

## CHIEF EXECUTIVE OFFICER'S REPORT

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As the CEO of SAIBA it is once again my privilege to present the annual financial statements of our beloved organisation. After investing heavily in establishing SAIBA as a respected and recognised professional body within a highly competitive and sometimes hostile environment, we are now starting to see the benefits.

Our net surplus of R61,058 reflects a 91% improvement compared to 2016, and although this is noteworthy achievement, more needs to be done to ensure that we continue on our path of becoming the largest professional body in Southern Africa.

SAIBA is a non-profit, tax-exempt and membership-driven organisation that is obligated to act in the public interest, through regulating member conduct and providing member support services. This places restrictions on the extent that we can generate revenue, other than from member fees, and determines the nature of the expenses we incur. In other words, we are all about adding value to our membership than making profit.

Our 2017 annual financial statements hopefully reflect our efforts in this regard as it is an assessment of the value we have endeavoured to unlock for our members. Here are some of the highlights –

- revenue increased by more than R1,5 million to R8,842,510, whilst income from other sources showed similar buoyancy and increased with R1,6 million to R1,936,741. Significant items included in other income were: sponsorship of R947,807 for the CFO World Congress, an increase in advertising income to R646,351, and income from the awarding of licenses to the value of R304,603;
- the increase in revenue and other income offset the related increase in operating expense, which amounted to R2,537,858 to deliver a net surplus of R61,058 (2017: deficit R622,312). Our net surplus therefore expanded by more than half a million Rand;
- the increase in trade and other receivables from R1,385,403 (2016) to R2,922,038 (2017) shows that the investments made over the last couple of years in marketing and branding has successfully attracted large numbers of new applicants. We have achieved a gross increase in membership of 1,516 for the period 01 July 2016 to 30 June 2017. This proves that the market appreciates SAIBA's value proposition and position with the profession. This is also reflected in the growth of deferred revenue to R2,608,989 (2016: R760,554).
- during the year we maintained the focus on aggressive growth and were conscious of the risk posed by potential bad debts and member cancellations. In response, we constantly monitored the movements within debtors, followed a strict collection policy, enforced standards of compliance and CPD, and made a provision for the impairment of debtors to the value of R837, 625 (2016: R583,238). This resulted in the removal and/or suspension of 1800 members that joined prior to 01 July 2016 resulting in net decrease in membership of 286;
- we believe that ultimately all accountants will be required by regulation to join a professional body. This has been stated clearly in a number of Government documents and World Bank recommendations. Attracting large numbers of potential accountants is and will remain a priority of the SAIBA strategy to ensure we become the largest professional body in Southern Africa. We have further invested R110,422 in our IT system this past year to improve our debtor and member engagement. This spend is likely to increase in coming years in anticipation of the growth in membership and the required member engagement;
- in line with strategic decision related to member growth, advertising and exhibitions expenses increased substantially to R389,248 (2016: R80,754). Maintaining service levels required an increase in the number of staff employed leading to an increase in employment costs to R4,536,568 (2016: R3,672 958) and an increase in work space expenses to R546,346 (2016: R287,843);
- in an effort to maintain member satisfaction levels, professional bodies actively seek increased local and international recognition. Recognition can take many forms, for example obtaining statutory recognition to perform accounting officer and independent review engagements, or recognition which positions the professional body as an influential force. During the year under review, SAIBA initiated and engaged in a number of projects to enhance the recognition of the body and its members. Prime amongst these was the hosting of the CFO World Congress during November 2016, heralding our acceptance within the international finance executive community and providing members with career mobility. The Congress and related event costs totalled R2,007,259 (2016: R195,876) and supportive travel costs increased to R383,378 (2016: R288,278);
- the increase in expenses was covered by the increase in revenue and other income, as well as a reduction in costs related to the B&A Magazine to R206,748 (2016: R781,396), secretarial fees to R70,341 (2016: R232,561) and technical support to R145,940 (2016: R237,078).

