



# ANNUAL REPORT 2013/14



SOUTH AFRICAN COUNCIL  
for the  
ARCHITECTURAL PROFESSION



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# **PART A**

## General Information

# General information

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<b>Registered name</b>	South African Council for the Architectural Profession (SACAP)
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<b>External auditors</b>	Nexia SAB&T
<b>Banker</b>	First National Bank

# List of abbreviations/acronyms

ALS	Architectural Learning Sites
Architectural Professions Act/the Act	Architectural Professions Act 44, 2000 (Act No. 44 of 2000)
BCO	Building Control Officer
BEPC	Built Environment Professional Council
CAA	Commonwealth Association of Architects
CAD	Candidate Architectural Draughtsperson
CANT	Candidate Architect
CAT	Candidate Architectural Technologist
CBE	Council for the Built Environment
CFO	Chief Financial Officer
Companies Act	Companies Act, 2008 (Act No. 71 of 2008)
CPD	Continuing Professional Development
CSAT	Candidate Senior Architect Technologist
CSR	Corporate Communications and Stakeholder Relations
DPW	Department of Public Works
EIR	Effective Interest Rate
FET	Further Education and Training
HR	Human Resources
IAS	International Accounting Standards
ICT	Information, Communication and Technology
IDoW	Identification of Work
IFRS	International Financial Reporting Standards
IRBA	Independent Regulatory Board for Auditors
King III	King Code of Governance Principles and King Report on Governance
MoU	Memorandum of Understanding
MTRs	Monthly Training Records
PAD	Professional Architectural Draughtsperson

PAT	Professional Architectural Technologist
PFMA	Public Finance Management Act, 1999 (Act No. 1 of 1999)
PPE	Professional Practice Examination
Pr Arch	Professional Architect
PSAT	Professional Senior Architectural Technologist
RP	Registered Person
RPL	Recognised Prior Learning
SACAP	South African Council for the Architectural Profession
SACPCMP	South African Council for Project and Construction Managers Profession
SAICA	South African Institute of Chartered Accountants
SALGA	South African Local Government Association
SAPS	South African Police Service
SCI	Statement of Comprehensive Income
UFS	University of the Free State
UIA	Union of International Architects
VA	Voluntary Association
YM	Your Membership

# Foreword by the President



**Phill Mashabane**  
SACAP President

As the third term of the Council, as extended by the Minister of Public Works, comes to an end, it is my pleasure to report on our achievements during our term. It has been a historic, memorable four years during which we succeeded in turning the organisation around, as is evident from its improved registration procedures, which have led to an increase in registrations, and an improvement in the Financial Statements. The Council ensured that SACAP's strategic objectives and mandate, as per the Architectural Profession Act, 2000 (Act No. 44 of 2000), were captured in the Strategic Plan for the period 2013–2014, which, in turn, was translated into an implementable Operational Plan with the assistance of the Registrars. The following strategic priorities were set for SACAP:

1. Ensure public protection and compliance by registered persons;
2. Grow and develop the profession to achieve sustainability and improved service delivery;
3. Develop SACAP as a centre of excellence; and
4. Social responsibility.

Throughout its term, the Council has ensured that these objectives are achieved through its stakeholder support. The new Council will review the Strategic Plan in the next financial year.



## Performance against objectives

### Ensure public protection and compliance by registered persons

SACAP's continued and improved stakeholder engagement was one of the highlights of the current Council's term. The increase in the number of registered persons (RPs) in 2013/14 is testimony to the impact of these stakeholder engagement efforts.

SACAP's constant interaction with RPs ensured improved compliance with the Act and improved service delivery. Various roadshows were held to promote the architectural profession and to educate the public about the protection they enjoy from perceived negative architectural practices. We plan to add to these public awareness campaigns through a billboard campaign in the next financial year.

During the review period, Council established relationships with the Building Control Officer (BCO) Steering Committee and the South African Local Government Association (SALGA). Both of these associations are aimed at promoting compliance by RPs. The Legal and Compliance Unit was strengthened during the reporting period and will continue to build on the relationship established with SALGA.

We believe that our multi-faceted stakeholder engagement activities serve to protect the profession and the public, to create awareness of the roles and responsibilities of all stakeholders and to ensure compliance with the tenets of architectural practice.

### *Identification of work*

The Identification of Work (IDoW) Board Notice 154 is still under review by the Competition Commission. Since this policy will impact on the determination of professional fees, the delay in approval is a concern. An IDoW Rollout Plan has been compiled and will be implemented once the policy is finalised in the next financial year.

### *Managing public health and safety*

Public health and safety remains a concern in the built environment. For this reason, the Council is drafting a Public Health and Safety Strategy for the entire architectural profession and all SACAP stakeholders. Council is currently identifying areas of concern which will be dealt with in the strategy.

### Grow and develop the profession to achieve sustainability and improved service delivery

During the period under review, SACAP continued with its efforts to promote architectural awareness among previously disadvantaged communities and to provide aid to deserving students from these communities. In this regard, SACAP participated in a number of career expos in rural areas and re-introduced the Education Fund, which provides financial aid to disadvantaged and deserving students from our accredited Architectural Learning Sites (ALS). Through the fund, SACAP hopes to assist in the development of the architectural profession.

The Heads of Schools Committee once again played a leading role in SACAP's growth and development initiatives during the reporting period. The committee's validation and accreditation visits and processes ensured sustained relationships with ALS, and served as a platform to promote SACAP among students.

Through SACAP's continued efforts to engage with Further Education and Training (FET) and private colleges, it has seen an increase in the number of accredited architectural programmes offered by these institutions. We hope to see more programmes being implemented by such institutions of higher learning in the future.

### **Develop SACAP as a centre of excellence**

To reinforce SACAP as a centre of excellence, Council set out to strengthen its various operational units. During the review period, the Contact Centre was introduced to ensure smooth communication between SACAP and its stakeholders. In addition, the Legal and Compliance Unit was strengthened through appointments in critical positions.

SACAP continued with the development and implementation of its online registration system, which should be up and running by the second quarter of 2014/15. This system will ensure quicker turnaround times on registrations and will contribute to continuing professional development (CPD) and related matters.

Policy development remains a challenge and SACAP is putting several strategies in place which will address this challenge. A Policy Framework and Corporate Governance Committee, as outlined by the Architectural Profession Act, is being constituted to assist the Council in identifying policy requirements and to play an oversight role in operations.

### ***Voluntary associations***

SACAP's recognised voluntary associations (VAs) continued to play a pivotal role in the co-ordination, implementation and running of CPD programmes, through activities that qualify for CPD category one credits. I am happy to announce that we are reaffirming the accreditation of recognised VAs as our stakeholders. The review process will be completed in 2014/15.

### ***International registration benchmarking***

South Africa's architectural degrees are held in high regard across the globe. This has allowed a number of graduates to emigrate and establish impressive careers (and reputations) in academia and practices overseas.

During the reporting period the Council set out to strengthen its relationships with international bodies. The Commonwealth Association of Architects (CAA) invited SACAP to attend the fourth General Meeting of the Canberra Accord as observers. The Canberra Accord presents SACAP

with a great opportunity to engage with international role players, and we therefore applied for provisional status. South Africa's validation system will undergo an intensive review over the next two years before SACAP can be granted full membership.

SACAP aims to link its Canberra Accord membership with reciprocal regional agreements, which it hopes to establish through its Africa Outreach Project, so that other collaborating universities, VAs and registering bodies may also benefit.

### **Social responsibility**

During the review period, the Council engaged with professions outside the built environment to benchmark its social investment activities. This benchmarking exercise will assist in the development of a sound social responsibility methodology. A Transformational Committee was established to assist Council in this regard.

### ***Concluding remarks***

I thank all Council members, who were the pillars of the architectural profession over the past four years, for their continued hard work and dedication. I take great pride in the achievements of this team in delivering on SACAP's mandate.

I want to welcome the new Registrar, Mrs Marella O'Reilly, to SACAP. Mrs O'Reilly is a strategist and specialist in the regulatory environment, and we believe that she will bring a fresh approach to the development, transformation and regulation of the architectural profession.

I would also like to extend my gratitude to all stakeholders who contributed towards the success of this Council. Since SACAP is a regulatory body and public entity, your contributions, inputs, criticisms and comments are always welcomed.

I wish the fourth Council the best of luck for its term in office. May the architectural profession continue to grow under your sound leadership.



**Mr Phill Mashabane**

*SACAP President*

21 July 2014

# Registrar's overview



**Marella O'Reilly**  
SACAP Registrar

The term of the third Council has been an eventful one to say the least. I am pleased to report that SACAP received its fourth consecutive unqualified audit report this year, just one of the many achievements during the Council's four years at the helm.

## Regulatory environment

SACAP is in the process of aligning its Operational Plan with National Treasury's *Framework for Strategic Plans and Annual Performance Plans*. In addition, we set out to comply with elements from National Treasury's *Annual Report Guide for Schedule 3A and 3C Public Entities*. We hope to improve our compliance with these guidelines in the next financial year.

The continued introduction of operational matters, in line with Treasury Regulations, in the strategic objectives and SACAP Operational Plan will be one of the key priorities in 2014/15.

The IDoW Board Notice 154 remains one of our major challenges, as it has not been passed by the Competition Commission. This policy, once passed, will impact on the determination of professional fees. The matter is still under review, and we continue to engage with the Competition Commission to ensure that it is resolved timeously. The Council will disseminate the outcome

of this matter to all stakeholders through roadshows and other media to ensure the maximum dissemination of the information.

### **Stakeholder engagement**

Interacting with all our stakeholder groups remains at the core of SACAP's mandate. Stakeholder engagement continued through various initiatives, including roadshows, exhibitions, electronic mediums and various media platforms. Through these engagements, Council aims to bridge the gap between SACAP and its stakeholders.

#### ***Higher education institutions***

During the period under review, the Education Fund was re-introduced after engagement with our ALS. The Council has successfully instituted criteria to ensure that bursaries are indeed disbursed to disadvantaged and deserving students studying through our ALS. During the reporting period, R440 000 was allocated to the 11 ALS.

In an effort to reach potential architecture students, SACAP participated in a number of built environment exhibitions and career expos to promote architecture as a lucrative career choice among the youth.

#### ***Registered professionals***

SACAP has taken a number of steps to streamline its registration process, which has led to a 6.80% increase in the number of RPs to 8 919 from 7 783 in the previous reporting period. Some of the initiatives included a data clean-up on the internal registration system, quality assurance through the introduction of the Contact Centre and regular RP engagement through roadshows and mail streams.

SACAP is establishing a relationship with the South African Police Service (SAPS) to deal with cases of misconduct and increase compliance with the Act. The Memorandum of Understanding (MoU) will be signed in the next financial year.

#### ***Voluntary associations***

VAs are recognised in terms of section 25 of the Architectural Profession Act. In 2013/14 SACAP commenced with the renewal of all VAs currently recognised. This project will be completed by the third quarter of 2014/15. We have also received a number of new applications during the year.

#### ***Participation in events***

We are excited to be one of the partners of the most prestigious international architectural event, the Union of International Architects (UIA) 2014 Congress, which will be held at Durban's International Convention Centre in the second quarter of 2014/15. SACAP has ring-fenced funding to ensure its participation in this historic event in South Africa's architectural industry. The Council will use this opportunity not only to connect with international bodies, but also students, candidates and RPs.

### Human resource management

2013/14 saw relatively high staff turnovers and the appointment of two Registrars and one acting Registrar, all of which impacted on service delivery. For this reason, SACAP has renewed its focus on capacity building and the filling of critical positions. During the year, SACAP appointed the Head: Legal and Compliance; Officer: Legal and Compliance; and Officer: Finance. We are presently finalising the appointment of a General Manager and Chief Financial Officer (CFO).

Thanks to stringent financial controls, the Council has increased its revenue and is now profitable, which allowed it to give salary increases for the first time in four years.

### Upgrade of ICT system

SACAP's outdated information and communication technology (ICT) system has been a matter of concern for a number of years and has impacted on service delivery. In 2013/14 a new online system, Your Membership (YM), was procured to enhance the registration process. It will facilitate the whole process, from the Registration Department, through to CPD recording, ensuring quick, reliable processing of applications. The system is still in the inception stage and will be fully implemented by the middle of 2014/15. SACAP is also upgrading to a new fibre-optic line and is updating the internal cabling to CAT 6, to ensure faster, more reliable operations.

### Revamping of the offices

In the last quarter of 2013/14 SACAP commenced with the long-overdue revamp of its offices, which will be completed early in 2014/15. These renovations will create a positive work environment for both staff and visitors. Space is used more effectively, leading to a reduction in the square meters occupied.

### Conclusion

Despite the challenges faced during the year, SACAP ended the reporting period with some measurable achievements which provide the foundation for progress in the year ahead. I would like to thank Council for their unwavering support and involvement in SACAP's activities during their term in office, as well as the operational team for their contribution to our improved service delivery.

To our stakeholders, your continued inputs to and feedback on our efforts are much appreciated. Lastly, I would like to thank the Council for the Built Environment (CBE) and the Registrars of the other Built Environment Professional Councils (BEPCs) who welcomed me into this industry through the Registrar's Forum – your guidance is greatly valued.



**Mrs Marella O'Reilly**

*SACAP Registrar*

21 July 2014

# Statement of responsibility and confirmation of accuracy for the Annual Report

To the best of our knowledge and belief, we confirm the following:

- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by Nexia SAB&T;
- The Annual Report is complete, accurate and is free from any omissions;
- The Annual Report has been prepared in accordance with some of the aspects set out in the *Annual Report Guide for Schedule 3A and 3C Public Entities* as issued by National Treasury;
- The Annual Financial Statements (Part E) were prepared in accordance with International Financial Reporting Standards (IFRS);
- The Council is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information;
- The Council is responsible for establishing and implementing a system of internal control, designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements; and
- Nexia SAB&T is engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, performance information, human resources information and financial affairs of SACAP for the financial year ended 31 March 2014.

Yours faithfully,



**Mr Phill Mashabane**  
SACAP President  
21 July 2014



**Mrs Marella O'Reilly**  
SACAP Registrar  
21 July 2014

# Strategic overview

## Vision

Regulating the architectural profession in the spirit of *batho pele*, meaning “people first”.

## Mission

To have a positive impact on the built environment by ensuring excellence in performance and service delivery by fostering collaborative relationships with role players in order to:

- Effectively regulate the architectural profession;
- Ensure proactive public protection;
- Develop a quality, sustainable and professional skills base;
- Ensure good governance and compliance within SACAP;
- Promote the role of the architectural profession in transformation;
- Create a legacy of humane and sustainable architecture; and
- Improve awareness of the architectural profession.

