

Council for Debt Collectors



FOREWORD

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

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

The issues surrounding the conduct of attorneys in the recovery of debts and the fact that their fees are uncapped has resulted in a public outcry and prompted the Government to consider their inclusion under the Debt Collectors Act. The debate surrounding emolument attachment orders is ongoing, prescription and the implementation of authenticated debit orders are also of some concern and will hopefully be addressed during the course of the year.

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

Adv A Cornelius
Chief Executive Officer

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PART A

GENERAL INFORMATION



Council for Debt Collectors

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 legalise the recovery of fees or remuneration by registered debt collectors; and to provide for matters connected therewith.

The broad mandate is formalised 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
 - o a magistrate
 - o 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
 - o 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



Mr J van Rensburg Vice Chairperson



Ms J Ntsihngila Member



Mr D Lamola Member



Mr B M J Maseko Member



Ms M Viljoen Member



Mr P A Olivier Member



Mr C Senzani Member



Mr P A du Rand Member



Mr S Lindsay Member

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



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 Ntshingila	Member	4 March 2015	3 March 2018	Section 3(2)(b)(i)
Mr J van Rensburg	Member	4 March 2015	3 March 2020	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 2020	Section 3(2)(b)(iv)
Mr P A du Rand	Member	4 March 2015	3 March 2018	Section 3(2)(b)(iv)
Mr S Lindsay	Member	4 March 2015	3 March 2020	Section 3(2)(b)(iii)

SECRETARIAT OF THE COUNCIL

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



A Cornelius *CEO*



T Mabasa Registrar Legal Department



L Mangcane Public Relations Manager

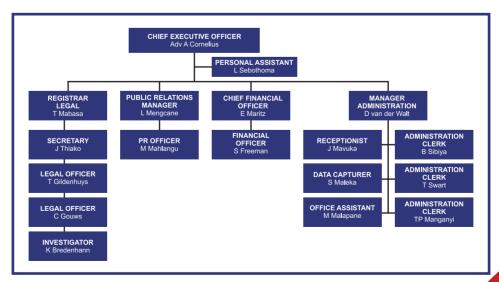


E Maritz CFO



D van der Walt Administrative Manager

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

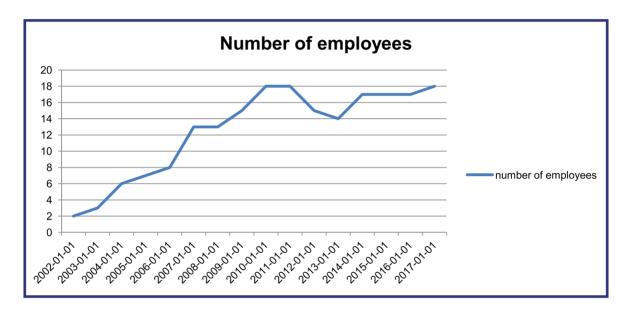


During the year under review one additional appointment in Ms Mavuka as receptionist was made.

Functionally the administrative component is divided into two departments:

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

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



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



CHAIRPERSON'S REPORT

I have pleasure in presenting the review of the Council's activities for the period from 1 March 2016 until 28 February 2017.

INTRODUCTION

I am pleased to report that the reporting period 2016/2017 was a proactive and productive year, accentuated by a period of continuing growth and stabilisation within the Council for Debt Collectors. The worsening economic situation presented very real challenges to the Council, debt collectors and the general public. I am satisfied that the Council remains well positioned to act as an effective and efficient sector regulator even in these challenging times.

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

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

STRATEGIC PLANNING

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

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

CORPORATE GOVERNANCE AND KING IV

All recommendations contained in King III which is applicable to the Council have been implemented and the additional requirements contained in King IV will be incorporated during the course of the year. The implementation of King IV will add value to the Council to further enhance good corporate governance.



The Council, with the assistance of the Audit, Risk and Finance Committee, has reviewed all its policies in 2016 to enhance governance.

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

This is also achieved by means of the ongoing risk management process that is reviewed by the Audit, Risk and Finance Committee as well as at each Council meeting. The Committee is satisfied that the Council's top risks have received adequate attention throughout the course of the reporting year. Considering the risk landscape, e.g. cybersecurity, that is always evolving, the Council resolved to embark on an aggressive enterprise-wide risk management process during its strategic planning session in November 2017.

The risks inherent to the Council and controls implemented to monitor these risks are 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)





LONG TERM FINANCIAL STABILITY

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

ENABLING LEGISLATION

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

STAKEHOLDER MANAGEMENT

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

CONCLUSION

Whilst recognizing that the Council has made great strides since its humble beginning in 2003, the Council is committed to strive towards raising the Council 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 our stakeholders.

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

L S Machaba CA (SA) Chairperson



REPORT OF THE CHIEF EXECUTIVE OFFICER

INTRODUCTION

For the year under review the Council managed to maintain the high service levels and service excellence that our stakeholders have become accustomed to.

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. Changes to the magistrates Court Act to provide relief is welcomed and it is hoped that an efficient, effective and fair process will be the result of these actions.

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

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

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

IT GOVERNANCE

The Council's dedicated software program is improved and maintained on an ongoing basis. A disaster management plan is in existence and comprehensive backup procedures ensure the integrity of the Council's data. There was no loss of data for the period under review even though the Councils server was hacked and held to ransom during 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 a new receptionist was appointed. 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 2016/17 campaign are set out in the report under Part F.

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

Through its website the Council strives to keep its clients informed. The current website is being redesigned and the process will be completed during the course of the year. The Council made a concerted effort to keep the public informed about their rights through public consultation, engaging the printed and electronic media as well as awareness campaigns. These matters are fully dealt with in Part F of the main report.



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

FINANCIAL MANAGEMENT

The Council's main source of income is the application fees for new registrations and the annual subscription fees for the renewal of existing registrations which has not been adjusted since 2003. 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 this core principle of the regulation of debt collectors is being successfully implemented.

ENABLING LEGISLATION

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

CORPORATE GOVERNANCE

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





CONCLUSION

The focus in the 2017/18 period will be on sustainability and the continued monitoring of risk management. We also aim to actively promote the finalisation of the Amendment Bill for approval by Parliament.

