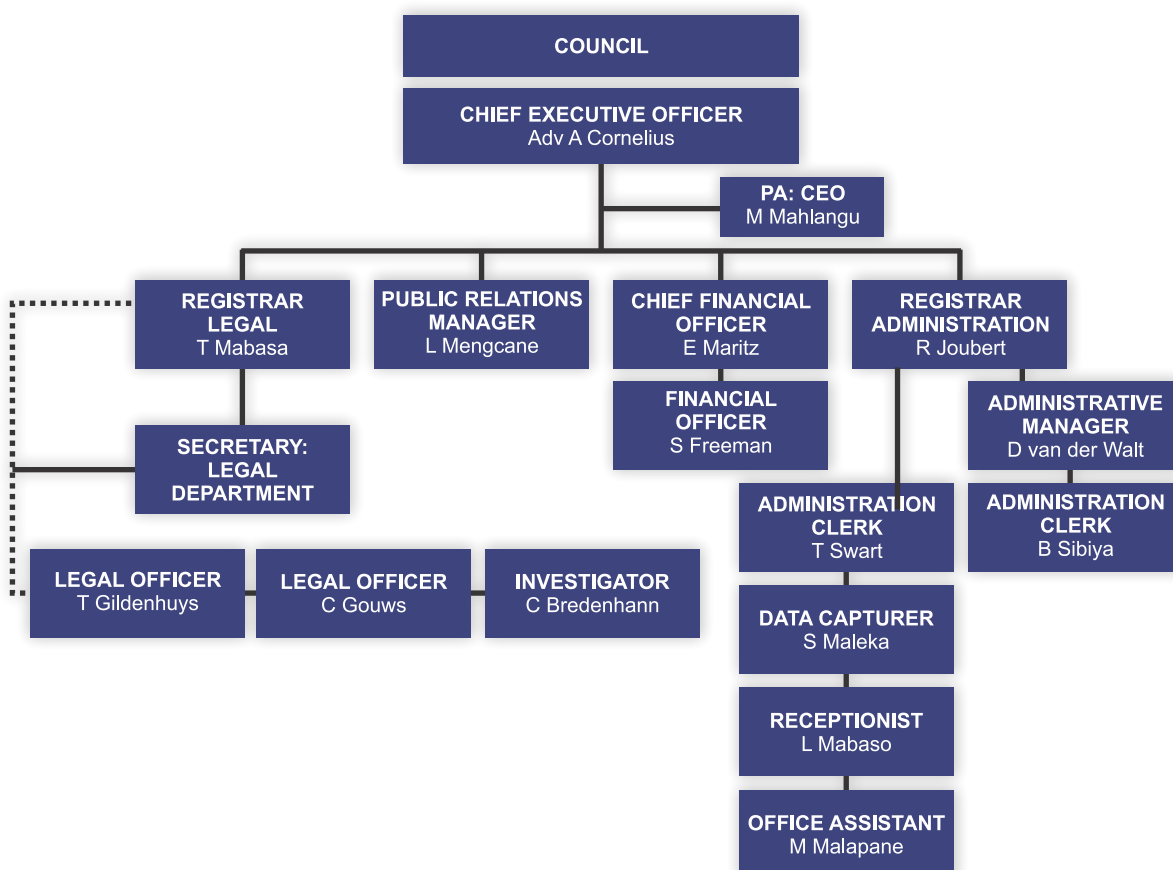


**L Mangcane**  
*Public Relations  
Manager*



**E Maritz**  
*CFO*

The 17 posts and their incumbents are (visually) represented in the organogram below:

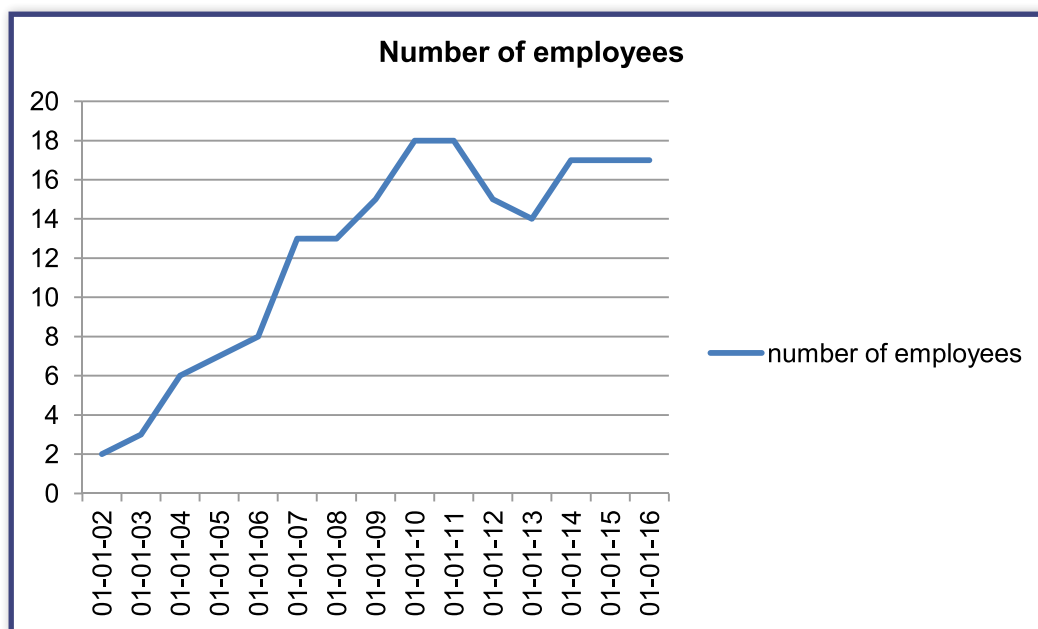


During the year under review no additional appointments were made.

Functionally the administrative component is divided into three divisions:

- An administrative division to deal with new applications for registration and renewals of current debt collectors
- A systems division to maintain the information of the Council electronically and
- A financial division responsible to manage 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.

## **Chairperson's Report**

I have pleasure in presenting the review of the Council's activities for the period from 1 March 2015 until 28 February 2016.

### **Introduction**

I am pleased to report that the reporting period 2015/2016 was a proactive and productive year, accentuated by a period of continuing growth and stabilization within the Council for Debt Collectors. The worsening economic situation prevalent during the period under review 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 Council members, expired in 2015. New appointments were made in March 2015 and at the time of drafting 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 free distribution of the software program developed for new collectors is an ongoing process.

## **Corporate Governance and King III**

All recommendations contained in King III which are applicable to the Council have been implemented. The implementation of King III will add value to the Council to further enhance good corporate governance. The developments around King IV which will be applicable to all organisations will be monitored and implemented.

The Council, with the assistance of the Audit, Risk and Finance Committee, has reviewed and approved various policies and frameworks to enhance governance, risk and compliance. In this regard the following policies are applicable:

- Travel policy
- Codes of Conduct
- Audit, Risk and Finance Committee Charter
- EXCO Terms of reference
- Council Charter
- Business Continuity Plan
- Stakeholder management plan
- Strategic Plan

The system of controls is designed to provide effective assurance that assets are safeguarded and that liabilities and working capital are effectively managed. In line with King III Corporate Governance requirements, the Audit, Risk and Finance Committee and external audit provide the Council with independent and objective 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 oversight at each Council meeting. The Committee is satisfied that the Council's top risks have received adequate attention throughout the course of the year under review.

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



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)

## **Financial Sustainability**

The Council's finances as indicated in the integrated report continue to remain healthy. The Council maintains sufficient reserves to carry on operations for a number of years. The Council has received unqualified audit reports since its inception in 2003. 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 their needs and expectations.

## **Enabling Legislation**

A number of important amendments to our enabling Act as well as the Regulations 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.

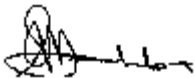
## **Stakeholder Management**

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 of this report.