## Values

- **Accountability:** accepting responsibility for actions and decisions.
- **Cohesiveness:** shared coherent values and aspirations.
- **Excellence:** promoting high standards.
- **Integrity:** ethical behaviour, honesty and trustworthiness.
- **Respect:** ethos of dignity, tolerance and consideration.
- **Transparency:** appropriate disclosure of information and debate.



# Legislative and other mandates

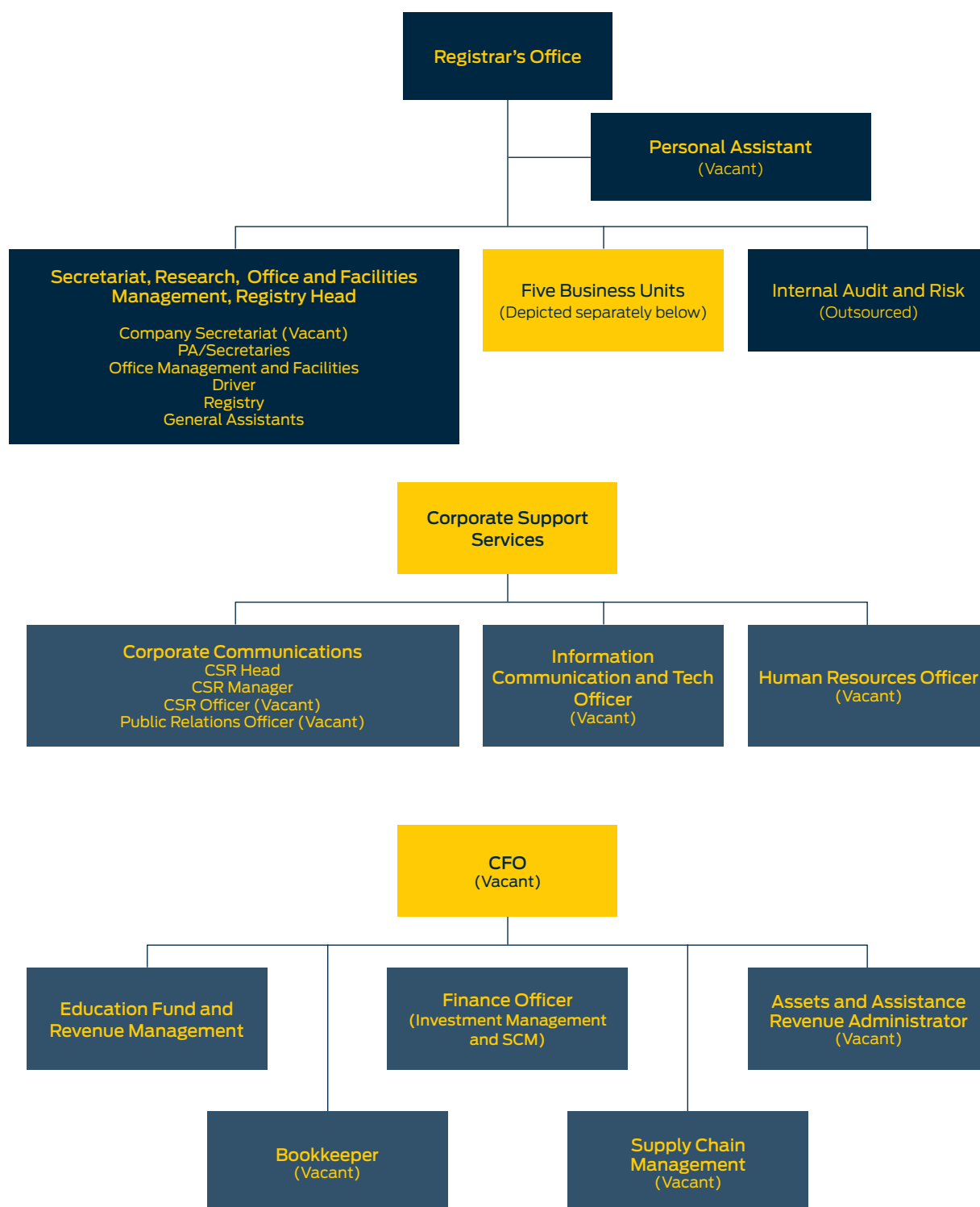
The Architects Act, 1970 (Act No. 35 of 1970) established the South African Council for Architects on 1 March 1971. This legislation, with amendments, remained in force for almost 30 years. On 1 December 2000 the Architectural Profession Act, 2000 (Act No. 44 of 2000) was published and came into effect on 26 January 2001, and SACAP was established with effect from 12 September 2001.

The new Act includes all architectural professionals – Professional Architects, Senior Architectural Technologists, Architectural Technologists and Architectural Draughtspersons. In addition, public protection and the development of a sustainable architectural profession are intrinsic to the new Act.

The Architectural Profession Act mandates SACAP to:

- Protect members of the public by regulating the profession;
- Take steps to ensure that public health and safety is not jeopardised through the provision of architectural services;
- Ensure that the public is aware of their rights with respect to the provision of architectural services;
- Ensure that RPs are aware of the importance of protecting the environment;
- Regulate architectural education in South Africa;
- Register and maintain an up-to-date database of all architectural professionals and candidates;
- Maintain international best practice in the quality of services provided by architectural professionals; and
- Identify, isolate and classify work that may be performed by RPs.

# Legal and operational structure







## **PART B**

# Performance Information

## Strategic priorities and objectives

Strategic priority	Strategic objectives
1. Ensure public protection and compliance by registered persons	<ul style="list-style-type: none"> <li>• Implement an effective education campaign</li> <li>• Partner with law enforcement agencies and Chapter 9 institutions</li> <li>• Develop the necessary internal capacity and resources for effective education and enforcement</li> <li>• Active regulation of service delivery towards ensuring the protection of the public</li> </ul>
2. Grow and develop the profession to achieve sustainability and improved service delivery	<ul style="list-style-type: none"> <li>• Improve the quality and relevance of the curriculum of accredited ALS</li> <li>• Implement medium- and long-term strategies to ensure that the demographic profile of the architectural profession is increasingly reflective of the demographics of the country</li> <li>• Improve the relevance and quality of ongoing professional development of RPs</li> <li>• Implement an appropriate IDoW Framework</li> <li>• Enhance skills development</li> </ul>
3. Develop SACAP as a centre of excellence	<ul style="list-style-type: none"> <li>• Implement a Turnaround Strategy for SACAP to improve service delivery to all stakeholders</li> <li>• Develop and implement strategies for engagement with all key stakeholders – RPs, VAs, the public, local authorities, ALS, CBE and the Department of Public Works (DPW)</li> <li>• Ensure that sufficient financial resources are in place to sustain SACAP</li> <li>• Position SACAP as playing an active role in the built environment</li> <li>• Position SACAP as a global player</li> </ul>
4. Social responsibility	<ul style="list-style-type: none"> <li>• Contribute to poverty alleviation through job creation within the scope of the architectural profession</li> <li>• Promote the role of the architectural profession in general transformation</li> <li>• Contribute to government's proposed infrastructural development</li> <li>• Drive the implementation of green architectural practices</li> </ul>

## SACAP management team



**Marella O'Reilly**

Registrar



**Toto Fiduli**

Head: Legal and Compliance



**Daniel Manamela**

Head: Professional Development Unit



**Nontembeko Tutani**

Head: Monitoring, Evaluation and  
Contact Centre



**Pappie Maja**

Head: Corporate Communications and  
Stakeholder Relations

# Performance overview



**Dhanashwar Basdew**  
Chairperson: CSR Committee

## Corporate Communications and Stakeholder Relations

The Corporate Communications and Stakeholder Relations (CSR) Unit consolidates, co-ordinates and drives SACAP's operational efforts to strengthen its image and relationship with all stakeholders.

The unit's strategic priorities and objectives are outlined in the CSR Plan, and focus on the implementation of effective educational campaigns, developing the necessary capacity and resources for effective education and enforcement, improving the relevance and quality of ongoing professional development and registered persons and developing and implementing strategies for engaging with all key stakeholders.

During the period under review, the CSR Unit successfully executed many of its objectives, as discussed below. It however did not implement all roadshow events planned for 2013/14. These events will be held in the third quarter of 2014/15.

### Projects during the year

#### ***Stakeholder engagement***

The CSR Unit communicated with SACAP's stakeholders through a number of initiatives:

- **The media:** Placed various advertisements in national newspapers, and sent out e-mails, letters and mail streams to RPs, VAs and other stakeholders.



- **Roadshows:** In August 2013, roadshows were held in the Free State to educate stakeholders on SACAP's mandate, improve the image of the Council, and to increase revenue streams. Stakeholders reached included students from the University of the Free State (UFS) School of Architecture, VAs and RPs.
- **Stakeholder meetings:**
  - Meeting with the Mangaung Metropolitan Municipality to educate the local authority on the importance of accepting and approving building plans from SACAP RPs;
  - Introductory meeting with SALGA to introduce SACAP and its mandate in terms of the Act, and to establish collaboration between the organisations;
  - Meeting with the BCO Steering Committee in October 2013 to strengthen the relationship between the organisations and to inform and educate local authorities about SACAP's public protection mandate in terms of the Act; and
  - SACAP is establishing a relationship with SAPS to deal with cases of misconduct and increase compliance with the Act.
- **Educational authorities:** Visited the University of Johannesburg's Faculty of Arts, Design and Architecture to educate students on SACAP's candidacy registration processes.
- **Awards:** Engaged with the University of Pretoria, UFS and University of Cape Town to present the Best Student in Architecture Awards.
- **Sponsorships:** Co-sponsored the Annual National Student Congress held in Bloemfontein in August 2013.

#### ***Website redevelopment***

SACAP is in the process of redeveloping its website to make it more user-friendly and accessible to stakeholders. The new website will be used to promote events and activities and will include an intranet, online registration system and the functionality to allow stakeholders to update their information. These improvements will significantly enhance SACAP's business processes.

#### ***Exhibitions***

SACAP participated in the South African Council for Project and Construction Management Professions (SACPCMP) Inaugural Conference held in April 2013, the Totally Concrete Expo in June 2013 and the Middelburg Career Expo on 17–20 February 2014. These events not only raised public and stakeholder awareness about SACAP's activities, but gave the Council the opportunity to engage with learners and professionals alike.

SACAP serves on the UIA 2014 Organising Committee for the event taking place in Durban in 2014. To date, SACAP has been actively involved in sending out correspondence about the event to all stakeholders and has co-branded all its electronic communication to promote this exciting congress.



**Phill Mashabane**  
Chairperson: Legal and  
Compliance Committee

## Legal and Compliance

Section 14 (g) of Architectural Profession Act empowers Council to “take any steps it considers necessary for the protection of the public in their dealings with registered persons for the maintenance of the integrity and the enhancement of the status of the architectural profession”. In addition, the preamble of the Code of Professional Conduct stipulates that a registered person is expected to act with due skill, competence and integrity in carrying out professional work.

Council established the Investigating Committee in terms of section 17 (1) (a) of the Act, to deal with complaints from members of the public against registered persons in order to protect the public and the profession. In terms of section 28 (1) of the Act, the Council must refer any matter brought against an RP to its Investigating Committee if it has reasonable grounds to suspect that the RP has committed an act which may render him/her guilty of improper conduct; or a complaint, charge or allegation of improper conduct has been brought against an RP.

### Complaints dealt with during the year

The Investigating Committee deals with a wide range of complaints, including unprofessional conduct; practicing architecture while their registration is suspended; persons who have never been registered with SACAP but who provide architectural services; failure by an architectural

professional to put the terms of appointment in writing; failure to notify the Council about architectural practices; promotion of services in an untruthful and irresponsible manner; and professionals who fraudulently use other professionals' registration numbers for approval of drawing plans.

The committee discusses complaints received and makes recommendations to Council for approval. It met four times during the period under review, and dealt with the following complaints:

- **25 September 2013:** Assessed 44 complaints (dating back to 2012/13), of which nine related to professionals who practiced architecture while their registration was suspended; 26 to unprofessional conduct; and nine to administrative queries (which were closed);
- **9 December 2013:** Assessed nine sets of complaints, each comprising over 30 complaints. The committee made a recommendation that the Disciplinary Hearing Tribunal adjudicate the complaints (date set for 12 May 2014); and
- **6 March 2014:** Assessed 76 complaints, 23 of which were recommended for police investigation; 32 were recommended for disciplinary hearings; 17 were recommended for closure and four were recommended for further investigation.

The complaints assessed during the year are reflected per category of registration as follows:

Category of registration	Number of cases
Candidate Architectural Draughtsperson	2
Candidate Architectural Technologists	0
Candidate Senior Architectural Technologists	0
Candidate Architects	0
Professional Architectural Draughtspersons	18
Professional Architectural Technologists	7
Professional Senior Architectural Technologists	5
Professional Architects	10
<b>Total</b>	<b>42</b>

Note: The total does not tally with the number of complaints received by the unit, as some of the complaints are lodged against the same individuals.

### ***Disciplinary Hearing Tribunal***

The Architectural Profession Act empowers Council to appoint a Disciplinary Hearing Tribunal to hear charges of improper conduct. The tribunal comprises an architecture sector specialist, someone with extensive experience in legal proceedings and related matters, and a qualified law practitioner.

On 12 March 2014, the tribunal heard a complaint of unprofessional conduct. The professional pleaded guilty to some of the charges, and the tribunal imposed a fine of R10 000, with R5 000 suspended for a year provided that the professional does not commit similar offences, and a warning.

Other cases referred to the tribunal during the reporting period will be heard early in the next financial year.

### **Challenges**

One of the challenges facing the Investigating Committee is a lack of resources. The committee has been inundated with complaints against professionals, and due to high staff turnover and an under-resourced Legal and Compliance Unit, there is currently a backlog, with cases taking over three years to be completed. Amplifying the problem is the fact that some of the complaints are very technical in nature, necessitating the availability of Investigating Committee members for the duration of the case.

### **Priorities for 2014/15**

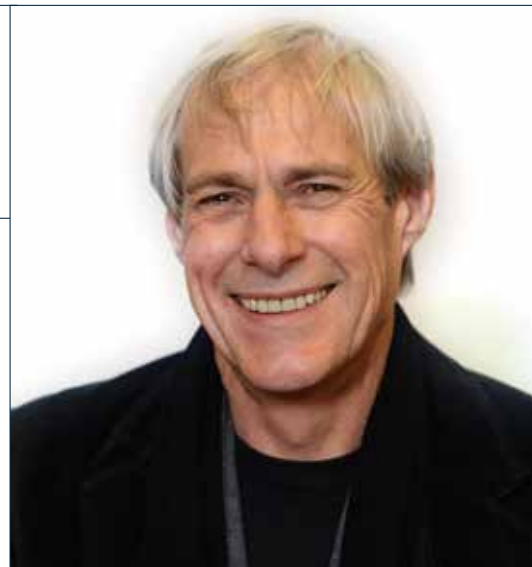
In the next financial year the committee will focus on updating the Code of Professional Conduct and the Architectural Profession Act, to empower it to summon or subpoena documents or people who can assist in an investigation. Section 41 currently states that a person contravening section 18 (2) is guilty of an offence; it should however be amended to state that such a person commits a criminal offence.