The Social Responsibility program will also be monitored and executed. A program to enlarge the Council footprint will also be undertaken, 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.

Adv A Cornelius

Chief Executive Officer

SCOPE AND BOUNDARY OF THE INTEGRATED ANNUAL REPORT

The integrated annual report covers the activities and achievements of the Council for Debt Collectors for the period 28 February 2016 to 1 March 2017. The integrated annual report has been prepared according to Generally Recognized Accounting Principles (GRAP) and the recommendations of King IV.

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

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

The Annual Report was approved by the Council on 25 August 2017 and signed on their behalf by:

Adv A Cornelius
Chief Executive Officer



AUDITOR'S REPORT, APPROVAL AND STATEMENT OF RESPONSIBILITY

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

The auditor's report and the financial statements which appear in Annexure 1 to the report were approved by Council on 19 May 2017 and signed on their behalf by:

Ms L S Machaba CA (SA) Chairperson

30/05/2017

Date

Adv A Cornelius

30/05/2017

Chief Executive Officer

Date



PART B

FINANCIAL INFORMATION



Council for Debt Collectors

REPORT OF THE AUDIT, RISK AND FINANCE COMMITTEE

INTRODUCTION

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

AUDIT, RISK AND FINANCE COMMITTEE MEMBERS AND ATTENDANCE

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

Chairperson: Mr J Van Rensburg

Members : Mr D Lamola Member : Mr C Senzani

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

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

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

9 May 201625 July 201624 October 201613 February 2017

AUDIT, RISK AND FINANCE COMMITTEE

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





AUDIT, RISK AND FINANCE COMMITTEE RESPONSIBILITY

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

THE EFFECTIVENESS OF INTERNAL CONTROL

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

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

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

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

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

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

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



THE EFFECTIVENESS OF RISK MANAGEMENT AND COMPLIANCE

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

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

EXTERNAL AUDIT

The committee is responsible for recommending the appointment of the independent auditors. The committee has satisfied itself that the auditors of the Council are independent as defined by the Act. The committee, in consultation with executive management, agreed to the audit plan and audit fee for the 2017 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

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

Mr J Van Rensburg B Proc

(Chairperson for the period under review)

Ms L S Machaba CA (SA)

(Council Chairperson for the period under review)



THE FINANCIAL MANAGEMENT OF THE COUNCIL

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

EXTERNAL AUDIT AND FINANCIAL STATEMENTS

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

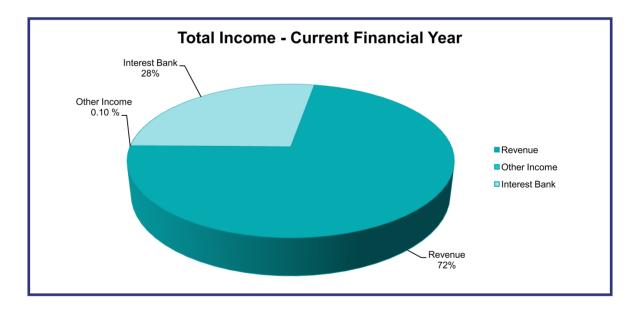
INCOME AND EXPENDITURE

Income

The gross revenue for the year under review totals R19 570 946 and is made up as follows:

Fees received : R 14 144 217
Other income : R 42 100
Interest received : R 5 384 629

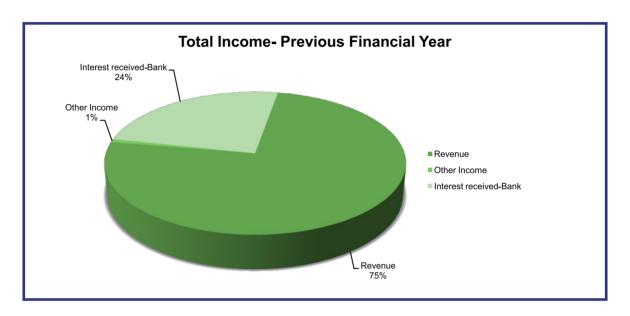
Total income illustrated:





Gross revenue for the previous financial year totalled R 19 324 240 and made up as follows:

Fees received : R 14 460 383 Other Income : R 139 500 Interest received : R 4 724 357



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

INCOME	2017	2016	INCREASE
Gross revenue	R 14 144 217	R 14 460 383	
Sundry income	R 42 100	R 139 500	
Other income			
Interest – investments	R 5 384 629	R 4 724 357	
Total income	R 19 570 946	R19 324 240	R 246 706

The Council's total income in the current financial year increased by R 246 706. This is attributed to an increase in interest rates on the Council's investments.

Expenditure

The Council's expenditure during the year under review totalled R 12 432 338 while the expenditure in respect of the previous financial year totalled R 12 397 130. This represents an increase in expenditure of R 35 208.



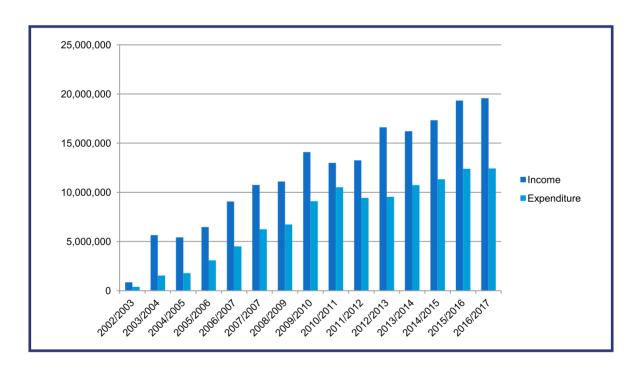


INCOME AND EXPENDITURE SINCE 2003

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

FINANCIAL YEAR	INCOME	EXPENDITURE
2002/2003	844 557	390 779
2003/2004	5 651 370	1 531 498
2004/2005	5 412 853	1 787 242
2005/2006	6 469 187	3 075 829
2006/2007	9 061 202	4 505 784
2007/2008	10 744 349	6 245 142
2008/2009	11 095 175	6 725 308
2009/2010	14 095 980	9 102 218
2010/2011	12 994 406	10 519 841
2011/2012	13 256 230	9 427 913
2012/2013	16 609 877	9 539 002
2013/2014	16 207 925	10 728 664
2014/2015	17 326 306	11 319 946
2015/2016	19 324 240	12 397 130
2016/2017	19 570 946	12 432 338