Besides hosting the CFO World Congress some of the other noteworthy projects included –

- **NPO Assist:** providing compliance assistance to NPOs nationally, which is a joint project between SAIBA, the Department of Social Development and the Southern African Institute of Tax Professionals (SAIT). Our members committed R1 million to NPO compliance assistance;
- **UNISA:** co-signing an agreement with UNISA and the South African Accounting Academy (SAAA) to make accredited short courses available to SAIBA members, to enhance their ability to obtain a SAIBA designation or obtain a specialised professional licence. We also co-developed and implemented an e-learning platform – AcademyOne – with SAAA to offer these online short courses;
- **Magazine:** publishing our official magazine the B&A Review including interviews with Peter Ntshipale, Deputy Director-General of the DSD; Aarti Takoordeen, CFO of the JSE and Gauteng MEC Finance Barbara Creecy.
- **CIPC:**
  - pilot testing the new biometric company registration technology for the CIPC;
  - contributing to the improvement of company registrations as a member of the CIPC Company Liaison Committee;
  - successfully renewed our members status as Independent Reviewers and ensured compliance by members with submitting Reportable Irregularity reports;
- **SAQA:** successfully maintaining the registration of our designations with the South African Qualifications Authority (SAQA) and obtaining approval for the registration of a new designation for financial managers (CBA(SA)) and finance executives (CFO(SA));
- **CFO Talks:** continuing on the success of the CFO World Congress we hosted a number of CFO events with local and international experts. The UNISA School for Business leadership and CIMA became strategic partners. Through IAFEI and CFO Talks we have gained access to more than 20 000 finance executives world-wide and 5000 CFOs locally. Our local CFO events was attended by more than 230 CFOs and attracted more than 70 industry leaders as presenters, including SARS Commissioner Tim Moyane and Cape Town Mayor Patricia de Lille;
- **CFO recognition:** we were appointed as IAFEI Area president for Africa with the responsibility of growing the CFO profession in Africa;
- **Regional events:** we hosted a number of regional SAIBA member events in Limpopo and Johannesburg;
- **Staff:** appointing Shandukani Makanya as education manager with the specific duty of obtaining University accreditation for SAIBA designations, introducing respective accounting students to SAIBA, and establishing an entry exam and licensing regime within SAIBA;
- **Standards:**
  - developing new working papers for accountants servicing NPOs and establishing a standard for NPO compliance;
  - appointing external providers to assist with member's technical queries and hosted free practice management webinars with SAAA's support;
  - establishing a reporting standard for Immigration Accountants;
- **Website:** significant improvements to the website were made to enhance the application process and usability;
- **Member support:** based on the low risk profile of SAIBA members we negotiated a Professional Indemnity insurance premium for members that is the lowest in the sector with. AON and Hollard who are the broker and underwriter respectively;
- **Conferences:** we co-hosted the National Practice Management Conference for Accountants. The event was organised by SAAA and included the support of our sister bodies SAIPA and SAICA. We participated in the Tax Indaba organised by SAIT, the Finance Indaba, the CARISA Professional Body Summit, the 24th international ESAAG conference, and the SAGE summit tour.
- **Offices:** we moved to new and better offices during July 2016;
- **Sponsorships:** sponsoring the Quickbooks National Momprenneur competition and the Botshabelo children's home as part of our Mandela day celebrations.
- **Namibia:** hosting a number of member meetings to address the governance shortcomings within our Namibian branch, the outcome of which was a request by members for a collapse of the branch and integration with SAIBA Southern Africa;
- **Licences:** during the year we introduced a licence for Immigration Accountants providing members with the ability to specialise in this area.

SAIBA management was ably assisted by its Board and various Board committees. The integrated report accompanying the annual finance statements details in more detail their roles, functions and number of meetings. Our focus for the future will be to reinforce the projects mentioned and retain their value, whilst looking for more opportunities for expansion within the guiding principle of meaningful and lasting value. Working the way, we do, flexible and responsive to changes in market conditions, will not be possible without dedicated staff that believe in our mission, a Board that acts with insight and a willingness to make the hard decisions, and corporate partners like Draftworx and SAAA to whom we owe immense gratitude for sticking with us through thick and thin.

In dedication,  
**Nicolaas van Wyk**  
*Chief Executive Officer (CEO)*