An online Case Management System will be developed to ensure that information is kept and managed properly.

In relation to the assessment of complaints, the committee will:

- Sign an MoU with associations to oblige members to submit complaints to SACAP on a real-time basis;
- Embark on a publicity campaign to sensitise the public to the role and mandate of SACAP;
- Develop a system of intelligence to classify professionals who are accused of improper conduct by geographic area, registration category, race and age;
- Engage with institutions of higher learning to ensure that prospective professionals learn about ethics and practice management to reduce complaints of unprofessional conduct; and
- Partner with VAs, law enforcement agencies, and municipalities to deal with cases of misconduct.

## Professional Development



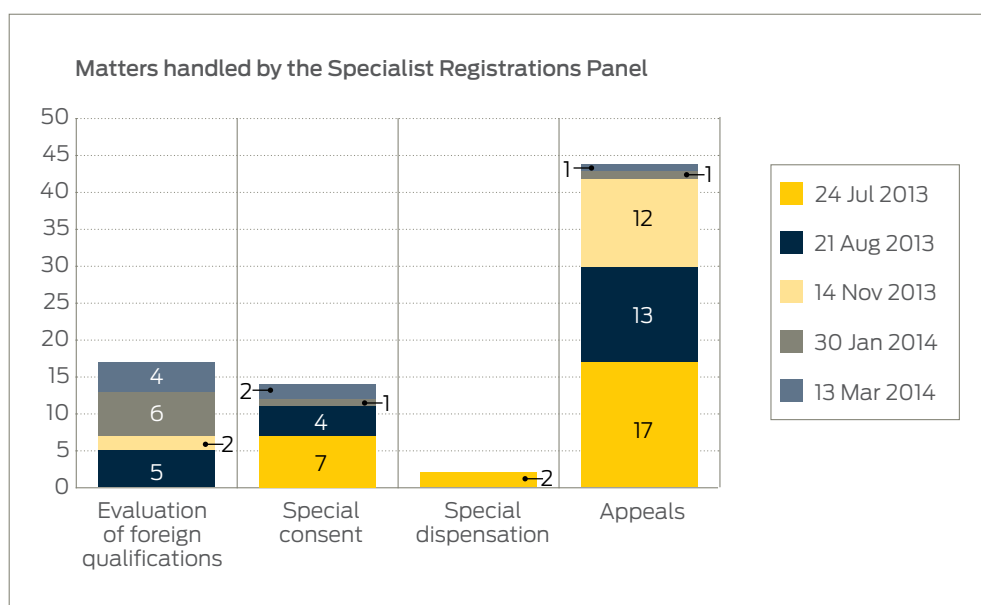
**Prof. Gerald Steyn**  
Chairperson:  
Registration Committee

The Registrations Committee was established in terms of section 17(1) of the Architectural Profession Act. During the period under review, a number of initiatives were implemented to streamline SACAP's registration process. This led to an increase in the number of RPs from 7 783 in 2012/13 to 8 919.

### Specialist Registrations Panel

The Registrations Committee constituted a Specialist Registrations Panel to provide guidance in matters such as the evaluation of foreign qualifications, applications for special dispensation, registration appeals and any other matter regarding the registration of applicants. The panel also considers applications for special consent (in terms of the IDoW Conditions). During the period under review, the panel met five times, as outlined in the table below.

Date of meeting	Evaluation of foreign qualifications	Special consent	Special dispensation	Appeals
24 July 2013	-	7	2	17
21 August 2013	5	4	-	13
14 November 2013	2	-	-	12
30 January 2014	6	1	-	1
13 March 2014	4	2	-	1



### Registrations – 2013/14

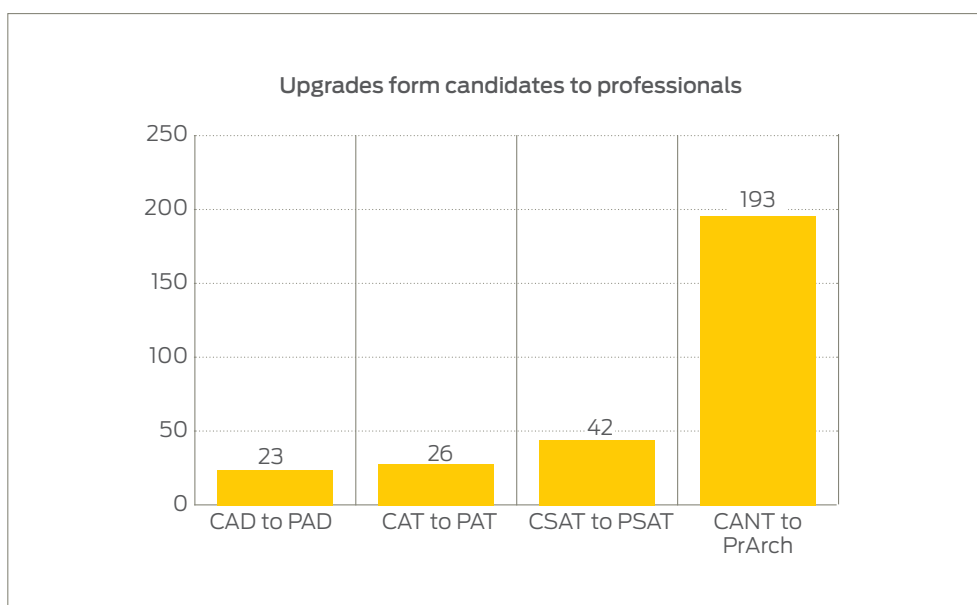
Before a practitioner can be registered as a professional in any of the categories contemplated in section 18 (a), (b) and (c) of the Act, he/she must be registered as a candidate. Such a candidate must fulfil internship requirements and must submit monthly training records (MTRs). Candidates must also write and pass the Professional Practice Examination (PPE) before being registered as a professional.

The registrations for the 2013/14 financial year are broken down in the tables and graphs below.

### Upgrades

Upgrades in professional level after completing internship and passing PPE

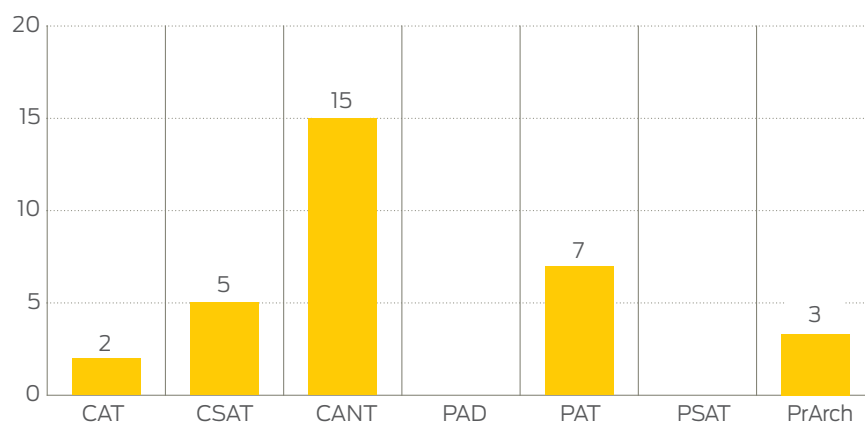
Initial category	Upgraded to	Total
Candidate Architectural Draughtsperson (CAD)	Professional Architectural Draughtsperson (PAD)	23
Candidate Architectural Technologist (CAT)	Professional Architectural Technologist (PAT)	26
Candidate Senior Architectural Technologist (CSAT)	Professional Senior Architectural Technologist (PSAT)	43
Candidate Architect (CANT)	Professional Architect (PrArch)	193



Upgrades after obtaining further academic qualifications

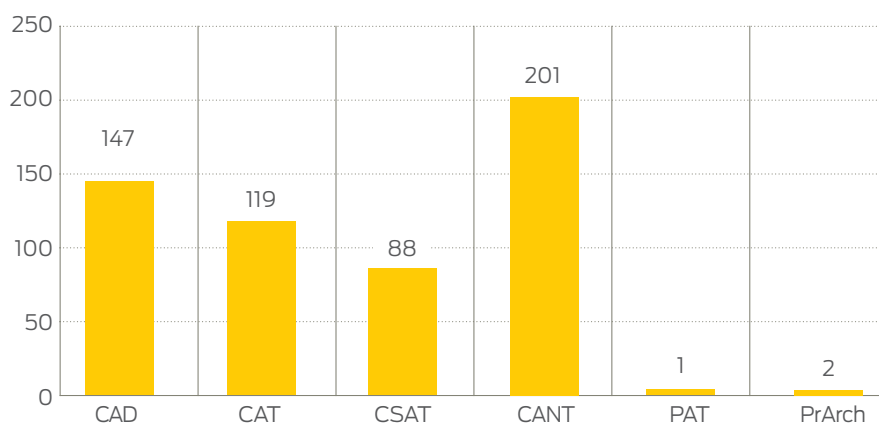
Category upgraded to	Number of transactions
CAT	2
CSAT	5
CANT	15
PAD	-
PAT	7
PSAT	-
PrArch	3
<b>Total</b>	<b>32</b>

Upgrades after obtaining further academic qualification

**New registrations***By category of registration*

Category of registration	Number of registrations
CAD	147
CAT	119
CSAT	88
CANT	201
As professionals according to instructions from specialist registrations panel and Council	
PAT	1
PrArch	2
<b>Total</b>	<b>558</b>

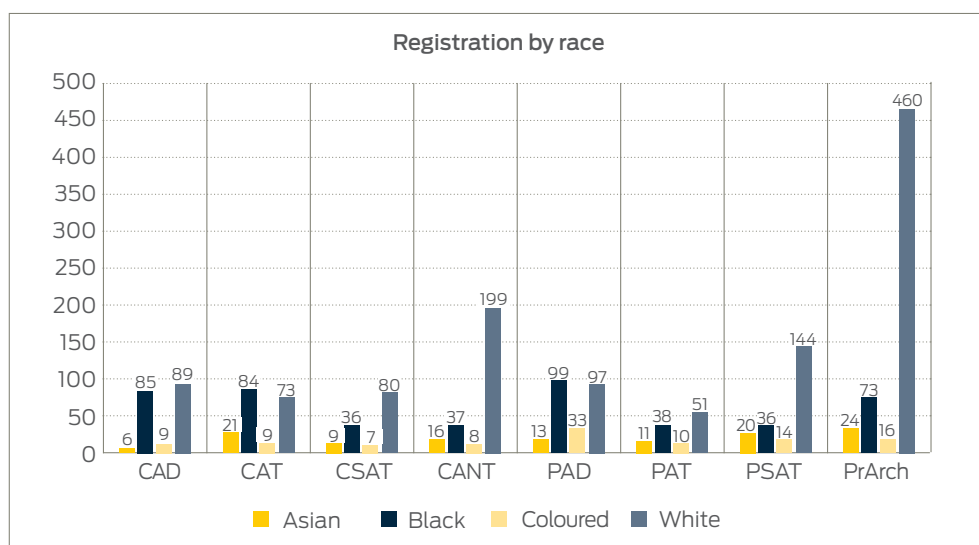
Category of registration



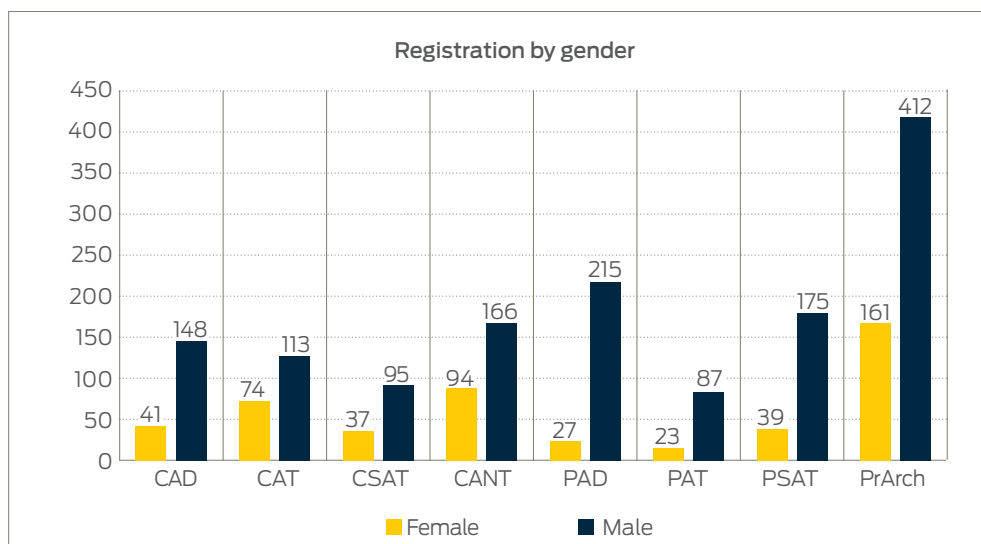


*By race*

Category of registration	Asian	Black	Coloured	White
CAD	6	85	9	89
CAT	21	84	9	73
CSAT	9	36	7	80
CANT	16	37	8	199
PAD	13	99	33	97
PAT	11	38	10	51
PSAT	20	36	14	144
PrArch	24	73	16	460
<b>Total</b>	<b>120</b>	<b>488</b>	<b>106</b>	<b>1193</b>

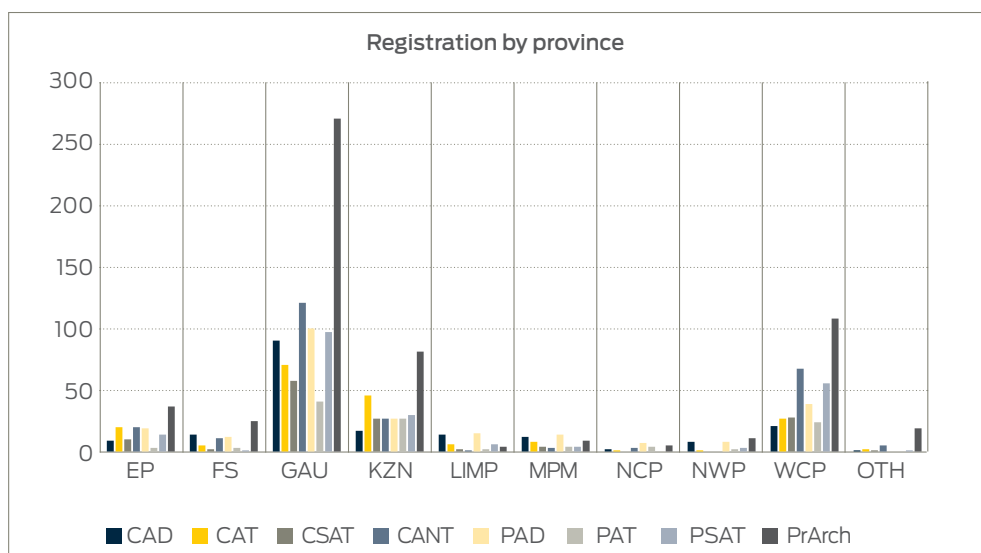
*By gender*

Category of registration	Coloured	White
CAD	41	148
CAT	74	113
CSAT	37	95
CANT	94	166
PAD	27	215
PAT	23	87
PSAT	39	175
PrArch	161	412
<b>Total</b>	<b>496</b>	<b>1411</b>