**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 to yet 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 all 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 my 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.

### **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 in particular 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. The Stellenbosch judgment currently on appeal in the Constitutional Court will hopefully clarify some of the burning issues. The result of the judgment as well as the amendments proposed to the Section 57/58 court process has resulted in a significant drop in the granting of court orders for debts.

The goal of a turnaround time of seven days for applications received has through hard work and diligence been achieved and maintained and in some 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 16 896 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 a ongoing basis. A disaster management plan is in existence and comprehensive backup procedures ensure the integrity of the Council's data. There was no loss of data for the period under review.

## **Human Resources**

The Council is committed to growing our talent and competencies to enable better quality service. For the period under review no new appointments were made. The succession plan and vision is 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 2015/16 campaign are set out in the report in 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 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, visited and made structural improvements to a home for the disabled.

A number of projects assisting where a need has been identified is being attended to on a ongoing basis. One such project is the provision of facilities in Radzambu secondary school, Matsila Village in Limpopo. In this regard the Council provided a 6 m Container for storage space and a office premises for the principal and teachers who had been using one of the 3 classrooms available for a office. The office space was fitted with solar lights for efficiency.



## **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. Taking into account 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.

## **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, it is clear that the second phase of Regulation 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 in Part E of the main report.



## **Corporate Governance**

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

## **Conclusion**

The focus in the 2016/17 period will be on sustainability and the continued monitoring of risk management. We also aim to actively promote the finalization of the amendment Bill for approval by Cabinet and Parliament.

The Social Responsibility program will also be monitored and executed. A program to enlarge the Council footprint will also be undertaken; with this in mind 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.

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.



**A CORNELIUS**  
**CHIEF EXECUTIVE OFFICER**

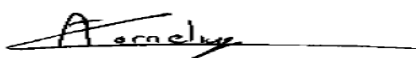
## **Scope and Boundary of the Integrated Annual Report**

The integrated annual report covers the activities and achievements of the Council for Debt Collectors for the period 28 February 2015 to 1 March 2016. The integrated annual report has been prepared according to Generally Recognized Accounting Principles (GRAP) and the recommendations of King III.

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 III Code.

The Annual Report was approved by the Council on 26 August 2016 and signed on their behalf by:



**A CORNELIUS**  
**CHIEF EXECUTIVE OFFICER**





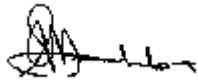
## **PART B: FINANCIAL INFORMATION**



**Auditor's Report, Approval and Statement of Responsibility**

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

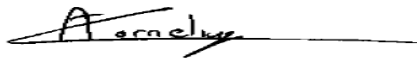
The auditor's report and the financial statements which appear in Annexure A to the report were approved by Council on 19 May 2016 and signed on their behalf by:



**MS L S MACHABA**  
**CHAIRPERSON**

19/05/2016

Date



**ADV A CORNELIUS**  
**CHIEF EXECUTIVE OFFICER**

19/05/2016

Date



## **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:

- 18 May 2015
- 21 August 2015
- 26 October 2015
- 19 February 2016

## **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 III 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 III 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 III 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 2015 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

Council has subsequently approved the unqualified annual financial statements.



**MR J VAN RENSBURG B Proc**  
(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.

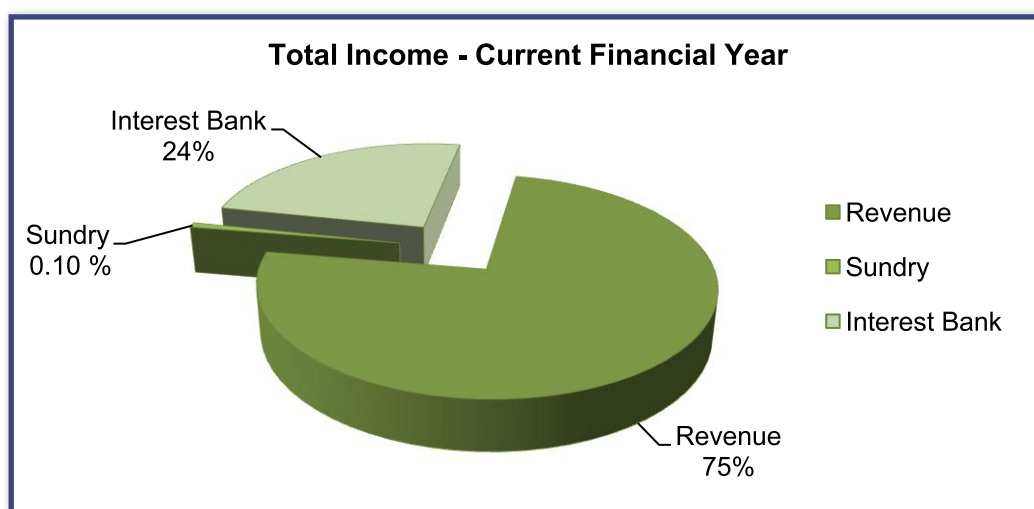
### Income and Expenditure

- **Income**

The gross revenue for the year under review totals R19 324 240 and is made up as follows:

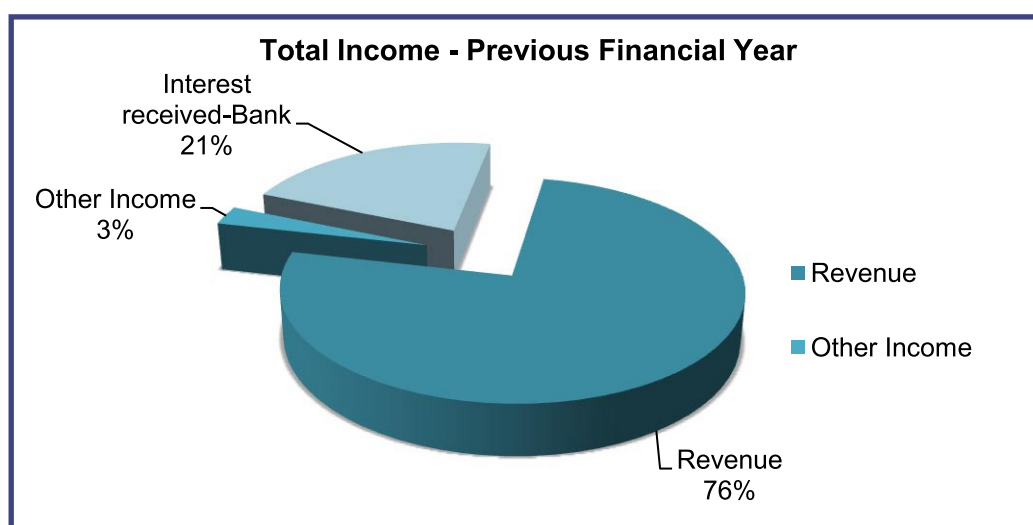
Fees received	:	R 14 460 383
Sundry income	:	R 139 500
Interest received	:	R 4 724 357

Total income illustrated:



Gross revenue for the previous financial year totalled 17 326 306 and made up as follows:

Fees received	:	R 13 120 718
Sundry Income	:	R 483 415
Interest received	:	R 3 722 173



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

INCOME	2015	2016	INCREASE / DECREASE
<b>Gross revenue</b>	R 13 120 718	R 14 460 383	R 1 339 665
Sundry income	R 483 415	R 139 500	- R 343 915
<b>Other income</b>			
Interest – investments	R 3 722 173	R 4 724 357	R 1 002 184
<b>Total income</b>	<b>R 17 326 306</b>	<b>R19 324 240</b>	<b>R 1 997 934</b>

The Council's total income in the current financial year increased by R 1 997 934. This is attributed to an increase in interest rates on the Council's investments and a substantial increase in registrations.