The above information is illustrated as follows:





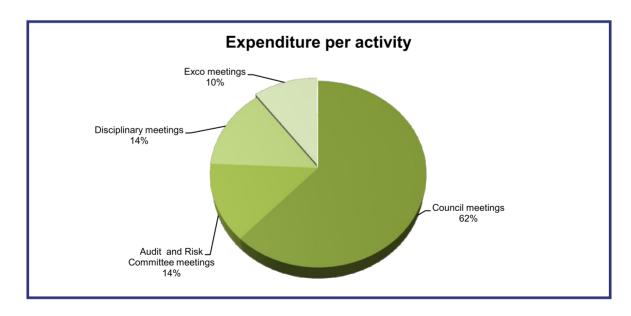
Since there has been no increase in fees since 2003, the income based on gross revenue remains dependent upon the annual fees of registered debt collectors and the number of new registrations. The gap between income and expenditure has been steadily decreasing since 2005 but appears to have stabilised. 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
2016/2017	14 144 217	12 432 338

EXPENDITURE IN RESPECT OF COUNCIL RELATED ACTIVITIES

The following expenditure was incurred in respect of Council meetings:

The expenditure is illustrated below.





EMOLUMENTS OF COUNCIL MEMBERS AND MANAGEMENT

• Council Members

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

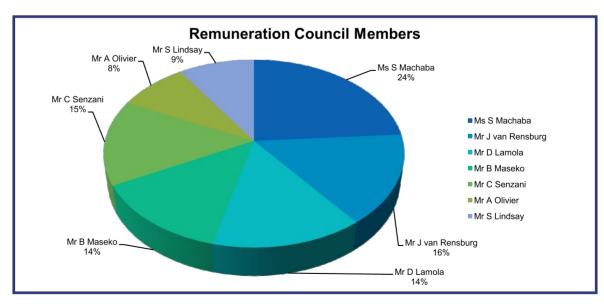
Chairperson : R 4 699 per day Vice chairperson : R 3 993 per day Members : R 3 493 per day

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

COUNCIL MEMBER	PERIOD	GROSS REMUNERATION
Ms S Machaba - Chairperson	1/3/2016 — 28/2/2017	R 110 903
Mr J Van Rensburg – Vice-Chairperson	1/3/2016 – 28/2/2017	R 72 392
Mr D Lamola – Member	1/3/2016 – 28/2/2017	R 66 913
Mr M J B Maseko – Member	1/3/2016 – 28/2/2017	R 63 007
Mr C J Senzani – Member	1/3/2016 – 28/2/2017	R 68 449
Mr P A Olivier - Member	1/3/2016 – 28/2/2017	R 39 455
Mr S Lindsay - Member	1/3/2016 28/2/2017	R 43 219
TOTAL		R 464 338

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

The gross remuneration for 2016/2017 as a percentage of the total expenditure:



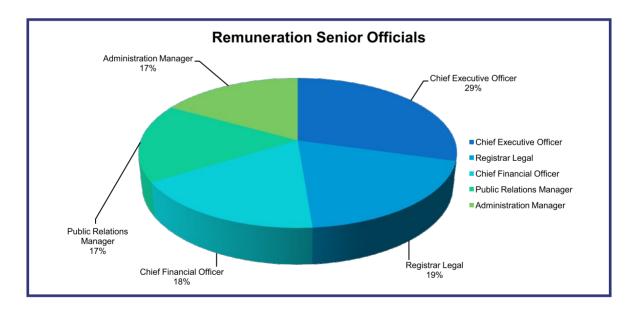
Management

OFFICIAL	Salary	Annual 13 th Cheque	Gross remuneration
Chief Executive Officer	R 977676	R 85 676	R 1 063 352
Legal officer	R 645 540	R 56 180	R 701 720
Chief Financial Officer	R 580 844	R 50 901	R 631 745
Public relations manager	R 563 949	R 49 420	R 613 369
Administrative manager	R 562 563	R 48 958	R 611 521
TOTAL			R 3 621 707

Note:

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

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





PART C **GOVERNANCE**

Council for Debt Collectors

INTRODUCTION

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

COUNCIL

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

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

04 March 201619 May 201626 August 201621 and 22 November 201627 February 2017

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 CA (SA)

Members : Mr B Maseko

: Mr P du Rand: Ms J Ntshingila

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

28 February 2016

14 March 2016

22 April 2016

21 June 2016

29 July 2016

26 September 2016

25 October 2016

30 January 2017

Audit, Risk and Finance Committee

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

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

Chairperson : Mr J Van Rensburg

Members : Mr D Lamola

: Mr C Senzani

Advisor : Ms S Machaba CA (SA)

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





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

9 May 201625 July 201624 October 201613 February 2017

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

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



The management of the IT system constitutes a considerable risk to the organisation since the smooth running of the registration process and related matters is dependent on proper maintenance of the system and the protection of the integrity of the data on the system. Consequently a number of measures have been taken to reduce the risks.

The Information Technology policy of the Council has been revised, amongst others, by the inclusion of a detailed backup policy to ensure the integrity of the Council's data at all times. In additional a hardware firewall has been installed to provide an additional layer of protection against hackers. A mail firewall is in the process of being installed.

TELEPHONE SYSTEM

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.

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

RISK MANAGEMENT

The Council's Risk Management is a standing item on each Agenda. The Council, through the Audit and Risk Committee and Exco, 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. All policies were reviewed in 2016.