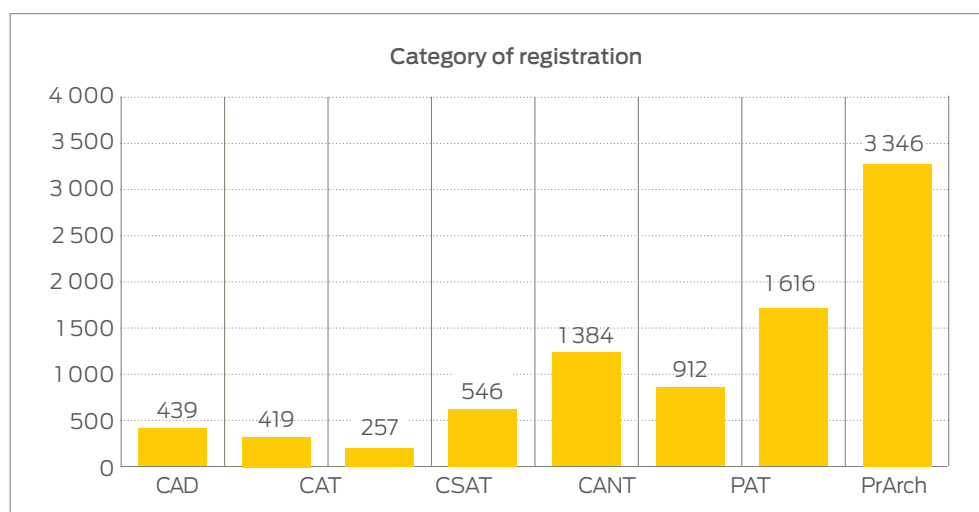
By province

Category of registration	EC	FS	GP	KZN	LIM	MP	NC	NW	WC	Other
CAD	9	14	91	17	14	12	2	8	21	1
CAT	20	5	71	46	6	8	1	1	27	2
CSAT	10	2	58	27	2	4	-	-	28	1
CANT	20	11	122	27	1	3	3		68	5
PAD	19	12	101	27	15	14	7	8	39	-
PAT	3	3	41	27	2	4	4	2	24	-
PSAT	14	1	98	30	6	4	-	3	56	1
PrArch	37	25	273	82	4	9	5	11	109	19
<b>Total</b>	<b>132</b>	<b>73</b>	<b>855</b>	<b>283</b>	<b>50</b>	<b>58</b>	<b>22</b>	<b>33</b>	<b>372</b>	<b>29</b>

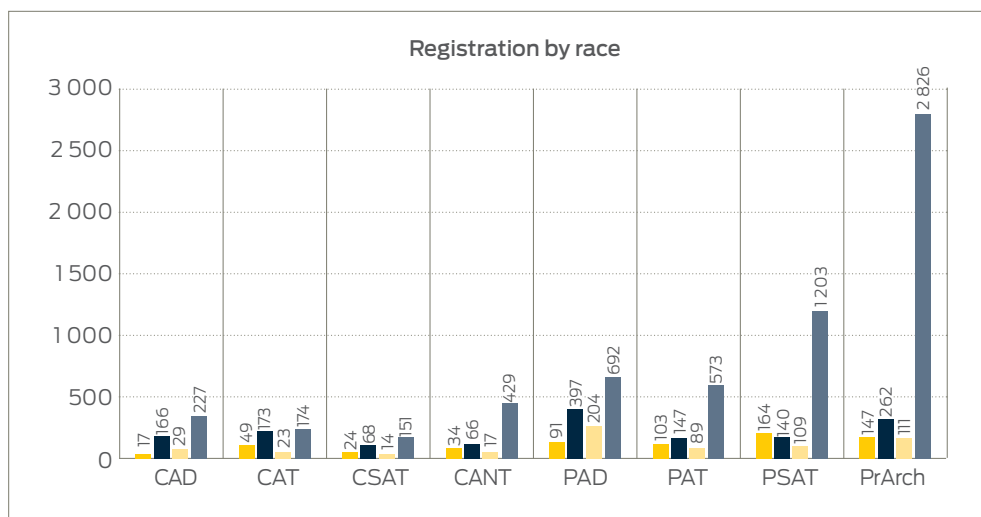


*Cumulative statistics**Category of registration*

Category of registration	Total number of registered persons
CAD	439
CAT	419
CSAT	257
CANT	546
PAD	1 384
PAT	912
PSAT	1 616
PrArch	3 346
<b>Total</b>	<b>8 919</b>

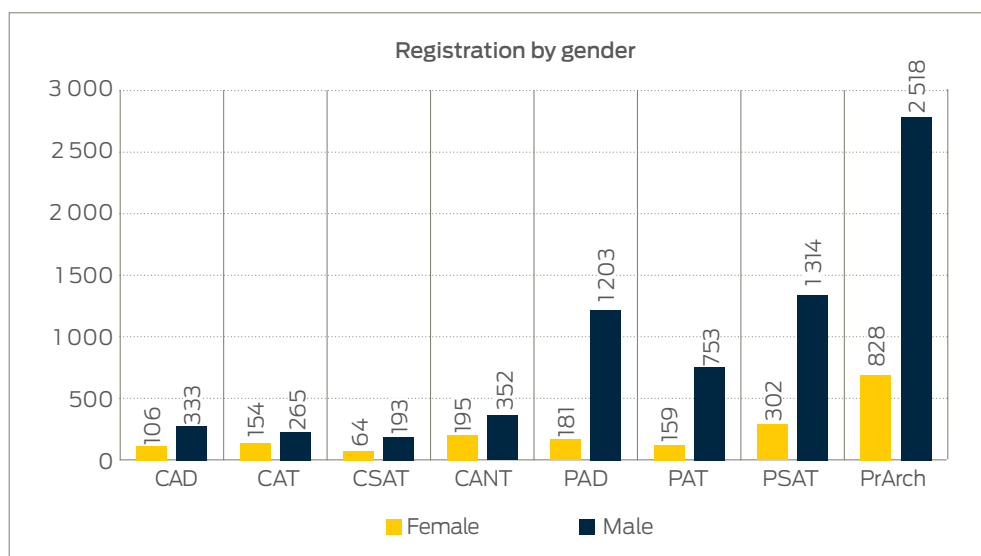
*By race*

Category of registration	Asian	Black	Coloured	White
CAD	17	166	29	227
CAT	49	173	23	174
CSAT	24	68	14	151
CANT	34	66	17	429
PAD	91	397	204	692
PAT	103	147	89	573
PSAT	164	140	109	1 203
PrArch	147	262	111	2 826
<b>Total</b>	<b>629</b>	<b>1 419</b>	<b>596</b>	<b>6 275</b>



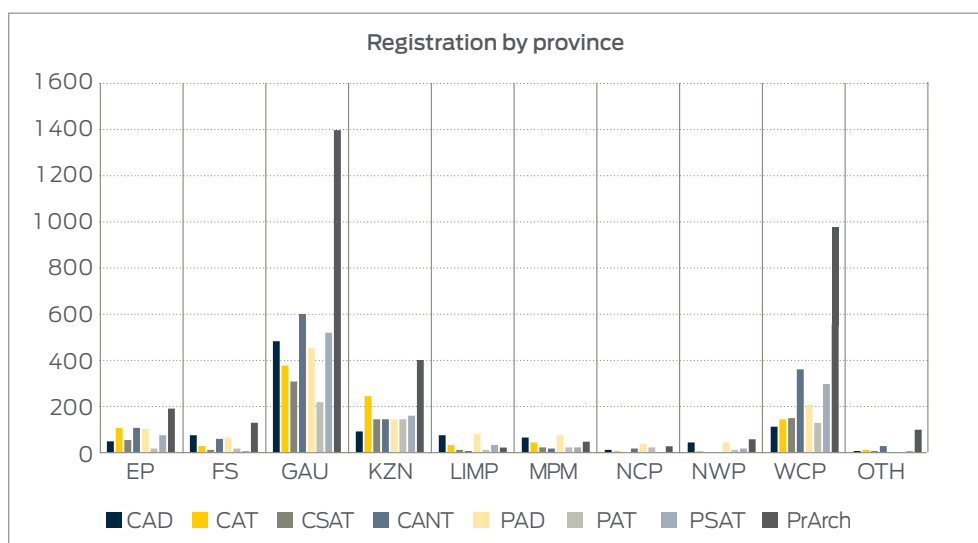
*By gender*

Category of registration	Female	Male
CAD	106	333
CAT	154	265
CSAT	64	193
CANT	194	352
PAD	181	1203
PAT	159	753
PSAT	302	1314
PrArch	828	2518
<b>Total</b>	<b>1988</b>	<b>6931</b>



## By province

Category of registration	EC	FS	GP	KZN	LIM	MP	NC	NW	WC	Other
CAD	21	24	195	46	32	31	5	22	61	2
CAT	45	10	158	101	13	13	6	7	62	4
CSAT	23	9	113	42	7	4	2	3	51	3
CANT	30	26	242	63	3	12	6	2	149	13
PAD	107	57	463	166	74	87	29	41	360	-
PAT	60	17	319	175	30	22	13	19	257	-
PSAT	118	23	628	289	39	29	5	21	454	10
PrArch	204	110	1 418	399	31	46	29	46	976	87
<b>Total</b>	<b>608</b>	<b>276</b>	<b>3 536</b>	<b>1 281</b>	<b>229</b>	<b>244</b>	<b>95</b>	<b>161</b>	<b>2 370</b>	<b>119</b>



## Professional Practice Examination

Description	Paper	Examination date		
		11 April 2013*	18 September 2013	27 March 2014
No. of persons who wrote	Paper 1	185	148	182
	Paper 2	172	139	163
Highest marks	Paper 1	96%	97%	98%
	Paper 2	95%	93%	96%
Lowest marks	Paper 1	27%	10%	29%
	Paper 2	42%	30%	22%
Average mark	Paper 1	70%	71%	67%
	Paper 2	70%	67%	66%
	Combined average	70%	67%	66%

\* The PPE scheduled for March 2013 was only written on 11 April 2013



**Helene Nienaber**

Chairperson:  
Continuing Professional  
Development Committee

## Continuing Professional Development

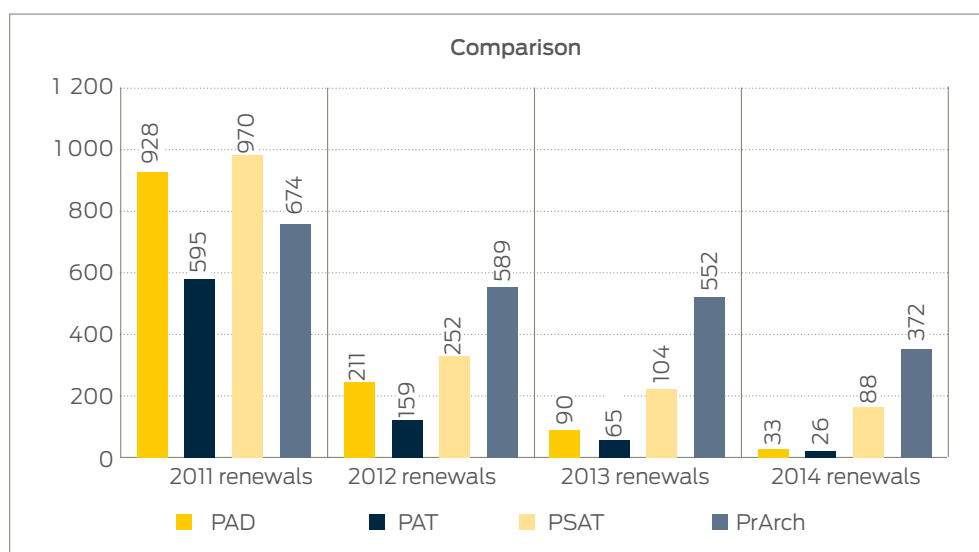
The Continuing Professional Development (CPD) Committee is responsible for:

- Determining and advising Council on the minimum CPD requirements for renewal of registration of registered professionals;
- Determining the type of activities that would qualify for CPD credits;
- Determining the basis on which CPD credits will be awarded;
- Examining and reviewing CPD systems already in operation with a view to identifying and solving problems;
- Examining the legal aspects of introducing CPD in relation to renewal of registration; and
- Developing the terms of reference for the CPD Committee.

The current CPD Committee has been in office since 2010. The committee's achievements in the reporting period are outlined in the tables and graphs below.

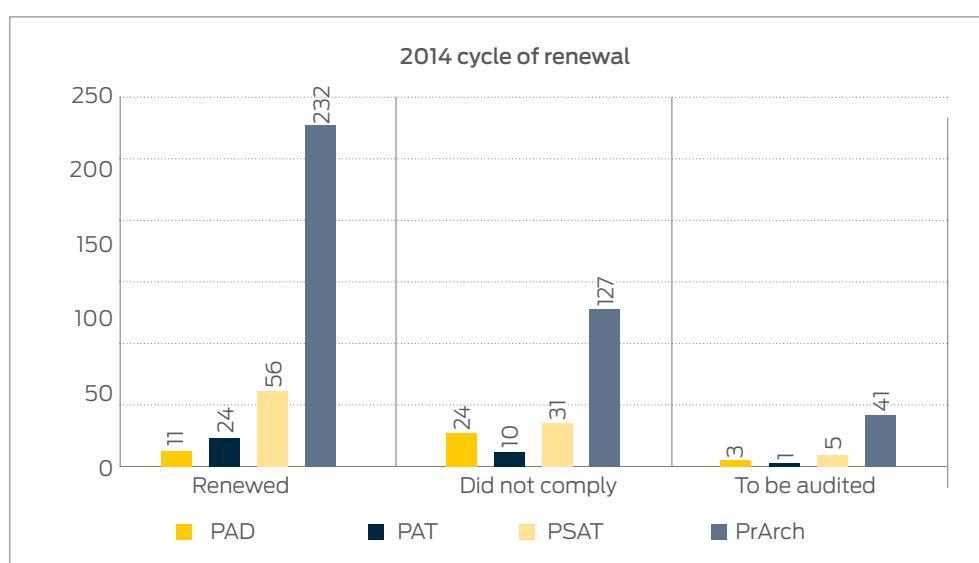
*Renewal of registration: comparison between years*

Category	2011	2012	2013	2014
PAD	928	211	90	33
PAT	595	159	65	26
PSAT	970	252	104	88
PrArch	674	589	552	372
<b>Total</b>	<b>3 167</b>	<b>1 211</b>	<b>811</b>	<b>519</b>



*Renewal of registration: 2014 cycle for renewal*

Category of registration	Renewed	Did not comply	To be audited
PAD	11	24	3
PAT	20	10	1
PSAT	56	31	5
PrArch	232	127	41
<b>Total</b>	<b>319</b>	<b>192</b>	<b>50</b>





## **PART C**

### Governance



# Introduction

This Annual Report focuses on qualitative and quantitative issues arising in 2013/14 that are material to SACAP's business operations and strategic objectives. Materiality was determined through extensive consultation with stakeholders, and by taking into consideration SACAP's core objectives and the way in which its value chain operates. SACAP's stakeholders are outlined in Annexure A on page 117.