- **Expenditure**

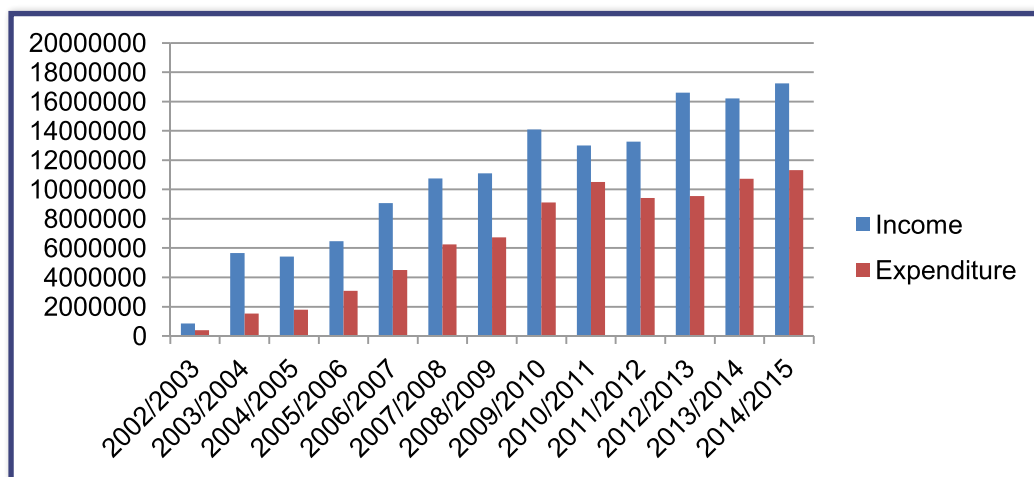
The Council's expenditure during the year under review totalled R 12 397 130 while the expenditure in respect of the previous financial year totalled R 11 319 946. This represents an increase in expenditure of R 1 077 184.

### 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

The above information is illustrated as follows:



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:

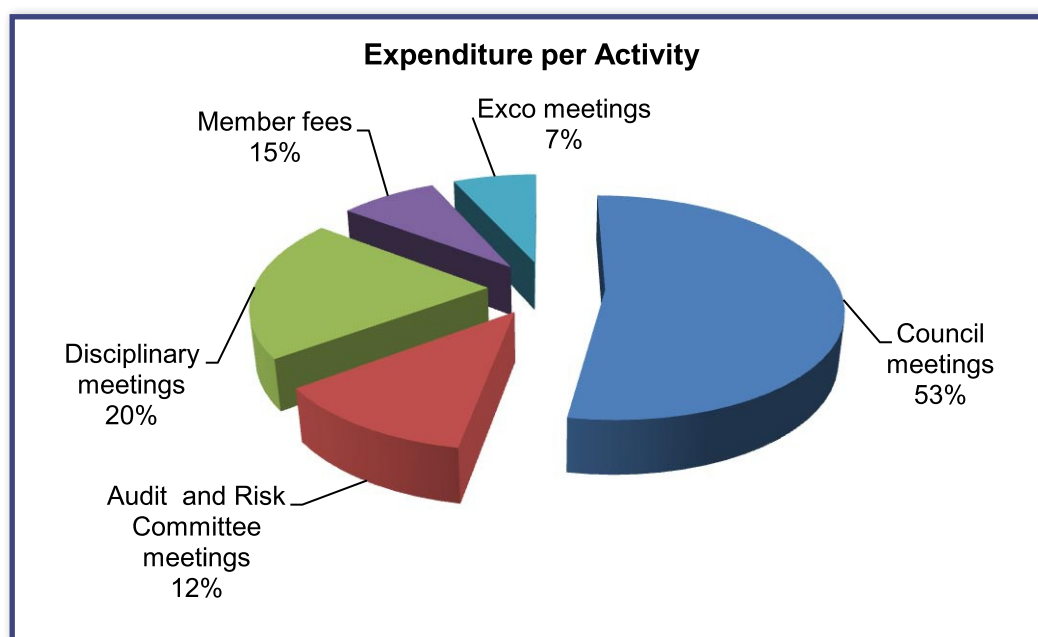
FINANCIAL YEAR	INCOME	EXPENDITURE
2002/2003	844 557	390 779
2003/2004	5 651 370	1 531 498
2004/2005	5 412 853	1 787 242
2005/2006	5 827 325	3 075 829
2006/2007	8 044 184	4 505 784
2007/2008	9 026 984	6 245 142
2008/2009	9 658 775	6 725 308
2009/2010	10 511 753	9 102 218
2010/2011	10 014 966	10 519 841
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



## Expenditure in respect of Council Related Activities

The following expenditure was incurred in respect of Council meetings:

The expenditure is illustrated below:



**Note:** Other member fees relate to participation in awareness campaigns and the attendance of special meetings.

## Emoluments of Council Members and Management

### • Council Members

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

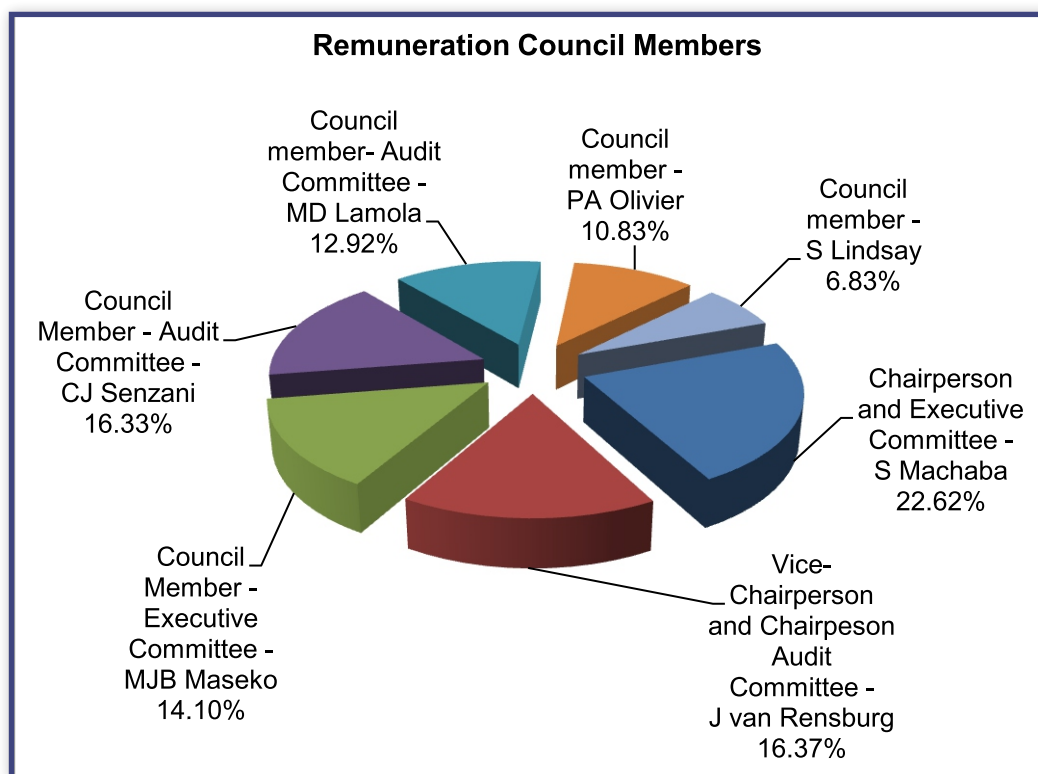
- Chairperson : R 4 584 per day
- Vice chairperson : R 3 896 per day
- Members : R 3 408 per day