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



CODE OF CONDUCT

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

SOCIAL RESPONSIBILITY

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

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

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



PART D REGISTRATION

Council for Debt Collectors

THE REGISTRATION OF DEBT COLLECTORS

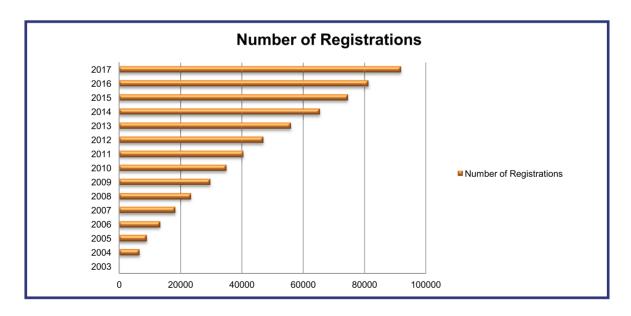
In this Chapter attention is devoted to registration trends while the procedural requirements for registration, transfers and the fee structure are also referred to.

REGISTRATION TRENDS

The total number of approved applications since the inception of the Council reached the number of 91 826 on 28 February 2016. The table below reflects the increase in the accumulated number of applications received since 2003:

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

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 to in excess of 6 000 per year.

During the year under review:

- 6855 applications were received of which 6422 were approved;
- 203 registrations were cancelled at the request of the debt collector concerned.

The registration trends since 2007 are as follows:

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

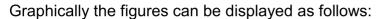
The difference between applications received and applications approved is as a result of cancellations before registrations at the request of the applicants.

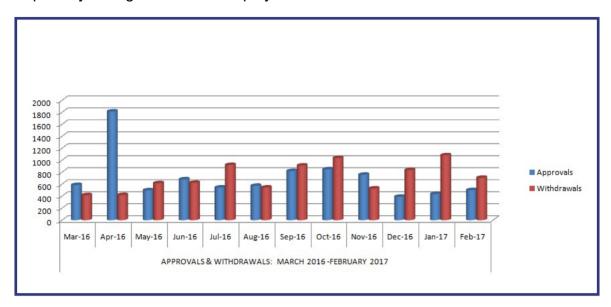
The occupation of debt collector is a volatile one which reflects a high turnover. At the end of the year under review there was a total number of 17 913 active debt collectors as opposed to 16 777 in 2016, 16 039 in 2015 and 14 803 in 2014.

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

MONTH	APPROVALS	WITHDRAWALS
*March 2016	586	417
*April 2016	1814	420
*May 2016	499	617
*June 2016	681	624
*July 2016	545	921
*August 2016	574	545
*September 2016	820	912
*October 2016	849	1037
*November 2016	759	529
*December 2016	391	836
*January 2017	437	1083
*February 2017	502	707

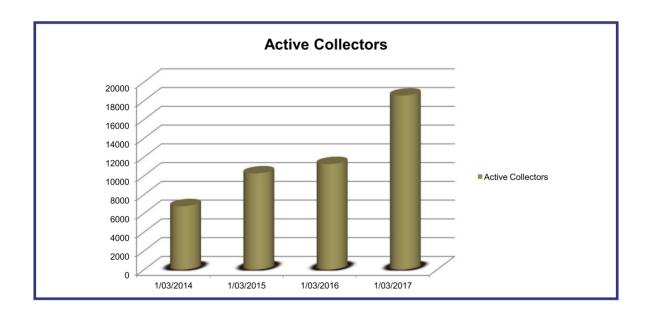






Even though there is a huge fluctuation between approvals and withdrawals one a month to month basis and on a year to year basis the true reflection of the industry is reflected in the number of active debt collectors as collectors who remain registered for the year is not reflected in the approvals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

This can be seen from the following graph:





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

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

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

PROCEDURAL REQUIREMENTS

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

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

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

TRANSFERS

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

Notes:

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





FEE STRUCTURE

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





PART E COMPLIANCE

Council for Debt Collectors

THE FUNCTIONING OF THE LEGAL SECTION

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

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

DISCIPLINARY PROCEDURE

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

Broadly speaking the following disciplinary procedure is followed:

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



The Council has no jurisdiction over the actions or fees charged by attorneys (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, banks by the Banking Ombudsman and 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	:	270
•	Complaints received complying with Regulations	:	769
•	Investigations finalised (no disciplinary action taken)	:	400
•	Number of cases in which a decision has to be taken		
	by the Executive Committee	:	0
•	Number of disciplinary matters finalised	:	88
•	Number of part heard disciplinary hearings	:	6
	Complaints still under investigation	:	281

The number of formal complaints received during the year under review has decreased from 791 to 768. The number of disciplinary hearings finalised decreased from 244 to 88. The number of investigations finalised where no disciplinary action was taken has decreased from 586 to 400 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 15 314 telephonic queries and complaints. Prescription in terms of Prescription Act 68 of 1969 and Section 126B of the National Credit Act, emolument attachment orders (EAO), credit amnesty, debt review, who regulates attorney's debt collectors or attorneys conduct and buying of debt books made up the bulk of the queries received by the Legal Division during the period under review.

OUTCOME OF DISCIPLINARY HEARINGS

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

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

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

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

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

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. The Council's legal division also plays a role with the stakeholder's legal departments on complaints referrals and information sharing sessions.

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

PENDING LITIGATION

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

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



ENABLING LEGISLATION

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

Amendments to the enabling legislation

Amendments to the Act

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

Amendment of the Regulations

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

Amendments to the Code of Conduct

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

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

Amendments to the Act

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

> Trainee debt collectors

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

> Admission of guilt

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



> Inspectors

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

> Trust accounts

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

> Delegation of powers by Council

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

> Exemptions from the provisions of the Act

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

Inclusion of attorneys

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

Amendments to the Regulations

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

Amendments to the Code of Conduct

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



PART F PUBLIC RELATIONS

Council for Debt Collectors

CAREER EXPO

Council participated in the Soweto Annual career exhibition, JB Marks Annual career exhibition and AngloGold Ashanti Career Exhibition that are organised with an objective of enhancing the knowledge of Grade 11 and 12 learners. We manage to address up to 6000 learners per day in these exhibitions. Educators also utilise the opportunity and find the information very relevant to them. Council's officials interact with learners; educating them about the existence of Council and its mandate. During these exhibitions Council's brochures and branded promotional material are distributed to learners and educators.