The report was prepared in line with *batho pele* principles and incorporates elements from National Treasury's *Annual Report Guide for Schedule 3A and 3C Public Entities* to ensure openness and transparency.

In this report, corporate governance embodies processes and systems through which SACAP is directed, controlled and held to account. In addition to legislative requirements based on its enabling legislation and the Companies Act, 2008 (Act No. 71 of 2008), corporate governance is applied through the precepts of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and run in tandem with the principles contained in the King Code of Governance Principles and King Report on Governance (King III).

# Composition of the Council

The Council consists of seven registered persons, excluding candidates, of whom at least four must actively practice architecture (nominated by VAs/RPs); two professionals in the service of the state (nominated by the Department of Public Works); and two members of the public nominated through an open process of public participation.

## Council members



**Phillemon Mashabane**

President



**Lula Scott**

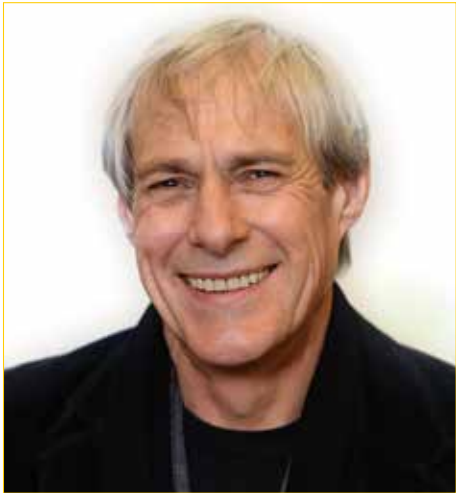
Vice-President



**Anthea Houston**  
Treasurer



**Dhanashwar Basdew**



**Gerald Steyn**



**Phillip Crafford**



**Helene Nienaber**



**Maureen Gerrans**



Fanuel Motsepe



Rowen Ruiters

## Executive Committee



**Phillemon Mashabane**

President



**Lula Scott**

Vice-President



**Anthea Houston**  
Treasurer



**Fanuel Motsepe**



**Dhanashwar Basdew**

# Committees

The composition and meeting attendance of Council's committees are outlined below.

Committee	No. of meetings held	No. of members	Name of members
Executive Committee	5	5	<ul style="list-style-type: none"> <li>• P Mashabane (President)</li> <li>• L Scott (Vice-President)</li> <li>• A Houston (Treasurer)</li> <li>• F Motsepe</li> <li>• D Basdew</li> </ul>
Procurement Committee	6	4	<ul style="list-style-type: none"> <li>• L Scott (Vice-President)</li> <li>• A Houston (Treasurer)</li> <li>• M Gerrans</li> <li>• R Ruiters</li> </ul>
Audit and Risk Committee	8	6	<ul style="list-style-type: none"> <li>• P Serote (Independent member/Chairperson)</li> <li>• RA Kenosi (Independent member)</li> <li>• V Mabuli (Independent member)</li> <li>• C Senoamadi (Independent member)</li> <li>• L Scott</li> <li>• A Houston</li> </ul>
CSR Committee	2	4	<ul style="list-style-type: none"> <li>• D Basdew (Chairperson)</li> <li>• L Scott (Vice-President)</li> <li>• M Gerrans</li> <li>• R Ruiters</li> </ul>
CPD Committee	4	9	<ul style="list-style-type: none"> <li>• H Nienaber (Chairperson)</li> <li>• L Scott (Vice-President/observer)</li> <li>• N Adler</li> <li>• M Gerrans</li> <li>• B Wallis</li> <li>• D Basdew</li> <li>• P Emmett</li> <li>• F Jordaan</li> <li>• F Dekker</li> </ul>
Heads of Schools Committee	2	15	<ul style="list-style-type: none"> <li>• G Steyn (Chairperson)</li> <li>• P Crafford</li> <li>• J De Villiers</li> <li>• F Motsepe</li> <li>• M Gerrans</li> <li>• R Lekota</li> <li>• G Steyn (Chairperson)</li> <li>• A Steenkamp</li> <li>• K Bakker</li> <li>• A Van Graan (H Voulgarelis)</li> <li>• P Kotze</li> <li>• C Vosloo</li> <li>• S Umenne</li> <li>• H Pretorius (M Bitzer)</li> <li>• G McLachlan</li> <li>• S Schmidt</li> <li>• D Whelan</li> <li>• M Mkhize</li> <li>• N Darke</li> <li>• F Saidi</li> <li>• B Varghese</li> </ul>



Committee	No. of meetings held	No. of members	Name of members
IdoW Committee	4	11	<ul style="list-style-type: none"> <li>• F Motsepe (Chairperson)</li> <li>• L Scott (Vice-President)</li> <li>• L Du Toit</li> <li>• F Dekker</li> <li>• P Emmett</li> <li>• P Brown</li> <li>• P Bakker</li> <li>• D Basdew</li> <li>• M Gerrans</li> <li>• F Jordaan</li> <li>• MS Mansura (Alternate member)</li> </ul>
Investigating Committee	6	7	<ul style="list-style-type: none"> <li>• P Mashabane (President)</li> <li>• P Brown</li> <li>• A Louw</li> <li>• D Joubert</li> <li>• M Gerrans</li> <li>• D Basdew</li> <li>• F Dekker</li> </ul>
Professional Fees Committee	3	11	<ul style="list-style-type: none"> <li>• P Crafford (Chairperson)</li> <li>• L Scott (Vice-President)</li> <li>• I Alexander</li> <li>• J Barnard</li> <li>• D Basdew</li> <li>• M Gerrans</li> <li>• A Louw</li> <li>• S Segal</li> <li>• M Borgstrom</li> <li>• B Wallis</li> <li>• U Putlitz (Invited expert)</li> </ul>
Validation Committee	-	6	<ul style="list-style-type: none"> <li>• G Steyn (Chairperson)</li> <li>• P Crafford</li> <li>• J De Villiers</li> <li>• F Motsepe</li> <li>• M Gerrans</li> <li>• R Lekota</li> </ul>

# Code of Conduct

It is imperative that Council members, employees and stakeholders adhere to ethical principles and conduct in their day-to-day activities. For this reason, the Council has developed a Code of Conduct to serve as a fundamental guide for acceptable behaviour within the organisation.

In accepting an appointment as a SACAP Council or committee member, individuals undertake to be bound and abide by the SACAP Code of Conduct and related policies.

The objectives of the code are to:

- Set acceptable principles and standards of conduct and integrity;
- Create a context for the ethical use of delegated responsibility;
- Create guiding principles in support of Council values;
- Promote fairness, equity and commitment to a transforming Council within the South African context;
- Demonstrate organisational commitment to the highest standards of governance; and
- Encourage public confidence and trust in SACAP.

# Audit and Risk Committee report

We are pleased to present our report for the financial year ended 31 March 2014.

## Audit and Risk Committee members and attendance

The Audit and Risk Committee consists of the members listed below and held the following meetings in the past financial year:

Name	12 Apr 2013	3 Jul 2013	1 Aug 2013	26 Aug 2013	26 Sep 2013	11 Oct 2013	6 Feb 2014	28 Feb 2014
Mr P Serote (Independent member/ Chairperson*)	–	–	–	–	✕	✓	✓	✓
Ms RA Kenosi (Independent member/ Acting Chairperson)	✕	✓	✓	✓	✓	✓	✕	✓
Mr V Mabuli (Independent member)	✓	✓	✓	✓	✓	✕	✓	✓
Mr C Senoamadi (Independent member)	✓	✓	✓	✓	✓	✓		
Ms L Scott (Vice- President)	✓	✓	✓	✓	✓	✓	✓	✓
Ms A Houston (Treasurer)	✓	✓	o	✓	✓	✓	✕	✕

✓ in attendance   ✕ not in attendance   – not a member   o teleconference

\* Appointed 1 September 2013

## Role and responsibilities

### Statutory duties

The Audit and Risk Committee's role and responsibilities include statutory duties as per its terms of reference, and any further responsibilities assigned to it by the Council.

The committee executed its duties in line with its terms of reference under the Acting Chairperson, Ms RA Kenosi, and the Chairperson, Mr P Serote, who was appointed by 1 September 2013.

### Internal financial controls

During the period under review, the position of Financial Manager was vacant and the Finance Officer became responsible for the finalisation of the Annual Financial Statements as well as the day-to-day finance functions. Furthermore, the Registrar was only appointed late in the financial year, and these duties were fulfilled by an Acting Registrar prior to the new appointment.

Although numerous internal control weaknesses existed due to insufficient expertise within the Finance Department, the committee is satisfied that all risks were within tolerable levels and were manageable. As at the date of reporting, the appointment to the position of Chief Financial Officer was being finalised.

### **Duties assigned by Council**

In accordance with the provisions of the Companies Act, the Council has determined certain functions for the Audit and Risk Committee to perform, as set out in its terms of reference.

### ***Governance of risk***

The organisational risk assessment for the period under review was performed after a series of workshops and management consultations. Although management reported to the Audit and Risk Committee on progress of implementation of corrective action during the period under review, risk management processes within the organisation remain a concern and need further development. The inability to properly structure the Risk Management Function and failure to include risk management as a key performance area for the entire staff complement will result in risk management remaining at an infancy stage.

In order to address the above concerns, risk management policies and frameworks, including risk tolerance and acceptance policies, will be developed. In addition, management, under the leadership of the recently appointed Registrar, has committed to an organisation-wide policy development process.

### ***External audit***

During the year, the Council appointed Nexia SAB&T as SACAP's external auditors. The Audit and Risk Committee has satisfied itself that the external auditors are independent of the Council, as set out in section 94(8) of the Companies Act, which includes consideration of previous appointments of the auditor, the extent of other work undertaken by the auditor for the Council and compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors (CIRBA). Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

The committee met with the external auditors several times during the year and, in consultation with Executive Management, agreed to the engagement letter, terms, Audit Plan and audit fees for 2013/14.

***Internal audit***

The Audit and Risk Committee is responsible for ensuring that SACAP's outsourced Internal Audit Function is independent and has the necessary resources, standing and authority within the organisation to enable it to discharge its duties. Furthermore, the committee oversees co-operation between the internal and external auditors, and serves as a link between the Council and these functions.

The outsourced Internal Audit Function reports to the Audit and Risk Committee functionally and to the Registrar administratively. During the period under review the Audit and Risk Committee approved the three-year rolling and annual Audit Plans to enable Internal Audit to perform its function and provide assurance to the committee and the organisation on the internal control environment.

The internal auditors have direct access to the committee, primarily through its Chairperson.

***Evaluation of Financial Statements***

The Audit and Risk Committee has:

- Reviewed the audited Annual Financial Statements, the external auditor's final management letter and management's responses thereto;
- Reviewed the appropriateness of accounting policies and practices;
- Satisfied itself that the Annual Financial Statements are appropriate and comply with IFRS; and
- Reviewed certain adjustments resulting from the annual audit.

The Audit and Risk Committee concurs with the conclusions of the external auditors on the Annual Financial Statements.



**Mr Paul Serote**

*Chairperson of the Audit and Risk Committee*

21 July 2014



## **PART D**

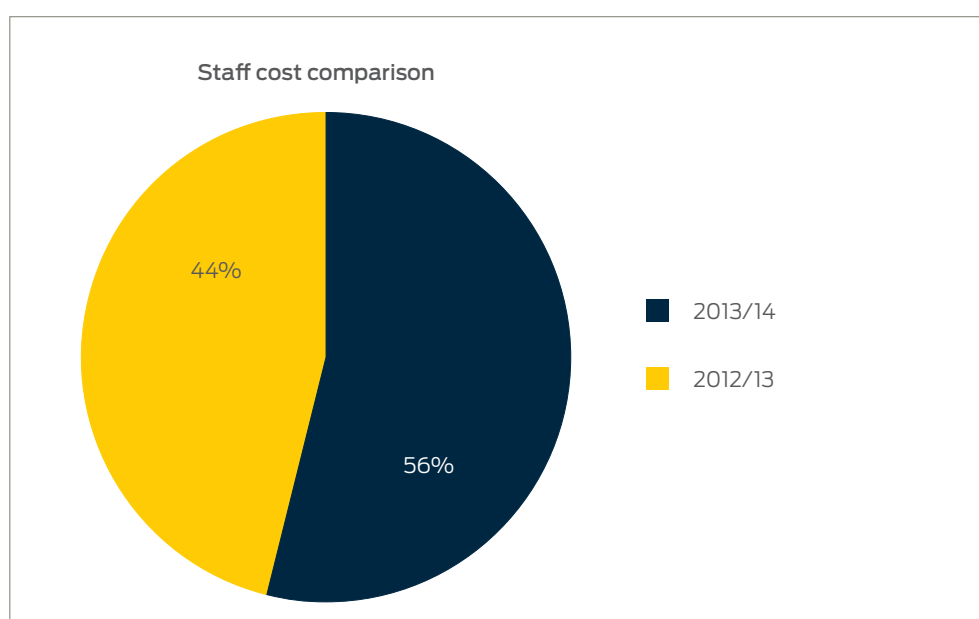
# Human Resource Management

# Human resource oversight statistics

The Human Resource Function falls under the supervision of the Registrar and deals with staffing matters, including conditions of service and recruitment. The tables and graphs below provide an overview of SACAP's human resource statistics for the period under review.

## Personnel cost

During 2013/14 SACAP incurred a total staff cost of R7 169 813 (2012/13: R5 726 410). This increase can be attributed to salary increases, the first of such increases in four years.