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

COUNCIL MEMBER	PERIOD	GROSS REMUNERATION
Ms S Machaba – Chairperson	1/3/2015 – 28/2/2016	R 74 913
Mr J Van Rensburg – Vice-Chairperson	1/3/2015 – 28/2/2016	R 54 210
Mr D Lamola – Member	1/3/2015 – 28/2/2016	R 42 794
Mr M J B Maseko – Member	1/3/2015 – 28/2/2016	R 46 714
Mr C J Senzani – Member	1/3/2015 – 28/2/2016	R 54 098
Mr P A Olivier - Member	1/3/2015 – 28/2/2016	R 35 872
Mr S Lindsay	1/3/2015 – 28/2/2016	R 22 624
<b>TOTAL</b>		<b>R 331 225</b>

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

The gross remuneration for 2015/2016 as a percentage of the total expenditure:

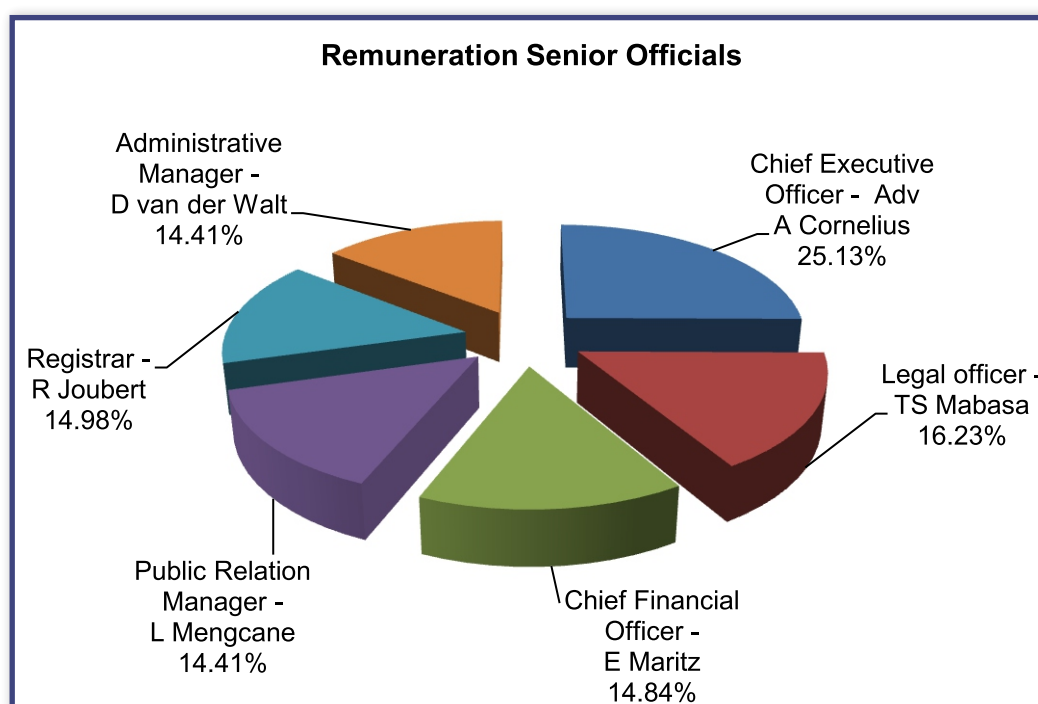


- Management

OFFICIAL	SALARY	ANNUAL 13 <sup>TH</sup> CHEQUE	GROSS REMUNERATION
Chief Executive Officer	R 920 069	R 80 071	R 1 006 140
Legal Officer	R 596 662	R 53 000	R 649 662
Chief Financial Officer	R 546 619	R 47 571	R 594 190
Public Relations Manager	R 530 720	R 46 187	R 576 907
Registrar Administration	R 551 725	R 48 015	R 599 740
Administrative Manager	R 530 720	R 46 187	R 576 907
<b>TOTAL</b>			<b>R 4 003 546</b>

**Note:** Annual 13<sup>th</sup> 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**



## **Governance**

### **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:

- 23 June 2015
- 27 August 2015
- 23 and 24 November 2015
- 04 March 2016

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

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

- 20 April 2015
- 21 July 2015
- 21 September 2015
- 20 October 2015
- 26 January 2016
- 29 February 2016

- **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 III principles, her skills are required on the Audit, Risk and Finance Committee.

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

- 18 May 2015
- 21 August 2015
- 26 October 2015
- 19 February 2016



## 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.

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.

### **Telephone system**

The telephone system has been upgraded. The entire telephone system has been converted to a VOIP system and the Council is no longer dependant on Telkom for its telephonic communication needs. The new 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.

For the next reporting year, changes to the current software will be investigated and, where possible, implemented to enable the electronic submission of some documents to collectors.

## **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 take action to correct any deficiencies identified.

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. There have been no instances of a transgression of the Codes during the year under review.

## **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 assisted a home for the disabled by donating items to help with the successful running of the home, numerous structural improvements were also funded and carried out under the supervision of the Council. 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 home for the disabled and spent the 67 minutes by cleaning, painting and donating equipment.



## **PART D: REGISTRATION**



## 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.

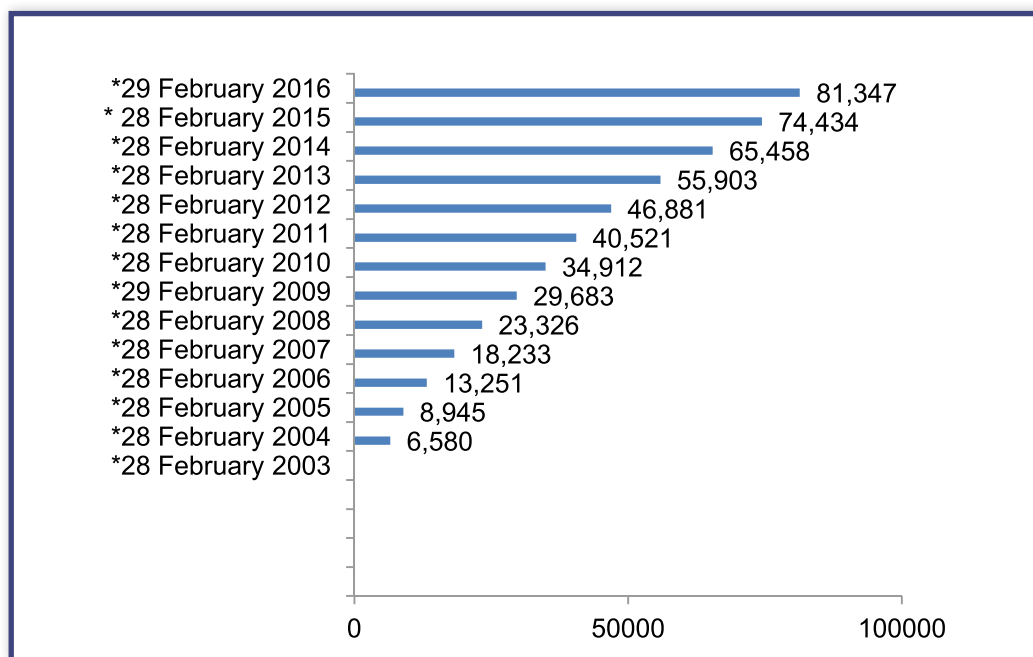
### Registration Trends

The total number of approved applications since the inception of the Council reached the number of 81 347 on 28 February 2016. The table below reflects the increase in the accumulated number of applications received since 2003:

FINANCIAL YEAR	NUMBER OF APPLICATIONS RECEIVED
*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



Graphically displayed the information can be presented as follows:



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

During the year under review:

- 9 861 applications were received of which 7 960 were approved;
- 701 registrations were cancelled at the request of the debt collector concerned.