Ms Mengcane addressing High School learners at Career Expos held in Alberton and Ventersdorp

CONSUMER EDUCATION AND AWARENESS CAMPAIGN

The Council for Debt Collectors has for the first time in the year under review hosted a national awareness campaign in-house. Even though it was a learning curve for the Council's PR officials, the exercise has also proven to be cost effective and efficient. An integrated communication approach was followed in conducting the Council's awareness campaign 2016. Community radio and print contributed in the success of the campaign.

PR worked directly with community radio stations in all provinces for the duration of the campaign that rolled as of June 2016 until September 2016. As a result of well established relationships with community radio stations at some instances we would take advantage of added value in a form of free live interviews and advertisements to deliver Council's messages to consumers.



PUBLIC RELATIONS

Radio campaigns were carried out in Northern Cape, Limpopo, Gauteng and Free State whilst brand activation campaigns were conducted in North West, Mpumalanga, Eastern Cape, Western Cape and KwaZulu-Natal. The campaign consisted of eight (8) radio interviews, eight (8) newspaper advertisements and five (5) outside broadcasts that include three (3) cross-over interviews per broadcast. During outside broadcasts; information is disseminated by distributing information brochures to the audiences that are being addressed during the campaign. The total reach of the campaign was 13 110 000 for a cost of R300 000.

Social media platform such as Face book has been an imperative tool used in spreading Council's messages and making information easily accessible even on mobile phones. Regular updates regarding Council's activities are posted on both Facebook and Twitter.

Below are some images of the interaction with the public during outside broadcasts.













STAKEHOLDER MANAGEMENT

The Council continues to preserve good relations with its stakeholders in consumer education. The partnership with Transversal Employee Health and Wellness of the Gauteng Office of the Premier has opened doors for Council to conduct financial literacy workshops to empower employees of various government departments. Several offices of the following departments were visited during this year: Department of Economic Development, Department of Agriculture & Rural Development, Department of Health, Department of Human Settlement, Department of Roads and Transport, Treasury, Department of Social Development and Department of Infrastructure Development. These workshops were attended by 30 to 80 employees in each department per session.

COUNCIL PERSONNEL

The Council's personnel constantly preserve and enhance Council's image by offering their time and energy for social projects.

They took great pleasure in being part of the Mandela Day 2016 activities by spending their 67 minutes playing with children at Jasmyn Pre-School in Silverton, Pretoria. They also handed out party packs that were prepared by the staff members. Another crèche visited on the day was Rock Christian Day Care Centre that is situated in Ext 12 in Mandela Village, Mamelodi East. The crèche was presented with basic needs such as gas cylinder, gas stove, food storage cabinet, mattresses, toys, books, groceries and party packs.







Mamelodi East



SOCIAL RESPONSIBILITY

The Council adopted Rishile Day Care Centre situated in Tshepisong West, Johannesburg as its 2016 Social Responsibility project and fulfilled the needs of this centre by building additional toilets as shown below:







Before After

OTHER

Sunshine Hospice and HIV/AIDS Awareness Centre in Ga-Rankuwa, Pretoria was visited and basic needs were identified. As a result, groceries were delivered at the hospice and management was grateful.





Ms Mahlangu and Ms Mengcane handing over groceries to Hospice CEO, Ms Ntoaele



PUBLIC RELATIONS

PR ACTIVITIES 2016/2017

Gauteng Consumer Affairs: JHB WCRDC- March in JHB city Qwaqwa: Charles Mopeli Stadium Dept of Economic, small business dev, tourism & one consultations environmental affairs: Free State Department of Agriculture & rural development: Randfontein office Soweto Annual Career EXPO Department of Agriculture & rural development: Arcadia Office, Pretoria Department of Health: Pretoria West Hospital JB Marks Annual Career Exhibition WCRDC- Exhibition / one on one consultations 31 March 2016 Exhibition 5 April 2016 Exhibition / 7 & 8 April 2016 Exhibition / 11 April 2016 Workshop / Presentation / 21 April 2016 Exhibition / 25 & 26 April 2016 Exhibition / 25 & 26 April 2016 Exhibition / 25 & 26 April 2016
Economic, small business dev, tourism & one consultations environmental affairs: Free State Department of Agriculture & rural development: Randfontein office Soweto Annual Career EXPO Department of Agriculture & rural development: Arcadia Office, Pretoria Department of Health: Pretoria West Hospital JB Marks Annual Career Exhibition one consultations 31 March 2016 Exhibition 5 April 2016 Exhibition 11 April 2016 Workshop / Presentation 21 April 2016 Exhibition 25 & 26 April 2016 Exhibition Cyentersdorp)
environmental affairs: Free State Department of Agriculture & rural development: Randfontein office Soweto Annual Career EXPO Department of Agriculture & rural development: Arcadia Office, Pretoria Department of Health: Pretoria West Hospital JB Marks Annual Career Exhibition Exhibition Stapril 2016 Exhibition Exhibition Exhibition 11 April 2016 Workshop / Presentation 21 April 2016 Exhibition Exhibition 25 & 26 April 2016 Exhibition (Ventersdorp)
Department of Agriculture & rural development: Randfontein office Soweto Annual Career EXPO Department of Agriculture & rural development: Arcadia Office, Pretoria Department of Health: Pretoria West Hospital JB Marks Annual Career Exhibition Exhibition Exhibition Exhibition 5 April 2016 5 April 2016 Exhibition 11 April 2016 Workshop / Presentation 21 April 2016 Exhibition 25 & 26 April 2016 (Ventersdorp)
development : Randfontein office 5 April 2016 Soweto Annual Career EXPO Exhibition 7 & 8 April 2016 Department of Agriculture & rural development : Arcadia Office, Pretoria Exhibition 11 April 2016 Department of Health: Pretoria West Workshop / Presentation 21 April 2016 Hospital JB Marks Annual Career Exhibition Exhibition (Ventersdorp)
Soweto Annual Career EXPO Exhibition 7 & 8 April 2016 Department of Agriculture & rural development: Arcadia Office, Pretoria Exhibition 11 April 2016 Department of Health: Pretoria West Workshop / Presentation 21 April 2016 Hospital JB Marks Annual Career Exhibition (Ventersdorp) Exhibition 7 & 8 April 2016 Exhibition 21 April 2016 Exhibition 25 & 26 April 2016
Department of Agriculture & rural development : Arcadia Office, Pretoria
development : Arcadia Office, Pretoria Exhibition 11 April 2016 Department of Health: Pretoria West Hospital JB Marks Annual Career Exhibition (Ventersdorp) Exhibition 11 April 2016 Workshop / Presentation 21 April 2016 Exhibition 25 & 26 April 2016
Department of Health: Pretoria West Hospital JB Marks Annual Career Exhibition (Ventersdorp) Workshop / Presentation Exhibition Exhibition 21 April 2016 25 & 26 April 2016
Hospital JB Marks Annual Career Exhibition Exhibition 25 & 26 April 2016 (Ventersdorp)
JB Marks Annual Career Exhibition Exhibition 25 & 26 April 2016 (Ventersdorp)
(Ventersdorp)
,
Zibonele FM Telephone live interview 12 May 2016
Khayelitsha Mall, Cape Town Outside Broadcast with Zibonele 13 May 2016
FM
Dept of Human Settlement- Jhb Employee financial literacy 23 May 2016
workshop
Dept of Human Settlement- Alberton Employee financial literacy 24 May 2016
workshop
Kliptown-with GP Consumer Affairs Office Consumer education youth 24 June 2016
month event
Maputaland FM Telephone live interview 7 July 2016
Outside Broadcast with 8 July 2016
Jozini -KZN Maputaland FM
Dept of Human Settlement- Arcadia Employee financial literacy 19 July 2016
workshop
Dept of Roads and Transport – Employee financial literacy 26 July 2016
Bronkhorstspruit workshop
Gauteng Provincial Treasury-Jhb Employee financial literacy 28 July 2016
workshop
Mafisa FM Telephone live interview 28 July 2016
Foro Spar Mall - Rustenburg Outside Broadcast with Mafisa 29 July 2016
FM
East Rand: Ivory Park with GP Consumer Employee financial literacy 10 August 2016
Affairs Office workshop (women's month
event)
SABC – Auckland Park Consumer Talk Show – SABC 1 12 August 2016
Vukani Community Radio Telephone live interview 1 September 2016