## Performance rewards

SACAP did not pay out any performance rewards during the period under review.

## Training costs

No training expenses were incurred during the period under review.

## Employment and vacancies

Programme/ activity/ objective	2012/13 No. of employees	2013/14 Approved posts	2013/14 No. of employees	2013/14 Vacancies	% of vacancies
To capacitate the Council by appointing suitable and capable staff members	31	36	23	13	36.11

Programme/ activity/ objective	2012/13 No. of employees	2013/14 Approved posts	2013/14 No. of employees	2013/14 Vacancies	% of vacancies
Top management	1	3	2	1	-
Senior management	5	5	6	-	-
Professional qualified	-	1	-	1	-
Skilled	16	19	9	7	22.2
Semi-skilled	13	8	6	4	33.3
Unskilled	1	-	1	-	-
<b>Total</b>	<b>32</b>	<b>36</b>	<b>24</b>	<b>13</b>	<b>43.5</b>

## Employment changes

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	1	2	1	1
Senior management	5	-	2	6
Professional qualified	-	-	-	-
Skilled	16	3	1	9
Semi-skilled	13	-	7	6
Unskilled	1	-	-	1
<b>Total</b>	<b>32</b>	<b>5</b>	<b>13</b>	<b>23</b>



The following appointments were made in 2013/14:

- Marella O'Reilly – Registrar/CEO;
- Toto Fiduli – Head: Legal and Compliance;
- Yingisani Nyambi – Officer: Legal and Compliance; and
- Dipuo Sello – Officer: Finance.

#### Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	1	3.13
Resignation	6	18.75
Dismissal	-	-
Retirement	-	-
Ill health	1	3.13
Expiry of contract	1	3.13
Other	-	-
<b>Total</b>	<b>9</b>	<b>28.14</b>

The following staff members left the organisation during the year:

- Edwin Lekota – Registrar;
- Thami Tshilane – Manager: Finance;
- Prudence Mkhwanazi – Head: Secretariat, Research, Registry, Office and Facilities Management;
- Nombulelo Makubalo – Paralegal;
- Sanny Papi – Admin: Contact Centre;
- Nomvula Mathaba – Secretariat;
- Setjhaba Serobanyane (disabled) – Officer: Human Resources;
- Aso Balan – Personal Assistant: Registrar; and
- Sara Magoai (deceased) – Admin: Finance.

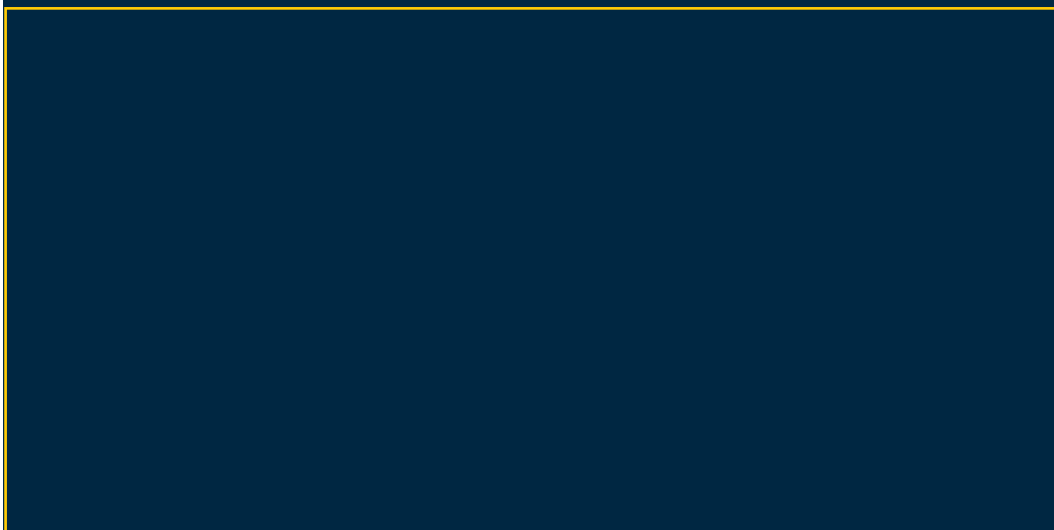
## Labour relations: misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	4
Written warning	8
Final written warning	3
Dismissal	-

## Equity target and employment equity status

Levels	Male			
	African	Coloured	Indian	White
Top management	1	-	-	-
Senior management	4	-	-	-
Professional qualified	-	-	-	-
Skilled	3	-	-	-
Semi-skilled	1	-	-	-
Unskilled	-	-	-	-
<b>Total</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>

Levels	Female			
	African	Coloured	Indian	White
Top management	-	1	-	-
Senior management	2	-	-	-
Professional qualified	5	-	-	2
Skilled	8	2	2	-
Semi-skilled	-	1	-	-
Unskilled	-	-	-	-
<b>Total</b>	<b>15</b>	<b>4</b>	<b>2</b>	<b>2</b>



## PART E

### Financial Information

# SACAP Financial Statements

## General information

---

<b>Country of incorporation:</b>	Republic of South Africa
<b>Nature of business and principle activities:</b>	Statutory body that regulates the registration of Architectural Professionals in South Africa
<b>Council members:</b>	Mr P Mashabane – President Ms L Scott – Vice-President Ms A Houston – Treasurer Mr F Motsepe Mr D Basdew Mr R Ruiters Ms M Gerrans Ms H Nienaber Prof. G Steyn Mr P Crafford
<b>Registered office address:</b>	First Floor, Lakeside Place Cnr Ernest Oppenheimer Avenue and Queen Street Bruma 2198
<b>Business address:</b>	First Floor, Lakeside Place Cnr Ernest Oppenheimer Avenue and Queen Street Bruma 2198
<b>Postal address:</b>	PO Box 408 Bruma 2026
<b>Bankers:</b>	First National Bank
<b>Auditors:</b>	NEXIA SAB&T Registered Auditors
<b>Level of Assurance:</b>	These Annual Financial Statements have been audited in compliance with the applicable requirements of the Architectural Profession Act, 2000 (No. 44 of 2000)
<b>Preparer:</b>	The Annual Financial Statements were independently compiled by: Thiru Mudaly

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# Independent Auditor's Report

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## To the persons registered with the South African Council for the Architectural Profession (Established under the Architectural Profession Act)

We have audited the Annual Financial Statements of the South African Council for the Architectural Profession set out on pages 65 to 89, which comprise the Statement of Financial Position as at 31 March 2014, 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.

### The Council's responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Architectural Profession Act, 2000 (No. 44 of 2000), and for such internal control as the Council determine is necessary to enable the preparation of Financial Statements that are free from material misstatements, whether due to fraud or error.

### Auditor's responsibility

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

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

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

### Opinion

In our opinion, the Annual Financial Statements present fairly, in all material aspects, the financial position of the South African Council for the Architectural Profession at 31 March 2014, and its financial performance and cash flows for the year then ended in accordance with IFRS, and the requirements of the Architectural Profession Act.

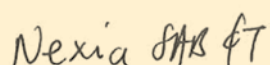
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### Supplementary information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on pages 90 to 91 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.

### Other reports

As part of our audit of the Financial Statements for the year ended 31 March 2014, we have read the Treasurer's report, report of the Audit and Risk Committee and the Registrar's report for the purpose of identifying whether there are material inconsistencies between these reports and the audited Financial Statements. The report is the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited Annual Financial Statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

**Nexia SAB&T**

Registered Auditors

Per: P Mkumbuzi

Date: 21 July 2014

# Council's responsibility and approval

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The Council is required in terms of the Architectural Profession Act to maintain adequate accounting records and are responsible for the integrity of the Annual Financial Statements and related financial information included in this report. It is the Council's 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 IFRS. The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

The Annual Financial Statements are prepared in accordance with IFRS and are based on the appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council acknowledges that it is ultimately responsible for the system of internal control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, it sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risks 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 control can provide only reasonable, and not absolute, assurance against a material misstatement or loss.

Notwithstanding the foregoing, attention is drawn to the fact that these Annual Financial Statements relate to a period in which the current Council was not in office. The current Council was inaugurated on 6 June 2014, which was after the financial year to which these Annual Financial Statements relate.

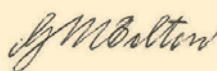
The Council has reviewed the entity's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the entity's Annual Financial Statements. The Annual Financial Statements have been examined by the entity's external auditors and their report is presented on page 60.

The Annual Financial Statements, set out on pages 65 to 89, which have been prepared on a going-concern basis, were approved by the Council on 29 July 2014 and were signed on its behalf by:



**Yashaen Luckan**  
*President*



**Gillian Bolton**  
*Treasurer*



# Registrar's report

The Registrar submits her report for the year ended 31 March 2014.

## 1. Review of activities

### Main business and operations

The entity is a statutory body that regulates the architectural profession in South Africa.

The South African Council for the Architectural Profession (the entity) is a regulatory body that was established by the Architectural Profession Act, 2000 (Act No. 44 of 2000), which was published on 1 December 2000 and came into effect on 26 January 2001.

The mission is to make a positive impact on the built environment by ensuring excellence in performance and service delivery by fostering collaborative relationships with the role players in order to:

- Effectively regulate the architectural profession;
- Ensure pro-active public protection;
- Develop a quality, sustainable and professional skills base;
- Ensure good governance within SACAP;
- Promote the role of the architectural profession; and
- Create a legacy of humane and sustainable architecture.

The Council is tasked with making the major decisions within the organisation. Council members serve a term of four years.

The operating results and state of affairs of the entity are fully set out in the Annual Financial Statements and do not, in our opinion, require any further comment.

Net surplus was R3 819 420 (2012/13: R9 514 061).

## 2. Going concern

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlements of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## 3. Events subsequent to year end

Subsequent to the end of the financial year, the following Council members were inaugurated on 6 June 2014:

Name	Nationality
Mr Y Luckan	South African
Ms M Gerrans	South African
Ms G Bolton	South African
Mr P Mashabane	South African
Mr R Ruiters	South African
Mr L Mampuru	South African
Mr N Lombard	South African
Mr S Thubane	South African
Ms S Patel	South African
Mr R Lekota	South African

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## 4. Council members

The members of the Council during the year were as follows:

<b>Name</b>	<b>Nationality</b>
Mr P Mashabane	South African
Ms L Scott	South African
Ms A Houston	South African
Mr D Basdew	South African
Mr F Motsepe	South African
Prof. G Steyn	South African
Mr P Crafford	South African
Mr R Ruiters	South African
Mr M Gerrans	South African
Ms H Nienaber	South African

A member of Council, V Mthimunye, resigned in 2012 and was not replaced. This resulted in an unfilled vacancy in the third term Council.

## 5. Auditors

NEXIA SAB&T was appointed as auditors for the financial year ended 31 March 2014 and will continue in office for the next financial period.

## 6. Annual Financial Statements

The Annual Financial Statements are classified as follows:

The South African Council for the Architectural Profession, including the balances and transactions of the SACAP Education Fund is categorised as "Consolidated".

The South African Council for the Architectural Profession, excluding the balances and transactions of the SACAP Education Fund is categorised as "Council".

## 7. Appointment of Council

The current Council was inaugurated on 6 June 2014 and is the forth term Council of SACAP. For the year under review the third term Council was in office.

# Statement of Financial Position

as at 31 March 2014

	Notes	Consolidated		Council	
		2014 R	2013 R	2014 R	2013 R
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	1 121 451	1 223 038	1 121 451	1 223 038
Intangible assets	5	258 856	244 681	258 856	244 681
		<b>1 380 307</b>	<b>1 467 719</b>	<b>1 380 307</b>	<b>1 467 719</b>
<b>Current assets</b>					
Other financial assets	6	24 101 622	22 889 455	20 781 957	19 709 253
Trade and other receivables	7	2 110 321	857 280	2 550 321	922 078
Cash and cash equivalents	8	2 739 588	1 240 606	2 584 818	1 165 629
		28 951 531	24 987 341	25 917 096	21 796 960
<b>Total assets</b>		<b>30 331 838</b>	<b>26 455 039</b>	<b>27 297 403</b>	<b>23 264 679</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Retained income		26 364 578	22 545 136	23 330 143	19 182 373
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Finance lease obligation	9	125 216	278 167	125 216	278 167
<b>Current liabilities</b>					
Finance lease obligation	9	153 050	138 543	153 050	138 543
Trade and other payables	10	3 688 994	3 493 193	3 688 994	3 665 596
		3 842 044	3 631 736	3 842 044	3 804 139
<b>Total liabilities</b>		<b>3 967 260</b>	<b>3 909 903</b>	<b>3 967 260</b>	<b>4 082 306</b>
<b>Total equity and liabilities</b>		<b>30 331 838</b>	<b>26 455 039</b>	<b>27 297 403</b>	<b>23 264 679</b>

# Statement of Comprehensive Income

for the year ended 31 March 2014

	Notes	Consolidated		Council	
		2014 R	2013 R	2014 R	2013 R
Revenue	13	21 030 395	21 363 662	21 030 395	21 363 662
Other income		142 050	116 596	142 050	116 596
Sundry income		12 471	318 223	12 471	318 223
Operating expenses		(18 575 346)	(13 215 031)	(18 106 839)	(13 175 813)
<b>Operating surplus for the year</b>	14	<b>2 609 570</b>	<b>8 583 450</b>	<b>3 078 077</b>	<b>8 622 668</b>
Finance income	15	1 246 571	984 228	1 106 314	849 266
Finance costs	16	(36 720)	(53 617)	(36 621)	(53 617)
<b>Surplus before income tax expense</b>		<b>3 819 420</b>	<b>9 514 061</b>	<b>4 147 770</b>	<b>9 418 317</b>
Income tax expense	17	-	-	-	-
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>3 819 420</b>	<b>9 514 061</b>	<b>4 147 770</b>	<b>9 418 317</b>

# Statement of Changes in Equity

for the year ended 31 March 2014

	Retained income R	Total equity R
<b>Consolidated</b>		
<b>Balance at 1 April 2012</b>	<b>13 031 075</b>	<b>13 031 075</b>
Changes in funds		
Total comprehensive income for the year	9 514 061	9 514 061
Total changes	9 514 061	9 514 061
<b>Balance at 1 April 2013</b>	<b>22 545 136</b>	<b>22 545 136</b>
Changes in funds		
Total comprehensive income for the year	3 819 420	3 819 420
Total changes	3 819 420	3 819 420
<b>Balance at 31 March 2014</b>	<b>26 364 556</b>	<b>26 364 556</b>
<b>Council</b>		
<b>Balance at 1 April 2012</b>	<b>9 764 056</b>	<b>9 764 056</b>
Changes in funds		
Total comprehensive income for the year	9 418 317	9 418 317
Total changes	9 418 317	9 418 317
<b>Balance at 1 April 2013</b>	<b>19 182 373</b>	<b>19 182 373</b>
Changes in funds		
Total comprehensive income for the year	4 147 770	4 147 770
Total changes	4 147 770	4 147 770
<b>Balance at 31 March 2014</b>	<b>23 330 143</b>	<b>23 330 143</b>