The registration trends since 2007 are as follows:

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

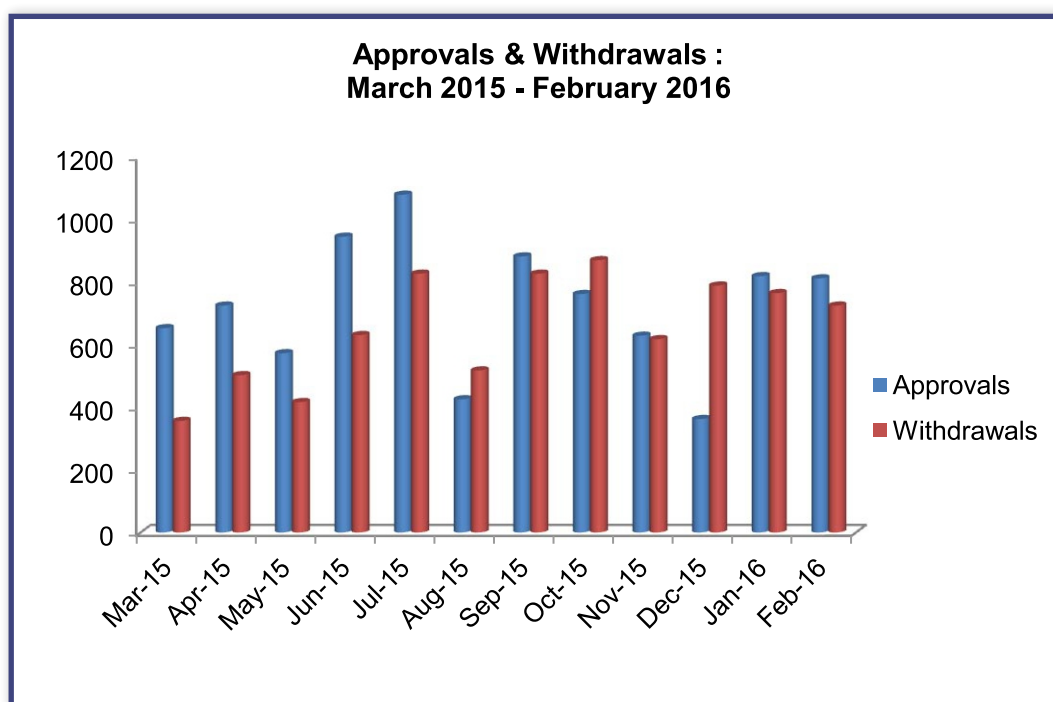
The difference between applications received and applications approved is as a result of cancellations before registrations at the request of the applicants.

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 16 777 active debt collectors from the ranks of the applications initially approved, as opposed to 16 039 in 2014, 14 803 in 2013 and 14 236 in 2012.

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	VARIANCE
*March 2015	652	356	296
*April 2015	724	502	222
*May 2015	572	416	156
*June 2015	944	630	314
*July 2015	1078	826	252
*August 2015	425	517	-92
*September 2015	811	826	-15
*October 2015	761	869	-108
*November 2015	628	617	11
*December 2015	362	788	-426
*January 2016	818	764	54
*February 2016	811	724	87

Graphically the figures can be displayed as follows:



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 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.

**Note:** *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**



## **The Functioning of the Legal Section**

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. Matters relating to review proceedings to the High Court is discussed under the headings, finalised litigation, and pending litigation.

### **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:

- Once the Council has received a complaint that meets the requirements outlined above, the complaint is brought to the attention of the debt collector concerned. This has to be done within 14 days of receipt of the complaint.
- 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 a committee of the Council 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 (excluding an agent of an attorney), micro lenders, banks or furniture stores. These institutions are controlled by their respective bodies or applicable legislation. In the case of attorneys by the law society who has jurisdiction, in the case of banks by the Banking Ombudsman and in the case of micro lenders and furniture stores by the National Credit Regulator.

Complaints received by e-mail (excluding scanned complaints received by e-mail) cannot be investigated as they do not meet the requirements laid down by the Regulations. They are not made under oath and can therefore not be investigated.

## **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	:	171
• Complaints received complying with Regulations	:	620
• Investigations finalised ( no disciplinary action taken)	:	586
• Number of cases in which a decision has to be taken by the Executive Committee	:	0
• Number of disciplinary matters finalised	:	256
• Number of part heard disciplinary hearings	:	54
• Complaints still under investigation	:	61

The number of complaints received during the year under review has increased from 692 to 791. The number of disciplinary hearings finalised increased from 244 to 256. The number of investigations finalised where no disciplinary action was taken has increased from 347 to 586 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 11 800 telephonic queries.

## **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 were 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 four 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.

Three 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.

There was one matter in terms of Section 15 (5) and one of Section 16 (1) (a).

## **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.

## **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 *Michael Lester Bolhuis and Council for Debt Collectors* the Applicant applied for orders that

- The review and setting aside of the decision and the ruling by the Council (Disciplinary Board) made on the 28<sup>th</sup> of May 2015;

- A declaratory order declaring that the Council has no jurisdiction to charge and/or taking and/or instituting disciplinary action against the Applicant (unregistered debt collectors);
- A declaratory order declaring that the process followed by the Council in instituting disciplinary action against the Applicants is unlawful;

No date has been set for the hearing of the appeal.

## 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**.

- **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 authorize 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 finalize a trust account or apply to the Master of the High Court to appoint a *curator bonis* to control, administer and finalize 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.

In order not to delay the coming into operation of the proposed amendments the Department of Justice and Constitutional Development has kindly, in anticipation of the passing of the Act by Parliament, already prepared draft Regulations to facilitate the coming into operation of the Act.

- **Amendments to the Code of Conduct**

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





## **PART F: PUBLIC RELATIONS**





## **Consumer Education and Awareness Campaign**

The Council for Debt Collectors has previously utilized both printed and broadcast community media. This has proven to be relevant, efficient and the most cost effective platform to get the Council's message across.

During the year under review and with the assistance of Motswako Media the Council embarked on educating South African communities about its existence and mandate by means of an integrated approach that employed community radio, digital billboards and community engagement. Brand activation campaigns were also conducted in Free State, North West, Limpopo, Mpumalanga and Gauteng. Radio campaigns were carried out in Northern Cape, Eastern Cape, Western Cape and KwaZulu-Natal.

Dealing with debt collectors can be troubling, especially in impoverished and vulnerable communities. Most have lost their jobs and cannot face debt collectors who attempt to collect outstanding debts from them. Debt is universal and by law, debt collectors have to approach consumers with respect and sensitivity.

The aim of the Radio campaign was to create awareness on the existence of the Council. The social media campaign bridged the gap between the telephonic and other formal means of communication previously utilized by the Council. Through educating consumers with the 'Ensuring fair recovery of debt' motto and Brand Activation campaign, the Council facilitated one on one interaction with representatives from the Council who were always available on site to address problems and questions.

Social media has become a powerful tool in spreading messages and assisting in solving peoples everyday problems. Not a lot of people have access to information, nor is it readily available to them. This is where the power of social media comes in, with daily updates of what the Council can do for them and also in informing debt collectors of various workshops the Council can hold to educate and assist them in their jobs.

The Council being the only regulatory body for debt collectors has quite a task in removing some of the misconceptions about debt collectors and some of the dishonest tactics when it comes to the collection of debts.

The campaign informed consumers on how to register as a debt collector, as well as on what recourse was available for those who may have been harmed, prejudiced or treated unfairly by a debt collector. Through social media platforms like, Facebook and Twitter, mass media platforms such as Radio and the Black Apple digital unit, communities were educated about their consumer rights and responsibilities pertaining to debt collection.

There were some interesting and insightful interactions during campaigns in the provinces visited.



**Apple Media digital unit displaying Council's messages**



**Interacting with community members**



**Ms Mahlangu assisting consumers with information**



**Ms Mengcane with two registered debt collectors proudly showing their ID cards during community outreach in Tembisa**



## Stakeholder Management

The Council still continues to preserve good relations with its stakeholders in consumer education. The national Offices of the Consumer Protector, the Gauteng Consumer Affairs Office, Unisa, TUT and various government departments engage with the Council in financial literacy workshops to empower their employees, such as set out in the activity report below.