PUBLIC RELATIONS

VENUE / RADIO STATION	EVENT	DATE
Queenstown -EC	Outside Broadcast with Vukani	2 September 2016
	CR	
UNISA SBL - Midrand	Employee Wellness workshop	23 September 2016
SABC 1 – Auckland Park	Consumer Talk Show – SABC 1	30 September 2016
Barberton Community Radio	Telephone live interview	6 October 2016
Univen Community Radio	Telephone live interview	7 October 2016
Nelspruit Plaza	Outside Broadcast with	7 October 2016
	Barberton CR	
Radio Bushbuckridge	Telephone live interview	14 October 2016
Mamelodi East Ext 5: Dept of Social Dev.	Employee Wellness workshop	19 October 2016
Krugersdorp: Sterkfontein Hospital	Employee Wellness workshop	10 November 2016
SABC – SA FM	Live interview	27 December 2016
Heidelburg – Shalimar Ridge Community	Consumer education workshop	
Hall with Consumer Affairs Office:		9 February 2017
Gauteng		
Gauteng Dept of Infrastructure	Employee Wellness workshop	24 February 2017
Development		



ANNEXURE A

ANNUAL FINANCIAL STATEMENTS



Council for Debt Collectors



COUNCIL FOR DEBT COLLECTORS
(DEBT COLLECTORS ACT, 1998 (ACT 114 OF 1998)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2017

Council for Debt Collectors (Registration number Debt Collectors Act, 1998 (Act 114 of 1998)) Annual Financial Statements for the year ended 28 February 2017 General Information

Country of incorporation and domicile South Africa

Officers Adv A Cornelius

S Machaba CA(SA)

Registered office West Wing, Ground Floor

Rentmeester Park
74 Watermeyer Street
Val de Grace, Pretoria

0127

Business address West Wing, Ground Floor

Rentmeester Park
74 Watermeyer Street
Val de Grace, Pretoria

0127

Postal address Council for Debt Collectors

PO Box 836 Silverton 0127

Auditors Mazars Gauteng

Chartered Accountants (S.A.)

Registered Auditor

Level of assurance These annual financial statements have been audited in

compliance with the applicable requirements of the Debt

Collectors Act, 1998 (Act 114 of 1998).

Council for Debt Collectors (Registration number Debt Collectors Act, 1998 (Act 114 of 1998)) Annual Financial Statements for the year ended 28 February 2017 Index

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

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Council for Debt Collectors (Registration number Debt Collectors Act, 1998 (Act 114 of 1998)) Annual Financial Statements for the year ended 28 February 2017 Councils' Responsibilities and Approval

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

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

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

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

The Council has reviewed the entity's cash flow forecast for the year to 28 February 2018 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 company's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 19, which have been prepared on the going concern basis, were approved by the Audit committee on 29 May 2017 and were signed on its behalf by:

S Machaba CA(SA)

Adv A Cornelius



Independent Auditor's Report

To the Council for Debt Collectors

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Council for Debt Collectors set out on pages 8 to 18, which comprise the statement of financial position as at 28 February 2017, and the statement of 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.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Council for Debt Collectors as at 28 February 2017, 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 and The Council of Debt Collectors Act of South Africa.

Basis for Opinion

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

Supplementary information

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on page 19 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

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

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

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

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

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

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Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

Other reports required by Companies Act

As part of our audit of the annual financial statements for the year ended 28 February 2017, we have read the Chief Executive Officer's report for the purpose of identifying whether there are material inconsistencies between that report and the audited annual financial statements. The Chief Executive Officers' report is the responsibility of the Chief Executive Officer. Based on reading that report we have not identified material inconsistencies between it and the audited annual financial statements. However, we have not audited the Chief Executive Officers' report and accordingly do not express an opinion thereon.

Mazars Partner: Munesh Patel Registered Auditor Gauteng 29 May 2017 Council for Debt Collectors (Registration number Debt Collectors Act, 1998 (Act 114 of 1998)) Annual Financial Statements for the year ended 28 February 2017 Chief Executive Officers' Report

The Chief Executive Officer has pleasure in submitting the report on the annual financial statements of Council for Debt Collectors for the year ended 28 February 2017.