# Statement of Cash Flows

for the year ended 31 March 2014

	Notes	Consolidated		Council	
		2014 R	2013 R	2014 R	2013 R
<b>Operating activities</b>					
Cash generated from operating activities	18	2,302,873	8,548,915	2,223,777	8,595,132
Interest income	15	1,246,571	984,228	1,106,314	849,266
Finance costs	16	(36,720)	(53,617)	(36,621)	(53,617)
<b>Net cash flows from operating activities</b>		<b>3,512,724</b>	<b>9,479,526</b>	<b>3,293,469</b>	<b>9,390,781</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment	4	(454,181)	(543,209)	(454,182)	(543,209)
Proceeds from sale of property, plant and equipment	4	-	60,258	-	60,258
Purchase of intangible assets	5	(208,950)	(363,879)	(208,950)	(363,879)
Proceeds from sale of intangible assets	5	-	4,275	-	4,275
Net movement on financial assets		(1,212,166)	(9,085,637)	(1,072,704)	(8,950,675)
<b>Net cash flows used in investing activities</b>		<b>(1,875,297)</b>	<b>(9,928,192)</b>	<b>(1,735,837)</b>	<b>(9,793,230)</b>
<b>Financing activities</b>					
Payment of finance lease liabilities	9	(138,444)	(182,429)	(138,444)	(182,429)
<b>Net cash flows used in financing activities</b>		<b>(138,444)</b>	<b>(182,429)</b>	<b>(138,444)</b>	<b>(182,429)</b>
Net increase/(decrease) in cash and cash equivalents		1,498,983	(631,095)	1,419,189	(584,878)
Cash and cash equivalents at 1 April		1,240,606	1,871,701	1,165,629	1,750,507
<b>Total cash at end of year</b>	8	<b>2,739,588</b>	<b>1,240,606</b>	<b>2,584,818</b>	<b>1,165,629</b>

# Notes to the consolidated Financial Statements

## 1. Basis of presentation

The consolidated Annual Financial Statements have been prepared in accordance with IFRS, the Financial Reporting Guides issued by the Accounting Practices Committee of the South African Institute of Chartered Accounting (SAICA) and the Architectural Profession Act, 2000 (Act No. 44 of 2000). The Annual Financial Statements have been prepared on the historical cost basis, except where otherwise indicated, and incorporate the principal accounting policies as set out below.

These accounting policies are consistent with the previous period.

## 2. Summary of significant accounting policies

### a) Current versus non-current classification

The Council presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in a normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Council classifies all other liabilities as non-current.

### b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Council and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Council has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements and has pricing latitude.

The specific recognition criteria described below must also be met before revenue is recognised.

#### **Interest income**

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as loans and receivables, interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the Statement of Profit or Loss.

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### **Exam fees**

Revenue is recognised when the Council's right to receive the payment is established, which is generally the time a person is eligible to stand for an exam and has paid the fee.

### **Registrations and re-registrations**

Revenue is recognised when the registration or re-registration takes effect.

### **Renewals**

Revenue is recognised when the renewal takes effect.

## **c) Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Council recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

<b>Item</b>	<b>Average useful life</b>
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss, unless it is included in the carrying amount of another asset. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

## **d) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the



amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss as the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

The useful lives of intangible assets have been assessed as follows:

Item	Average useful life
Computer software	3 years

#### e) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **Financial assets**

###### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Council commits to purchase or sell the asset.

###### **Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables; and
- Held-to-maturity investments.

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the Statement of Profit or Loss.

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 7.

### ***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Council's consolidated Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired; or
- The Council has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either (a) the Council has transferred substantially all the risks and rewards of the asset, or (b) the Council has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Council has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Council continues to recognise the transferred asset to the extent of the Council's continuing involvement. In that case, the Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Council has retained.

### ***Impairment of financial assets***

The Council assesses, at each reporting date, whether there is objective evidence that a financial asset or a combination of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the combination of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a combination of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### ***Financial assets carried at amortised cost***

For financial assets carried at amortised cost, the Council first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Council determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the Statement of Profit or Loss. Interest income (recorded as finance income in the Statement of Profit or Loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Council. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the Statement of Profit or Loss.

### ***Financial liabilities***

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Council's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

##### ***Loans and borrowings***

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit or Loss. A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

### ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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#### **f) Cash and short-term deposits**

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

#### **g) Pensions and other post-employment benefits**

The Council operates a defined contribution benefit pension plan. The contributions made by the employer on behalf of the employee are recognised in profit and loss when they are incurred.

#### **h) Judgements**

The preparation of the Council's consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Council's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated Financial Statements:

##### ***Trade receivables***

The Council assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the Statement of Comprehensive Income, the Council makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

#### **i) 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. Leases are classified as either operating or finance leases at the inception of the lease.

##### ***Finance leases – lessee***

Assets held under finance leases are initially recognised as an asset at its fair value at the inception of the lease or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of the remaining balance of the liability.

**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 asset or liability. The liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

### 3. Standards and interpretations effective and adopted in the current year

In the current year, the entity has not adopted any effective standards as none are relevant to its operations.

#### 3.1 Standards and interpretations early adopted

The entity has not chosen to early adopt any standards and interpretations.

#### 3.2 Standards issued not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Council's Financial Statements are disclosed below. The Council intends to adopt these standards, if applicable, when they become effective.

<b>Standard/Interpretation</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact</b>
IFRS 9 Financial Instruments	1 July 2014	Being assessed
IAS 16 Property, Plant and Equipment Annual Improvements 2010–2011 Cycle	1 July 2014	Being assessed
IAS 24 Related Party Disclosures	1 July 2014	Being assessed
IAS 38 Intangible Assets Annual Improvements 2010–2012 Cycle	1 July 2014	Being assessed

#### 3.3 Standards not yet effective nor relevant

<b>Standard/Interpretation</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact</b>
IFRS 2 Share-based Payments	1 July 2014	None
IFRS 3 Business Combinations	1 July 2014	None
IFRS 8 Operating Segments	1 July 2014	None
IAS 40 Investment Property	1 July 2014	None

#### 4. Property, plant and equipment

Consolidated	2014			2013		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Furniture and fixtures	640 793	(340 341)	300 452	637 284	(277 234)	360 050
Motor vehicles	131 300	(131 300)	-	131 300	(111 604)	19 696
Office equipment	886 012	(592 001)	294 011	879 008	(417 844)	461 164
IT equipment	933 607	(660 363)	273 244	740 640	(377 202)	363 438
Leasehold improvements	113 557	(110 514)	3 043	113 557	(94 867)	18 690
Capital work in progress	250 701	-	250 701			
<b>Total</b>	<b>2 955 970</b>	<b>(1 834 519)</b>	<b>1 121 451</b>	<b>2 501 789</b>	<b>(1 278 751)</b>	<b>1 223 038</b>

Council	2014			2013		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Furniture and fixtures	640 793	(340 341)	300 452	637 284	(277 234)	360 050
Motor vehicles	131 300	(131 300)	-	131 300	(111 604)	19 696
Office equipment	886 012	(592 001)	294 011	879 008	(417 844)	461 164
IT equipment	933 607	(660 363)	273 244	740 640	(377 202)	363 438
Leasehold improvements	113 557	(110 514)	3 043	113 557	(94 867)	18 690
Capital work in progress	250 701	-	250 701			
<b>Total</b>	<b>2 955 970</b>	<b>(1 834 519)</b>	<b>1 121 451</b>	<b>2 501 789</b>	<b>(1 278 751)</b>	<b>1 223 038</b>

#### Reconciliation of property, plant and equipment – consolidated 2014

	Opening balance R	Transfers R	Assets at fair value R	Disposals R	Additions R	Depreciation R	Total R
Furniture and fixtures	360 050	-	-	-	3 509	(63 107)	300 452
Motor vehicles	19 696	-	-	-	-	(19 696)	-
Office equipment	461 164	-	-	-	7 004	(174 157)	294 011
IT equipment	363 438	-	-	-	192 968	(283 162)	273 244
Leasehold improvements	18 690	-	-	-	-	(15 647)	3 043
Capital work in progress	-	-	-	-	250 701	-	250 701
	<b>1 223 038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>454 182</b>	<b>(555 769)</b>	<b>1 121 451</b>

## Reconciliation of property, plant and equipment – consolidated 2013

	Opening balance R	Transfers R	Assets at fair value R	Disposals R	Additions R	Depreciation R	Total R
Furniture and fixtures	375 588	(14 872)	75 946	(34 947)	21 615	(63 280)	360 050
Motor vehicles	32 825	-	-	-	-	(13 129)	19 696
Office equipment	691 359	(80 768)	43 577	(6 469)	18 849	(205 384)	461 164
IT equipment	98 867	202 470	39 060	(18 842)	252 941	(211 058)	363 438
Leasehold improvements	52 988	(15 608)	-	-	-	(18 690)	18 690
	<b>1 251 627</b>	<b>91 222</b>	<b>158 583</b>	<b>(60 258)</b>	<b>293 405</b>	<b>(511 541)</b>	<b>1 223 038</b>

## Assets subject to finance lease (net carrying amount)

	Consolidated		Council	
	2014 R	2013 R	2014 R	2013 R
Canon (C5051i) digital multifunctional printer	116 247	184 488	116 247	184 488
Canon (C5051i) digital multifunctional printer	116 247	184 488	116 247	184 488
<b>Total</b>	<b>232 494</b>	<b>368 976</b>	<b>232 494</b>	<b>368 976</b>

## Reconciliation of property, plant and equipment – Council 2014

	Opening balance R	Transfers R	Assets at fair value R	Disposals R	Additions R	Depreciation R	Total R
Furniture and fixtures	360 050	-	-	-	3 509	(63 107)	300 452
Motor vehicles	19 696	-	-	-	-	(19 696)	-
Office equipment	461 164	-	-	-	7 004	(174 157)	294 011
IT equipment	363 438	-	-	-	192 968	(283 162)	273 244
Leasehold improvements	18 690	-	-	-	-	(15 647)	3 043
Capital work in progress	-	-	-	-	250 701	-	250 701
	<b>1 223 038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>454 182</b>	<b>(555 769)</b>	<b>1 121 451</b>

## Reconciliation of property, plant and equipment – Council 2013

	Opening balance R	Transfers R	Assets at fair value R	Disposals R	Additions R	Depreciation R	Total R
Furniture and fixtures	375 588	(14 872)	75 946	(34 947)	21 615	(63 280)	360 050
Motor vehicles	32 825	-	-	-	-	(13 129)	19 696
Office equipment	691 359	(80 768)	43 577	(6 469)	18 849	(205 384)	461 164
IT equipment	98 867	202 470	39 060	(18 842)	252 941	(211 058)	363 438
Leasehold improvements	52 988	(15 608)	-	-	-	(18 690)	18 690
	<b>1 251 627</b>	<b>91 222</b>	<b>158 583</b>	<b>(60 258)</b>	<b>293 405</b>	<b>(511 541)</b>	<b>1 223 038</b>

## 5. Intangible assets

Consolidated	2014			2013		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Computer software	704 513	(445 657)	258 856	495 560	(250 879)	244 681
<b>Total</b>	<b>704 513</b>	<b>(445 657)</b>	<b>258 856</b>	<b>495 560</b>	<b>(250 879)</b>	<b>244 681</b>

Council	2014			2013		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Computer software	704 513	(445 657)	258 856	495 560	(250 879)	244 681
<b>Total</b>	<b>704 513</b>	<b>(445 657)</b>	<b>258 856</b>	<b>495 560</b>	<b>(250 879)</b>	<b>244 681</b>

### Reconciliation of intangible assets – consolidated 2014

	Opening balance R	Transfers R	Assets at fair value R	Disposals R	Additions R	Amortisation R	Total R
Computer software	244 681	-	-	-	208 950	(194 775)	258 856

### Reconciliation of intangible assets – consolidated 2013

	Opening balance R	Transfers R	Assets at fair value R	Disposals R	Additions R	Amortisation R	Total R
Computer software	34 063	68 420	-	(4 275)	295 459	(148 986)	244 681

### Reconciliation of intangible assets – Council 2014

	Opening balance R	Transfers R	Assets at fair value R	Disposals R	Additions R	Amortisation R	Total R
Computer software	244 681	-	-	-	208 950	(194 775)	258 856

### Reconciliation of intangible assets – Council 2013

	Opening balance R	Transfers R	Assets at fair value R	Disposals R	Additions R	Amortisation R	Total R
Computer software	34 063	68 420	-	(4 275)	295 459	(148 986)	244 681



## 6. Other financial assets

	Consolidated		Council	
	2014 R	2013 R	2014 R	2013 R
<b>Investments</b>				
First National Bank	703 121	8 953 926	703 121	8 953 926
Investec	12 009 304	11 381 772	11 358 099	10 755 327
Nedbank	11 389 197	2 553 757	8 720 737	-
	<b>24 101 622</b>	<b>22 889 455</b>	<b>20 781 957</b>	<b>19 709 253</b>
<b>Current assets</b>				
Loans and receivables	<b>24 101 622</b>	<b>22 889 455</b>	<b>20 781 957</b>	<b>19 709 253</b>

The carrying value of investments reflects the approximate fair value at year end.

## 7. Trade and other receivables

	Consolidated		Council	
	2014 R	2013 R	2014 R	2013 R
Trade receivables	6 934 606	5 569 096	6 934 606	5 563 096
Unallocated receipts	(1 530 932)	(1 341 072)	(1 530 932)	(1 341 072)
Allowance for credit losses	(4 367 910)	(4 162 820)	(4 367 910)	(4 162 820)
Other receivables	303 646	412 076	303 646	412 076
VAT	578 883	380 000	578 883	380 000
Prepayments	192 028	-	192 028	-
SACAP Education Fund	-	-	440 000	70 798
	<b>2 110 321</b>	<b>857 280</b>	<b>2 550 321</b>	<b>922 078</b>

The carrying value of trade receivables reflects the approximate fair value at year end.

The credit quality of trade receivables that are neither past due nor impaired can be assessed by reference to historical payment trends of the individual debtors, therefore a credit rating of 'high' has been ascribed to these debtors.