## Council Personnel

Being the primary stakeholder, the Council's personnel ensure professional client service to debt collectors who contact or visit the office and clients from all walks of life.

Council's staff members participated in the 67 minutes on Mandela Day 2015 by visiting and revamping Phyllis Robertson Home for the disabled, in Pretoria.



## Other: Career Expo

During the Annual Soweto Career Expo, Council participates in exhibitions to high school learners and educators, informing them about its existence, mandate as well as its services. Information is disseminated by means of brochures written in different languages. Branded promotional material is also given to those who visit the Council's stall seeking information.



## PR Activities 2015/2016

Activities undertaken during this year are as follows:

VENUE / RADIO STATION	EVENT	DATE
Sharpeville Cricket Pitch – with Gauteng Premier's Office	Human Rights Expo	21 March 2015
Orlando East Community Hall	Annual Soweto Career Expo	24 & 25 March 2015
TUPA Real Estate (registered debt collector)	Staff training on charges & fees (on request)	13 May 2015
Kurara FM (listenership of 45 000)	Telephone live interview	20 May 2015
Mosupatsela FM (listenership of 109 000)	Telephone live interview	21 May 2015
Motheo FM (listenership of 173 000)	In-studio live interview	21 May 2015
Mangaung, FS with Motswako Media at Rocklands Mall	Outreach: Awareness campaign	21 & 22 May 2015
Modiri FM (listenership of 42 000)	Telephone live interview	27 May 2015
Rock FM (listenership of 2 268 000)	Telephone live interview	27 May 2015
Star FM (listenership of 73 000)	In-studio live interview	28 May 2015
Terminas Taxi Rank in Klerksdorp, NW with Motswako Media	Outreach: Awareness campaign	28 & 29 May 2015
Consumer Affairs Office: Pietermaritzburg	Financial Employee Wellness Programme	19 June 2015
Department of Roads & Transport: Benoni	Financial Health Workshop	6 July 2015
Department of Education: Pretoria CBD	Financial Wellness Workshop	7 July 2015
Star FM	Telephone live interview	9 July 2015
Star FM	Telephone live interview	16 July 2015
Phalaborwa Radio	Telephone live interview	20 July 2015
Department of Roads & Transport: Derdepoort	Financial Health Workshop	22 July 2015
Star FM	Telephone live interview	23 July 2015
Modjadji Plaza: Tzaneen, Limpopo with Motswako Media	Outreach: Awareness campaign	23 & 24 July 2015
Radio Turf (listenership of 29 000)	Telephone live interview	24 July 2015
Sekgosese FM (91 000)	Telephone live interview	24 July 2015
Cape Town: Ikhaya Lodge	Training of debt collectors	30 July 2015
Star FM	Telephone live interview	30 July 2015
Motsweding FM (listenership of 3.2 m)	Telephone live interview	1 August 2015
Moutse FM (listenership of 126 000)	Telephone live interview	7 August 2015
Kangala FM	Telephone live interview	7 August 2015

VENUE / RADIO STATION	EVENT	DATE
Emalahleni ( <i>listenership of 110 000</i> )	Telephone live interview	7 August 2015
Kwa-Guqa Mall: Emalahleni, MP with Motswako Media	Outreach: Awareness campaign	6 & 7 August 2015
Department of Roads & Transport: Vereeniging	Financial Health Workshop	11 August 2015
TUT – Pretoria Campus	Credit management day	14 August 2015
Department of Health: Weskoppies Hospital	Financial Wellness for employees	2 September 2015
UNISA – Ekurhuleni Campus (Daveyton)	Financial Fun Day	2 October 2015
UNISA – Main Campus (Pretoria)	Financial Fun Day	8 October 2015
UNISA- Sunnyside Campus	Financial Fun Day	9 October 2015
Bush Radio	Telephone live interview	12 October 2015
Valley FM	Telephone live interview	13 October 2015
Rainbow FM	Telephone live interview	13 October 2015
Radio Unitra	Telephone live interview	13 October 2015
EK FM	Telephone live interview	15 October 2015
VUT FM	Telephone live interview	29 October 2015
Lenz FM	Telephone live interview	30 October 2015
East Rand and Soweto	Outreach: Awareness campaign	29 & 30 October 2015
Jozi FM	Telephone live interview	30 October 2015
Alfred Nzo FM	Telephone live interview	4 November 2015
SALGA Finance Summit - Vereeniging	Exhibition	4 February 2016
SABC Radio News	Telephone pre-recorded interview	11 February 2016
Motsweding FM	Telephone live interview	15 February 2016
Gauteng Department of Finance	Employee financial literacy workshop	22 February 2016
Office of Consumer Protector: Maluti, EC	Information sharing workshop for various Government Department employees	24 February 2016





## **ANNEXURE A: FINANCIAL STATEMENTS**







**COUNCIL FOR DEBT COLLECTORS  
(DEBT COLLECTORS ACT, 1998 (ACT 114 OF 1998))  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2016**

**Council of Debt Collectors**  
**(Debt Collectors Act, 1998 (Act 114 of 1998))**  
**Annual Financial Statements for the year ended 29 February 2016**  
**General Information**

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<b>Country of incorporation and domicile</b>	South Africa	
<b>Officers</b>	S Machaba CA(SA) Adv A Cornelius	Chairperson Chief Executive Officer
<b>Registered office</b>	West Wing, Ground Floor Rentmeester Park 74 Watermeyer Street Val de Grace, Pretoria 0127	
<b>Business address</b>	West Wing, Ground Floor Rentmeester Park 74 Watermeyer Street Val de Grace, Pretoria 0127	
<b>Postal address</b>	Council for Debt Collectors PO Box 836 Silverton 0127	
<b>Auditors</b>	Mazars (Gauteng) Inc. Chartered Accountants (S.A.) Registered Auditors	
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the .	

**Council of Debt Collectors**  
**(Debt Collectors Act, 1998 (Act 114 of 1998))**  
**Annual Financial Statements for the year ended 29 February 2016**  
**Index**

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

	<b>Page</b>
Councils' Responsibilities and Approval	3
Independent Auditor's Report	4
Chief Executive Officers' Report	5
Statement of Financial Position	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
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Notes to the Annual Financial Statements	13 - 16
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	17

**Council of Debt Collectors**  
**(Debt Collectors Act, 1998 (Act 114 of 1998))**  
**Annual Financial Statements for the year ended 29 February 2016**  
**Councils' Responsibilities and Approval**

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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, 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.

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.

Council has reviewed the entity's cash flow forecast for the year to 28 February 2017 and, in 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 entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 5 to 18, which have been prepared on the going concern basis, were approved by the Audit committee on 09 May 2016 and were signed on its behalf by:



**S Machaba CA(SA)**



**Adv A Cornelius**

## Independent Auditor's Report

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### To the Council of Debt Collectors

We have audited the annual financial statements of Council of Debt Collectors, as set out on pages 6 to 16, which comprise the statement of financial position as at 29 February 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### Responsibility for the Annual Financial Statements

The Chief Executive Officer is responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud and error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### Auditors Responsibility

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

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

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

### Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Council of Debt Collectors as at 29 February 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities.

*MAZARS (GAUTENG) INC.*

Mazars (Gauteng) Inc.  
JF Grobler  
Registered Auditor

09 May 2016  
Pretoria

**Council of Debt Collectors  
(Debt Collectors Act, 1998 (Act 114 of 1998))  
Annual Financial Statements for the year ended 29 February 2016  
Chief Executive Officers' Report**

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The Chief Executive Officer has pleasure in submitting the report on the annual financial statements of Council of Debt Collectors for the year ended 29 February 2016.