1. Nature of business

The enitity is engaged in exercising control over the occcupation 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 detail of the financial position, results of operations and cash flows of the entity are set out in these annual financial statements.

3. Officers

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

Officers Position

Adv A Cornelius Chief Executive Officer

S Machaba CA(SA) Chairperson

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

4. Events after the reporting period

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

6. Auditor

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

7. Liquidity and solvency

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

Council for Debt Collectors (Registration number Debt Collectors Act, 1998 (Act 114 of 1998)) Annual Financial Statements for the year ended 28 February 2017 Statement of Financial Position as at 28 February 2017

Figures in Rand	Notes	2017	2016
Assets			
Non-Current Assets			
Property, plant and equipment	2	230,712	255,343
Intangible assets	3	2,337	3,292
		233,049	258,635
Current Assets			
Inventories	5	60,887	27,500
Loans to employees		1,200	5,400
Trade and other receivables		-	2,363
Other financial assets	4	71,071,249	64,305,864
Cash and cash equivalents	6	1,611,791	1,209,682
		72,745,127	65,550,809
Total Assets		72,978,176	65,809,444
Equity and Liabilities			
Equity			
Reserves	7	20,000,000	20,000,000
Retained income		49,291,988	42,153,380
		69,291,988	62,153,380
Liabilities			
Current Liabilities			
Trade and other payables	8	614,753	753,289
Operating lease liability		14,932	· -
Members for registration and application	9	3,056,503	2,902,775
		3,686,188	3,656,064
Total Equity and Liabilities		72,978,176	65,809,444

Council for Debt Collectors (Registration number Debt Collectors Act, 1998 (Act 114 of 1998)) Annual Financial Statements for the year ended 28 February 2017 Statement of Profit or Loss and Other Comprehensive Income

Notes	2017	2016
10	14 144 217	14,460,383
, •	42,100	139,500
	(12,432,338)	(12,397,130)
11	1,753,979	2,202,753
12	5,384,629	4,724,357
	7,138,608	6,927,110
	_	=
	7,138,608	6,927,110
	10	10

Council for Debt Collectors (Registration number Debt Collectors Act, 1998 (Act 114 of 1998)) Annual Financial Statements for the year ended 28 February 2017 Statement of Changes in Equity

Figures in Rand	Other NDR	Retained income	Total equity
Balance at 01 March 2015	20,000,000	35,226,270	55,226,270
Profit for the year Other comprehensive income	- -	6,927,110 -	6,927,110
Total comprehensive income for the year	-	6,927,110	6,927,110
Balance at 01 March 2016	20,000,000	42,153,380	62,153,380
Profit for the year Other comprehensive income	- - -	7,138,608 -	7,138,608 -
Total comprehensive income for the year	-	7,138,608	7,138,608
Balance at 28 February 2017	20,000,000	49,291,988	69,291,988
Note(s)	7		

Council for Debt Collectors (Registration number Debt Collectors Act, 1998 (Act 114 of 1998)) Annual Financial Statements for the year ended 28 February 2017 Statement of Cash Flows

Figures in Rand	Notes	2017	2016
Cash flows from operating activities			
Cash generated from operations	15	1,764,799	2,595,646
Cash flows from investing activities			
Purchase of property, plant and equipment Sale of property, plant and equipment Purchase of other intangible assets Movement in term deposits Interest Income	2 2 3	(136,715) - (3,147) (6,765,385) 5,384,629	(162,592) 3,895 (12,340) (6,434,905) 4,724,357
Net cash from investing activities		(1,520,618)	(1,881,585)
Cash flows from financing activities			
Movement in members for registration Movement in application for registration Movement in loans to employees		153,728 - 4,200	(890,970) (539,381) 4,750
Net cash from financing activities		157,928	(1,425,601)
Total cash movement for the year Cash at the beginning of the year		402,109 1,209,682	(711,540) 1,921,222
Total cash at end of the year	6	1,611,791	1,209,682

Council for Debt Collectors (Registration number Debt Collectors Act, 1998 (Act 114 of 1998)) Annual Financial Statements for the year ended 28 February 2017 Accounting Policies

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:

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

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 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Amortisation of intangible assets is included in the operating expenses in the Statement of Profit and Loss and Other Comprehensive Income.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Council for Debt Collectors (Registration number Debt Collectors Act, 1998 (Act 114 of 1998)) Annual Financial Statements for the year ended 28 February 2017 Accounting Policies

1.2 Intangible assets (continued)

ItemUseful lifeComputer software, other2 years

1.3 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.

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

Trade and other payables

Trade payables are intially 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.

1.4 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.

Council for Debt Collectors (Registration number Debt Collectors Act, 1998 (Act 114 of 1998)) Annual Financial Statements for the year ended 28 February 2017 Accounting Policies

1.5 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.

1.6 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.

1.7 Revenue

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

Annual and registration fees received:

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

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

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

1.8 Turnover

Turnover comprises of registration and annual fees paid by debt collectors. Turnover is stated at the invoiced amount and is exclusive of value added taxation.

Figures in Rand	2017	2016

2. Property, plant and equipment

	2017				2016	
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	207,437	(186,886)	20,551	186,661	(186,645)	16
Motor vehicles	136,382	(108,194)	28,188	136,382	(80,918)	55,464
Office equipment	396,829	(354,244)	42,585	380,150	(339,538)	40,612
IT equipment	998,922	(876,208)	122,714	919,895	(776,028)	143,867
Cutlery	29,586	(27,342)	2,244	28,781	(27,303)	1,478
Books	158,839	(144,409)	14,430	143,970	(130,064)	13,906
Total	1,927,995	(1,697,283)	230,712	1,795,839	(1,540,496)	255,343

Reconciliation of property, plant and equipment - 2017

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

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
	211,419	162,592	(3,895)	(114,773)	255,343

Depreciation rates

3. Intangible assets

		2017			2016	
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	94,169	(91,832)	2,337	91,022	(87,730)	3,292

Council for Debt Collectors (Registration number Debt Collectors Act, 1998 (Act 114 of 1998)) Annual Financial Statements for the year ended 28 February 2017 Notes to the Annual Financial Statements

