

6. CHIEF EXECUTIVE OFFICER'S REPORT



As the CEO of SAIBA it is once again my privilege to present the annual financial statements of our beloved organisation.

SAIBA has done so much for each one of us. As members we receive a unique opportunity to assist our employers and clients alike with improving their business fortunes. Our employees receive the unique opportunity to assist aspiring accountants to become fully fledged professionals. The SAIBA Board can apply their skills and expertise in developing and overseeing the implementation of the SAIBA strategy - a strategy that has resulted in another year of excellent growth and recognition for SAIBA and its members.

We managed to increase revenue in 12 short months with nearly R2 000 000. That equates to nearly 2 persons being awarded a designation every day of the year.

Every day 2 new SAIBA designation holders are born; persons with dreams, hopes, aspirations and an unquenched drive to make a difference in this world.

Our sole purpose is to help and guide every single member, every single day in achieving their full potential. In this way we deliver skilled workers to the economies of South Africa, Namibia and the rest of the African continent.

The annual financial statements reflect the activities undertaken to achieve our purpose. In line with similar organisation in our growth stage, our employee costs are just more than 50% of revenue. This number reflects the increase in staff from 9 to 14 persons and efforts to pay decent salaries linked to industry norms and best practice guidelines. Our HR and Remuneration Committee, consisting of Board members and independent experts, oversees and approves all salary bands and enforces strict performance and monitoring requirements within employment contracts. Employee costs includes an amount of R127 666 as a non-cash provision for leave accrual.

Other significant expenses include an increase of R435 033 in consulting fees, which includes the cost of conducting our professional assessments of new applicants and the appointment of a compliance officer. These are necessary expenses to ensure the integrity of the SAIBA admission criteria across our 4 designation types and overall compliance to relevant laws. R781 396 was spent on developing, printing and marketing the SAIBA magazine, BA Review. Nearly all professional bodies invest in maintaining a presence in the printed media space. The ability to produce a printed magazine demonstrates to stakeholders, government and competing professional bodies that SAIBA is a fully-fledged professional body that can compete with the best in the world. SAIBA adopts a conservative approach to providing for bad debts, and although we have full confidence in our ability to attract and retain new members, we are very cautious not to overestimate our ability to expand rapidly. We therefore increased our bad debt provision from 4% of revenue to 7% of revenue reflecting a non-cash accounting entry of R500 000. Technical support expenses increased significantly from R72 267 to R327 789. This is a direct member benefit and a necessary expense to remain competitive within a professional service sector.

The deficit for the year is 8.5% of revenue and the same percentage in comparison to 2015.

The SAIBA Board believes strongly in our growth strategy and the ability of our employees to successfully manage and deploy various initiatives that will result in surplus driven expansion. These initiatives include:

- Expansion into Namibia and establishing a vibrant and growing Namibian branch of SAIBA;
- Launch of the CFO designation to drive membership amongst finance executives and hosting CFO Talks events in partnership with UNISA School of Business Leadership;
- Organise a CFO World Congress as a means to open new markets for SAIBA designations;
- Conclusion of a contract with UNISA to offer NQF certificate courses to SAIBA members via our partnership with the SA Accounting Academy Pty Ltd;
- Supporting the NPO Assist initiatives with the Department of Social Development driving more clients to SAIBA members;
- Piloting the online company registration with the Companies and Intellectual Property Commission;
- Offering SAIBA membership to licensed users of Quickbooks accounting software, exposing SAIBA to more than 7000 new prospects;
- Appointment of a Public Relations company to assist with creating more brand awareness and ensuring SAIBA is seen as a thought leader within industry;
- Appointment of a new education manager to develop alternative sources of funding in the form of competency and licenced assessments related to specialised engagements;
- Developing operational plans, tasks and activity lists per department to ensure delivery of the SAIBA strategy;
- Developing a remuneration strategy linked to performance of operation plans;
- Submission of an application for a 4th SAIBA designation for financial managers, ie CBA(SA);
- Relocation of SAIBA offices to provide more space and align with the SAIBA brand;
- Opening new markets for SAIBA members by applying for Business Rescue and Immigration verification status.

We believe that the 2016 annual financial statements reflect our efforts and commitment to developing the accounting profession and unlocking new markets for our members. We will continue with these efforts in 2017.

In faith and confidence

Nicolaas van Wyk