**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 entity'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:

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

**4. Events after the reporting period**

Council is not aware of any material event which occurred after the reporting date and up to the date of this report.

**5. Going concern**

The Council believes 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. Council has 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. Council is not aware of any new material changes that may adversely impact the entity. 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. Auditor**

Mazars (Gauteng) Inc. will continue in office, if re-elected in accordance with section 90 of the Companies Act of South Africa.

**Council of Debt Collectors**  
**(Debt Collectors Act, 1998 (Act 114 of 1998))**  
**Annual Financial Statements for the year ended 29 February 2016**  
**Statement of Financial Position as at 29 February 2016**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2016</b>	<b>2015</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	255,343	211,419
Intangible assets	3	3,292	2,819
		<b>258,635</b>	<b>214,238</b>
<b>Current Assets</b>			
Inventories	5	27,500	29,500
Loans to employees		5,400	10,150
Trade and other receivables		2,363	-
Other financial assets	4	64,305,864	57,870,959
Cash and cash equivalents	6	1,209,682	1,921,222
		<b>65,550,809</b>	<b>59,831,831</b>
<b>Total Assets</b>		<b>65,809,444</b>	<b>60,046,069</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Reserves	7	20,000,000	20,000,000
Retained income		42,153,380	35,226,270
		<b>62,153,380</b>	<b>55,226,270</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	696,370	429,754
Members for registration	9	2,902,775	3,793,745
Application for registration	10	56,919	596,300
		<b>3,656,064</b>	<b>4,819,799</b>
<b>Total Equity and Liabilities</b>		<b>65,809,444</b>	<b>60,046,069</b>



**Council of Debt Collectors**  
**(Debt Collectors Act, 1998 (Act 114 of 1998))**  
**Annual Financial Statements for the year ended 29 February 2016**  
**Statement of Profit or Loss and Other Comprehensive Income**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2016</b>	<b>2015</b>
Revenue	11	14,460,383	13,120,718
Other income		139,500	483,415
Operating expenses		(12,397,130)	(11,319,946)
<b>Operating profit</b>	12	<b>2,202,753</b>	<b>2,284,187</b>
Investment revenue	13	4,724,357	3,722,173
<b>Profit for the year</b>		<b>6,927,110</b>	<b>6,006,360</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>6,927,110</b>	<b>6,006,360</b>

**Council of Debt Collectors**  
**(Debt Collectors Act, 1998 (Act 114 of 1998))**  
**Annual Financial Statements for the year ended 29 February 2016**  
**Statement of Changes in Equity**

<b>Figures in Rand</b>	<b>Other NDR</b>	<b>Retained income</b>	<b>Total equity</b>
<b>Balance at 01 March 2014</b>	<b>20,000,000</b>	<b>29,219,910</b>	<b>49,219,910</b>
Profit for the year	-	6,006,360	6,006,360
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>6,006,360</b>	<b>6,006,360</b>
<b>Balance at 01 March 2015</b>	<b>20,000,000</b>	<b>35,226,270</b>	<b>55,226,270</b>
Profit for the year	-	6,927,110	6,927,110
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>6,927,110</b>	<b>6,927,110</b>
<b>Balance at 29 February 2016</b>	<b>20,000,000</b>	<b>42,153,380</b>	<b>62,153,380</b>
Note(s)	7		

**Council of Debt Collectors**  
**(Debt Collectors Act, 1998 (Act 114 of 1998))**  
**Annual Financial Statements for the year ended 29 February 2016**  
**Statement of Cash Flows**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	2,595,646	2,514,482
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(162,592)	(140,429)
Sale of property, plant and equipment	2	3,895	9,399
Purchase of other intangible assets	3	(12,340)	(1,348)
Movement in term deposits		(6,434,905)	(6,626,771)
Interest Income		4,724,357	3,722,173
<b>Net cash from investing activities</b>		<b>(1,881,585)</b>	<b>(3,036,976)</b>
<b>Cash flows from financing activities</b>			
Movement in members for registration		(890,970)	940,668
Movement in application for registration		(539,381)	49,417
Movement in loans to employees		4,750	(2,218)
<b>Net cash from financing activities</b>		<b>(1,425,601)</b>	<b>987,867</b>
<b>Total cash movement for the year</b>		<b>(711,540)</b>	<b>465,373</b>
Cash at the beginning of the year		1,921,222	1,455,849
<b>Total cash at end of the year</b>	6	<b>1,209,682</b>	<b>1,921,222</b>

**Council of Debt Collectors**  
**(Debt Collectors Act, 1998 (Act 114 of 1998))**  
**Annual Financial Statements for the year ended 29 February 2016**  
**Accounting Policies**

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**1. Presentation of annual financial statements**

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium sized entities.

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

These accounting policies are consistent with the previous period.

**1.1 Property, plant and equipment**

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

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:

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Item		Average useful life
Furniture and fixtures		6 years
Motor vehicles		5 years
Office equipment	Straight line	6 years
Computer equipment		3 years
Computer software		2 years
Books		5 years
Cutlery and small equipment		5 years

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The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

**1.2 Financial instruments**

**Classification**

The Council classifies financial assets and financial liabilities into the following categories:

- Held-to-maturity investment

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

## **1.2 Financial instruments (continued)**

### **Initial recognition and measurement**

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

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

Financial instruments are measured initially at 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.

### **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 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

### **Operating leases – lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

## **1.4 Inventories**

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

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

## **1.5 Employee benefits**

### **Short-term employee benefits**

The cost of short-term employee benefits, (such as paid vacation leave and sick leave and bonuses), 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.

## **1.6 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 not received. Annual and registration fees received is 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.

## **1.7 Turnover**

Turnover comprises sales to customers and service rendered to customers. Turnover is stated at the invoiced amount and is exclusive of value added taxation.

**Council of Debt Collectors**  
**(Debt Collectors Act, 1998 (Act 114 of 1998))**  
**Annual Financial Statements for the year ended 29 February 2016**  
**Notes to the Annual Financial Statements**

Figures in Rand	2016	2015
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**2. Property, plant and equipment**

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	-	-	-	-	-	-
Furniture and fixtures	186,661	(186,645)	16	186,661	(186,645)	16
Motor vehicles	136,382	(80,918)	55,464	136,382	(53,642)	82,740
Office equipment	380,150	(339,538)	40,612	340,942	(298,971)	41,971
IT equipment	919,895	(776,028)	143,867	821,837	(742,077)	79,760
Cutlery and small equipment	28,781	(27,303)	1,478	25,372	(23,902)	1,470
Books	143,970	(130,064)	13,906	132,090	(126,628)	5,462
<b>Total</b>	<b>1,795,839</b>	<b>(1,540,496)</b>	<b>255,343</b>	<b>1,643,284</b>	<b>(1,431,865)</b>	<b>211,419</b>

**Reconciliation of property, plant and equipment - 2016**

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	16	-	-	-	16
Motor vehicles	82,740	-	-	(27,276)	55,464
Office equipment	41,971	45,348	-	(46,707)	40,612
Computer equipment	79,760	101,955	(3,895)	(33,953)	143,867
Cutlery and small equipment	1,470	3,409	-	(3,401)	1,478
Books	5,462	11,880	-	(3,436)	13,906
	<b>211,419</b>	<b>162,592</b>	<b>(3,895)</b>	<b>(114,773)</b>	<b>255,343</b>

**Reconciliation of property, plant and equipment - 2015**

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	15	4,753	-	(4,752)	16
Motor vehicles	110,017	-	-	(27,277)	82,740
Office equipment	55,887	8,331	-	(22,247)	41,971
Computer equipment	79,278	113,996	(8,999)	(104,515)	79,760
Cutlery and small equipment	18	729	-	723	1,470
Books	22	12,620	-	(7,180)	5,462
	<b>245,237</b>	<b>140,429</b>	<b>(8,999)</b>	<b>(165,248)</b>	<b>211,419</b>