Figures in Rand			2017	2016
3. Intangible assets (continued)				
Reconciliation of intangible assets - 2017				
	Opening	Additions	Amortisation	Total
Computer software	balance 3,292	3,147	(4,102)	2,337
Reconciliation of intangible assets - 2016				
	Opening	Additions	Amortisation	Total
Computer software	balance 2,819	12,340	(11,867)	3,292
4. Other financial assets				
Held to maturity				
Investment held with ABSA bank Fixed deposist accounts at ABSA, over fixed periods ran	ging from 90 da	ays to	15,269,937	12,577,750
1826 days at fixed interest rates. Investment held with Investec Bank			55,801,312	51,728,114
Wholesale deposit accounts at Investec, over fixed period	s at effective rat	es.	71 071 240	64 205 964
			71,071,249	64,305,864
Current assets Held to maturity			71,071,249	64,305,864
5. Inventories				
Stationery			60,887	27,500
6. Cash and cash equivalents			· · · · · · · · · · · · · · · · · · ·	<u> </u>
Cash and cash equivalents consist of:				
Cash on hand			3,527	3,108
Bank balances			1,608,264	1,206,574
			1,611,791	1,209,682
7. Other reserves				
Building reserve: Funds earmarked to be utilised to acquir	e an own buildir	g	20,000,000	20,000,000
8. Trade and other payables				
VAT			227,817	244,646
Accrued leave pay PAYE, SDL and UIF			289,621 -	285,866 130,386
Software rental accruel			-	31,265
Accrued expense Other sundry payables			97,315	4,207 56,919

Council for Debt Collectors (Registration number Debt Collectors Act, 1998 (Act 114 of 1998)) Annual Financial Statements for the year ended 28 February 2017 Notes to the Annual Financial Statements

Figures in Rand

9. Members for registration and application		
Fees received for registration which have not yet been processed because of insufficient information supplied by depositor	3,056,503	2,902,775
10. Revenue		
Rendering of services	9,335,600	9,632,600
Interest received: Section 20 Registration fees received	1,124,769 3,595,048	695,583 3,964,100
Duplicate certificate fees received	88,800	168,100
	14,144,217	14,460,383
11. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Operating lease charges Premises		
Straight-lined amounts	1,546,603	1,406,976
Amortisation on intangible assets	4,102	11,867
Depreciation on property, plant and equipment	161,346	114,773
Employee costs	8,276,007	7,959,128
12. Investment revenue		
Interest revenue Other interest	5,384,629	4,724,357
13. Taxation		
No provision has been made for the 2014 income tax as the Council is exempt from tax section 10(1)(cA) (i) of the Income Tax Act.	in terms of the	provisions of
14. Auditors remuneration		
Fees	77,500	75,000
15. Cash generated from operations		
Profit before taxation	7,138,608	6,927,110
Adjustments for: Depreciation and amortisation	165,448	126,640
Interest received - investment	(5,384,629)	(4,724,357)
Movements in operating lease assets and accruals	14,932	-
Changes in working capital: Inventories	(33,387)	2,000
Trade and other receivables	2,363	(2,363)
Trade and other payables	(138,536)	266,616
	1,764,799	2,595,646

2017

2016

Council for Debt Collectors (Registration number Debt Collectors Act, 1998 (Act 114 of 1998)) Annual Financial Statements for the year ended 28 February 2017 Notes to the Annual Financial Statements

Figures in Rand	2017	2016
16. Commitments		
Operating leases – as lessee (expense)		
Minimum lease payments due	000.044	4 440 700
within one yearin second to fifth year inclusive	806,344 -	1,149,788 806,344
	806,344	1,956,132

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.

17. Risk management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity 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 entity 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 entity 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.

18. Employee cost

Employee costs 5,237,213 5,027,621 Other payroll levies 1,670,434 1,615,624 Leave pay provision charge 3,756 3,236 Post-employment benefits - Pension - Defined contribution plan 1,364,604 1,312,647 8,276,007 7,959,128

Council for Debt Collectors (Registration number Debt Collectors Act, 1998 (Act 114 of 1998)) Annual Financial Statements for the year ended 28 February 2017 Detailed Income Statement

Figures in Rand	Notes	2017	2016
Revenue			
Annual fees		9,335,600	9,632,600
Interest received - Section 20		1,124,769	695,583
Registration fees		3,595,048	3,964,100
Duplicate Certificate Fees		88,800	168,100
	10	14,144,217	14,460,383
Cost of sales		-	-
Other income			
Penalties		37,000	126,200
Forfeited amounts		5,100	13,300
Interest received	12	5,384,629	4,724,357
		5,426,729	4,863,857
Operating expenses			
Advertising		(6,878)	(3,700)
Auditors remuneration	14	(77,500)	(75,000)
Bank charges		(27,202)	(28,397)
Cleaning		(4,798)	(3,676)
Computer expenses		(34,636)	(83,257)
Consulting and professional fees		(141,623)	(141,788)
Depreciation, amortisation and impairments		(165,448)	(126,640)
Employee costs		(8,276,007)	(7,959,128)
Entertainment		(4,291)	<u>-</u>
Audit committee		(82,533)	(60,878)
Members and staff expenses		(71,125)	(88,105)
Executive meetings		(62,130)	(55,717)
Awareness compaigns		(434,643)	(877,178)
Social responsibility		(93,887)	(107,661)
Council meetings		(375,593)	(269,566)
Disciplinary proceedings		(84,731)	(155,881)
Insurance		(67,920)	(60,094)
Lease rentals on operating lease		(1,546,603)	(1,406,976)
Petrol and oil		(37,816)	(32,396)
Postage		(28,428)	,
Printing and stationery		(110,932)	
Repairs and maintenance		(7,583)	(10,702)
License fees		(34,506)	(20,518)
Security Software expenses		(11,666) (379,365)	(11,518)
Software expenses Telephone and fax		(379,365)	(363,156) (133,139)
Training		(140,430)	(135,139)
Halling			(123,811)
Profit for the year		7,138,608	6,927,110
i fonctor the year		7,130,000	0,321,110



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