**3. Intangible assets**

	2016			2015		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	91,022	(87,730)	3,292	78,682	(75,863)	2,819

**Reconciliation of intangible assets - 2016**

	Opening balance	Additions	Amortisation	Total
Computer software	2,819	12,340	(11,867)	3,292

**Council of Debt Collectors**  
**(Debt Collectors Act, 1998 (Act 114 of 1998))**  
**Annual Financial Statements for the year ended 29 February 2016**  
**Notes to the Annual Financial Statements**

Figures in Rand	2016	2015		
<b>3. Intangible assets (continued)</b>				
<b>Reconciliation of intangible assets - 2015</b>				
	Opening balance	Additions	Amortisation	Total
Computer software	2,814	1,348	(1,343)	2,819
<b>4. Other financial assets</b>				
<b>Held to maturity</b>				
Investment held with ABSA bank			12,577,750	9,726,892
Fixed deposit accounts at ABSA, over fixed periods ranging from 90 days to 1826 days at fixed interest rates.				
Investment held with Investec Bank			51,728,114	48,144,067
Deposit accounts at Investec, over fixed periods at effective rates.				
			<b>64,305,864</b>	<b>57,870,959</b>
<b>Current assets</b>				
Held to maturity			64,305,864	57,870,959
<b>5. Inventories</b>				
Stationery			27,500	29,500
<b>6. Cash and cash equivalents</b>				
Cash and cash equivalents consist of:				
Cash on hand			3,108	2,995
Bank balances			1,206,574	1,918,227
			<b>1,209,682</b>	<b>1,921,222</b>
<b>7. Other reserves</b>				
Building Reserve: Funds earmarked to be utilised to acquire an own building.			20,000,000	20,000,000
<b>8. Trade and other payables</b>				
VAT			244,646	147,124
Accrued leave pay			285,866	282,630
PAYE, SDL and UIF			130,386	-
Software rental accrual			31,265	-
Accrued expense			4,207	-
			<b>696,370</b>	<b>429,754</b>
<b>9. Members for Registration</b>				
Fees received for registration which have not yet been approved because of insufficient information supplied by depositor			2,902,775	3,793,745



**Council of Debt Collectors**  
**(Debt Collectors Act, 1998 (Act 114 of 1998))**  
**Annual Financial Statements for the year ended 29 February 2016**  
**Notes to the Annual Financial Statements**

<b>Figures in Rand</b>	<b>2016</b>	<b>2015</b>
<b>10. Applications for registration</b>		
Applications received for registration which have not yet been processed because of insufficient information supplied by depositor	56,919	596,300
<b>11. Revenue</b>		
Annual fees received	9,632,600	9,116,900
Interest received: Section 20	695,583	107,518
Registration fees received	3,964,100	3,803,300
Duplicate certificate fees received	168,100	93,000
	<b>14,460,383</b>	<b>13,120,718</b>
<b>12. Operating profit</b>		
Operating profit for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Straight-lined amounts	1,406,976	1,314,781
Profit on sale of equipment	-	400
Amortisation on intangible assets	11,867	1,341
Depreciation on property, plant and equipment	114,773	165,248
Employee costs	7,959,128	7,383,952
<b>13. Investment revenue</b>		
<b>Interest revenue</b>		
Other interest	4,724,357	3,722,173
<b>14. Taxation</b>		
No provision has been made for the 2014 income tax as the Council is exempt from tax in terms of the provisions of section 10(1)(cA) (i) of the Income Tax Act.		
<b>15. Auditors remuneration</b>		
Fees	75,000	72,500
<b>16. Cash generated from operations</b>		
Profit before taxation	6,927,110	6,006,360
<b>Adjustments for:</b>		
Depreciation and amortisation	126,640	166,589
Net loss on disposal of property, plant and equipment	-	(400)
Interest received - investment	(4,724,357)	(3,722,173)
<b>Changes in working capital:</b>		
Inventories	2,000	14,728
Trade and other receivables	(2,363)	1,182
Trade and other payables	266,616	48,196
	<b>2,595,646</b>	<b>2,514,482</b>

**Council of Debt Collectors  
(Debt Collectors Act, 1998 (Act 114 of 1998))  
Annual Financial Statements for the year ended 29 February 2016  
Notes to the Annual Financial Statements**

<b>Figures in Rand</b>	<b>2016</b>	<b>2015</b>
<b>17. Commitments</b>		
<b>Operating leases – as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	1,149,788	737,739
- in second to fifth year inclusive	806,344	-
	<b>1,956,132</b>	<b>737,739</b>

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable. During the year there was a change in the lease payable. The total area leased was remeasured and updated accordingly.

**18. Risk management**

**Liquidity risk**

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequately utilised borrowing facilities are monitored.

**Interest rate risk**

As the company has significant interest-bearing assets, the company's income and operating cash flows from investments are substantially independent of changes in market interest rates. Council invests only with reputable financial institutions, having compared what rate of return have been offered.

**Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents and loan receivables. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

**19. Employee cost**

**Employee costs**

Basic	5,027,621	4,736,954
Other payroll levies	1,615,624	1,419,371
Leave pay provision charge	3,236	-
Post-employment benefits	1,312,647	1,227,627
	<b>7,959,128</b>	<b>7,383,952</b>

**Council of Debt Collectors**  
**(Debt Collectors Act, 1998 (Act 114 of 1998))**  
**Annual Financial Statements for the year ended 29 February 2016**  
**Detailed Income Statement**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Annual fees		9,632,600	9,116,900
Interest received - Section 20		695,583	107,518
Registration fees		3,964,100	3,803,300
Duplicate Certificate Fees		168,100	93,000
	11	<b>14,460,383</b>	<b>13,120,718</b>
<b>Other income</b>			
Recoveries - Rental		-	384,457
Penalties		126,200	54,100
Forfeited amounts		13,300	10,600
Insurance claims		-	33,858
Interest received	13	4,724,357	3,722,173
Gains on disposal of assets		-	400
		<b>4,863,857</b>	<b>4,205,588</b>
<b>Expenses (Refer to page 18)</b>		<b>(12,397,130)</b>	<b>(11,319,946)</b>
<b>Profit for the year</b>		<b>6,927,110</b>	<b>6,006,360</b>

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<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2016</b>	<b>2015</b>
<b>Operating expenses</b>			
Advertising		(3,700)	-
Auditors remuneration	15	(75,000)	(72,500)
Bank charges		(28,397)	(26,438)
Cleaning		(3,676)	(3,953)
Computer expenses		(83,257)	(71,114)
Consulting and professional fees		(139,088)	(119,410)
Depreciation, amortisation and impairments		(126,640)	(166,589)
Employee costs		(7,959,128)	(7,383,952)
Entertainment		(2,700)	(2,475)
Audit committee		(60,878)	(68,683)
Members and staff expenses		(88,105)	(45,248)
Executive meetings		(55,717)	(38,701)
Awareness campaigns		(877,178)	(635,194)
Social responsibility		(107,661)	(43,160)
Council meetings		(269,566)	(301,230)
Disciplinary proceedings		(155,881)	(117,017)
Insurance		(60,094)	(60,277)
Lease rentals on operating lease		(1,406,976)	(1,314,781)
Petrol and oil		(32,396)	(35,367)
Postage		(46,751)	(24,318)
Printing and stationery		(149,497)	(161,116)
Repairs and maintenance		(10,702)	(6,374)
License fees		(20,518)	(30,856)
Security		(11,518)	(9,522)
Software expenses		(363,156)	(347,639)
Telephone and fax		(133,139)	(146,692)
Training		(125,811)	(87,340)
		<b>(12,397,130)</b>	<b>(11,319,946)</b>

## Notes





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