### Credit rating of trade receivables

	Rating	2014 R
Current–30 days	High	70 735
31–60 days	Medium	5 875
Over 90 days	Low	6 857 996
		<b>6 934 606</b>

	Rating	2013 R
Current–30 days	High	5 569 096
31–60 days	Medium	34 027
Over 90 days	Low	4 464
		<b>5 530 605</b>

### Trade and other receivables impaired

According to section 20(1)(a)(iii) of the Architectural Professions Act, registered professionals who fail to pay the prescribed annual fee, or portion thereof, within 60 days from it becoming due or within such further period as the Council may allow, either before or after the expiry of 60 days, will be removed as registered professionals.

As at 31 March 2014, trade and other receivables (inclusive of VAT) of R4 367 910 (2012/13: R4 162 820) were impaired and provided for.

### Reconciliation of allowance for credit losses of trade and other receivables

	Consolidated		Council	
	2014 R	2013 R	2014 R	2013 R
Opening balance	4 162 820	3 709 641	4 162 820	3 709 641
Provision for impairment – debtors	179 904	397 525	179 904	397 525
Provision for impairment – VAT portion	25 187	55 654	25 187	55 654
	<b>4 367 910</b>	<b>4 162 820</b>	<b>4 367 910</b>	<b>4 162 820</b>

### Other receivables

SACAP previously overpaid on provident fund contributions on behalf of employees. An amount of R303,646 remained included in other receivables at year end.

## 8. Cash and cash equivalents

	Consolidated		Council	
	2014 R	2013 R	2014 R	2013 R
Cash and cash equivalents consist of:				
Cash on hand	-	4 275	-	4 275
Bank balances	2 739 588	1 236 331	2 584 818	1 161 354
	<b>2 739 588</b>	<b>1 240 606</b>	<b>2 584 818</b>	<b>1 165 629</b>

Cash at bank earn interest at a floating rate based on a daily bank deposit rate.

## 9. Finance lease obligation

	Consolidated		Council	
	2014 R	2013 R	2014 R	2013 R
<b>Minimum lease payments due</b>				
- Within one year	173 988	173 988	173 988	173 988
- In second to fifth year inclusive	130 491	304 380	130 491	304 380
	304 479	478 368	304 479	478 368
less: future finance charges	(26 213)	(61 658)	(26 213)	(61 658)
<b>Present value of minimum lease payments</b>	<b>278 266</b>	<b>416 710</b>	<b>278 266</b>	<b>416 710</b>
<b>Present value of minimum lease payments due</b>				
- within one year	153 050	138 543	153 050	138 543
- in second to fifth year inclusive	125 216	278 167	125 216	278 167
	<b>278 266</b>	<b>416 710</b>	<b>278 266</b>	<b>416 710</b>
Non-current liabilities	125 216	278 167	125 216	278 167
Current liabilities	153 050	138 543	153 050	138 543
	<b>278 266</b>	<b>416 710</b>	<b>278 266</b>	<b>416 710</b>

The liabilities are secured over certain items of property, plant and equipment disclosed in Note 4.

### Canon Business Centre

SACAP entered into an agreement with Canon Business Centre for two copiers (Canon 5051i). The rental agreement is for a period of 60 months beginning on 1 January 2011 and the total monthly instalments, payable in advance, are R14 499 with a 0% escalation per annum.

## 10. Trade and other payables

	Consolidated		Council	
	2014 R	2013 R	2014 R	2013 R
Trade payables	228 335	358 324	228 335	358 324
Accruals	197 619	162 735	197 619	162 735
Accrued leave pay	129 127	228 297	129 127	228 297
SACAP Education Fund	-	-	-	172 403
Amounts received in advance	3 133 914	2 743 837	3 133 914	2 743 837
	<b>3 688 994</b>	<b>3 493 193</b>	<b>3 688 994</b>	<b>3 665 596</b>

## 11. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables R	Fair value through profit and loss – held for trading R	Fair value through profit and loss – designated R	Held-to- maturity investments R	Available for sale R	Total R
<b>Combined – 2014</b>						
Investments	24 101 622	-	-	-	-	24 101 622
Trade and other receivables	1 531 438	-	-	-	-	1 531 438
Cash and cash equivalents	2 739 588	-	-	-	-	2 739 588
<b>Total</b>	<b>28 372 648</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28 372 648</b>

	Loans and receivables R	Fair value through profit and loss – held for trading R	Fair value through profit and loss – designated R	Held-to- maturity investments R	Available for sale R	Total R
<b>Combined – 2013</b>						
Investments	22 889 455	-	-	-	-	22 889 455
Trade and other receivables	477 281	-	-	-	-	477 281
Cash and cash equivalents	1 240 606	-	-	-	-	1 240 606
<b>Total</b>	<b>24 607 342</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24 607 342</b>

<b>Council – 2014</b>	Loans and receivables R	Fair value through profit and loss – held for trading R	Fair value through profit and loss – designated R	Held-to- maturity investments R	Available for sale R	Total R
Investments	20 781 957	-	-	-	-	20 781 957
Trade and other receivables	1 971 438	-	-	-	-	1 971 438
Cash and cash equivalents	2 584 818	-	-	-	-	2 584 818
<b>Total</b>	<b>25 338 213</b>	-	-	-	-	<b>25 338 213</b>

<b>Council – 2013</b>	Loans and receivables R	Fair value through profit and loss – held for trading R	Fair value through profit and loss – designated R	Held-to- maturity investments R	Available for sale R	Total R
Investments	19 709 253	-	-	-	-	19 709 253
Trade and other receivables	542 078	-	-	-	-	542 078
Cash and cash equivalents	1 165 629	-	-	-	-	1 165 629
<b>Total</b>	<b>21 416 960</b>	-	-	-	-	<b>21 416 960</b>

## 12. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

<b>Consolidated – 2014</b>	Financial liabilities at amortised cost R	Fair value through profit and loss – held for trading R	Fair value through profit and loss – designated R	Total R
Finance lease obligation	278 266	-	-	278 266
Trade and other payables	3 688 994	-	-	3 688 994
<b>Total</b>	<b>3 967 260</b>	-	-	<b>3 967 260</b>

	Financial liabilities at amortised cost R	Fair value through profit and loss – held for trading R	Fair value through profit and loss – designated R	Total R
<b>Consolidated – 2013</b>				
Finance lease obligation	416 710	-	-	416 710
Trade and other payables	3 493 193	-	-	3 493 193
<b>Total</b>	<b>3 909 903</b>	<b>-</b>	<b>-</b>	<b>3 909 903</b>

	Financial liabilities at amortised cost R	Fair value through profit and loss – held for trading R	Fair value through profit and loss – designated R	Total R
<b>Council – 2014</b>				
Finance lease obligation	278 266	-	-	278 266
Trade and other payables	3 688 994	-	-	3 688 994
<b>Total</b>	<b>3 967 260</b>	<b>-</b>	<b>-</b>	<b>3 967 260</b>

	Financial liabilities at amortised cost R	Fair value through profit and loss – held for trading R	Fair value through profit and loss – designated R	Total R
<b>Council – 2013</b>				
Finance lease obligation	416 710	-	-	416 710
Trade and other payables	3 665 595	-	-	3 665 595
<b>Total</b>	<b>4 082 305</b>	<b>-</b>	<b>-</b>	<b>4 082 305</b>

## 13. Revenue

	Consolidated		Council	
	2014 R	2013 R	2014 R	2013 R
Annual fees	16 993 505	18 003 452	16 993 505	18 003 452
Administration fees	454 896	409 660	454 896	409 660
Exam fees	920 650	923 279	920 650	923 279
Registration and re-registrations	2 440 293	1 670 807	2 440 293	1 670 807
Renewals	221 051	356 464	221 051	356 464
	<b>21 030 395</b>	<b>21 363 662</b>	<b>21 030 395</b>	<b>21 363 662</b>

Registrations are cancelled when the RPs do not pay their fees within the prescribed time. When such a person wants to re-register, the prior years' outstanding fees must be settled first. These fees are then recognised in the year in which they are received.

## 14. Operating surplus for the year

	Consolidated		Council	
	2014 R	2013 R	2014 R	2013 R
<b>Operating lease charges – premises</b>				
Payments due				
- Within one year	89 535	98 000	89 535	98 000
	<b>89 535</b>	<b>98 000</b>	<b>89 535</b>	<b>98 000</b>
Auditor's remuneration				
- Audit	300 110	229 300	272 455	191 110
- Other services	245 552	245 552	-	-
Depreciation on property, plant and equipment	555 769	660 527	555 769	660 527
Employee costs	7 169 813	6 146 526	7 169 813	6 146 526

## 15. Finance income

	Consolidated		Council	
	2014 R	2013 R	2014 R	2013 R
Interest received on investments	1 246 571	984 228	1 106 314	849 266
<b>The following is an analysis of investment revenue earned per financial asset category:</b>				
Loans and receivables	1 246 571	984 228	1 106 314	849 266
Total interest income for financial asset not designated as at fair value through profit or loss	1 246 571	984 228	1 106 314	849 266
	<b>1 246 571</b>	<b>984 228</b>	<b>1 106 314</b>	<b>849 266</b>

## 16. Finance costs

	Consolidated		Council	
	2014 R	2013 R	2014 R	2013 R
Finance charges payable under finance leases	35 445	48 577	35 445	48 577
Interest on debt or borrowings	1 275	5 040	1 176	5 040
	<b>36 720</b>	<b>53 617</b>	<b>36 621</b>	<b>53 617</b>

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through profit or loss amounted to R36 621 (2012/13: R53 617).

## 17. Taxation

The South African Council for the Architectural Profession's receipts and accruals are exempt from income tax in terms of the provisions of section 10(1)(cA)(i) of the Income Tax Act, 1962 (No. 58 of 1962).

## 18. Operating activities

	Consolidated		Council	
	2014 R	2013 R	2014 R	2013 R
Surplus before income tax expense	1 246 571	984 228	1 106 314	849 266
<b>Adjustments to reconcile operating surplus for the year to net cash flows:</b>				
Depreciation and impairment of property, plant and equipment	555 769	660 527	555 769	660 527
Amortisation and impairment of intangible assets	194 775	-	194 775	-
Finance income	(1 246 571)	(984 228)	(1 106 314)	(849 266)
Finance costs	36 720	53 617	36 621	53 617
<b>Working capital adjustments:</b>				
Increase in trade and other receivables	(1 253 041)	(118 097)	(1 628 243)	(118 096)
Increase/(decrease) in trade and other payables	195 801	(576 965)	23 398	(569 967)
<b>Cash generated from operating activities</b>	<b>2 302 873</b>	<b>8 548 915</b>	<b>2 223 777</b>	<b>8 595 132</b>

## 19. Related parties

### Relationships

Members of key management	Mr E Lekota – Registrar (Appointed 1 April 2012 to 2 November 2013) Mr V Naidoo – Acting Registrar (6 August 2013 to 31 March 2014) Ms M O'Reilly – Registrar (Appointed March 2014)
Executive authority	Department of Public Works
Governing body	Refer to the Registrar's report for Council member names
Fund under control of the Council	Education Fund of SACAP
Relationship governed by law	Council for the Built Environment



	Consolidated		Council	
	2014 R	2013 R	2014 R	2013 R
<b>Related party balances</b>				
Amounts included in trade receivables	-	-	440 000	70 798
Education Fund of SACAP				
Amounts included in trade payables				
Council for the Built Environment	9 408	10 458	9 408	10 458
Education Fund of SACAP	-	-	-	172 403
Provision for doubtful debts related to the amount of outstanding balances				
None				
<b>Related party transactions</b>				
Included in operating expenses				
Council for the Built Environment	343 224	346 962	343 224	346 962

Executive	Basic salary R	2014 Travel R	Total R	Basic salary R	2013 Travel R	Total R
V Naidoo (Consultant – was paid fees)	1 547 436	-	1 547 436	-	-	-
PC Smit	-	-	-	60 000	3 578	63 578
E Lekota	670 301	21 000	691 301	999 996	3 735	1 003 731
M O'Reilly	55 660	7 383	63 044	-	-	-
	<b>2 273 397</b>	<b>28 383</b>	<b>2 301 781</b>	<b>1 059 996</b>	<b>7 314</b>	<b>1 067 310</b>

Non-executive	Honorarium R	2014 Travel R	Total R	Honorarium R	2013 Travel R	Total R
P Mashabane – President	126 760	91 378	218 138	84 240	81 811	166 051
L Scott – Vice-President	152 954	9 592	162 546	97 823	3 579	101 402
A Houston – Treasurer	76 300	83 545	159 845	64 092	48 770	112 862
D Basdew	50 358	114 363	164 721	39 676	55 251	94 927
F Motsepe	100 980	45 705	146 685	24 416	6 928	31 344
G Steyn	64 841	94 402	159 243	62 184	65 828	128 012
P Crafford	-	21 740	21 740	-	5 069	5 069
R Ruiters	32 046	86 616	118 662	28 994	65 108	94 102
V Mthimunya – resigned (2012)	-	-	-	-	921	921
M Gerrans	80 340	206 566	286 906	59 566	98 460	158 026
H Nienaber	15 904	943	16 847	8 595	2 440	11 035
	<b>700 483</b>	<b>754 850</b>	<b>1 455 332</b>	<b>469 586</b>	<b>434 165</b>	<b>903 751</b>

## 20. Risk management

### Capital risk management

The Council's objective when managing capital is to safeguard its ability to continue as a going concern.

The capital structure of the entity consists of cash and cash equivalents disclosed in Note 7 and accumulated funds as disclosed in the Statement of Financial Position.

### Financial risk management

The entity's activities expose it to liquidity risk and cash flow interest rate risk.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of cash available for the entity to perform its duties.

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

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

The table below analyses the entity's financial liabilities according to relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than one year R	Between one and two years R	Between two and five years R	Over five years R
<b>Consolidated</b>				
<b>At 31 March 2014</b>				
Finance lease obligation	153 050	125 216	-	-
Trade and other payables	3 688 994	-	-	-
<b>At 31 March 2013</b>				
Finance lease obligation	173 988	173 988	130 391	-
Trade and other payables	3 493 193	-	-	-
	Less than one year R	Between one and two years R	Between two and five years R	Over five years R
<b>Council</b>				
<b>At 31 March 2014</b>				
Finance lease obligation	153 050	125 216	-	-
Trade and other payables	3 688 994	-	-	-
<b>At 31 March 2013</b>				
Finance lease obligation	173 988	173 988	130 391	-
Trade and other payables	3 493 193	-	-	-

## Interest rate risk

The entity has significant interest-bearing assets that cause the entity's income and operating cash flows to be substantially dependent on changes in market interest rates.

The following table demonstrates the sensitivity of the entity's profit before tax to a reasonable possible change in interest rate, with all other variables held constant.

Effect on profit before tax	Increase/ decrease in base points	Consolidated R	Council R
South African Rand	1%	241 016	207 820
South African Rand	-1%	(241 016)	(207 820)

## Credit risk

Credit risk consists mainly of cash deposits, investments, trade receivables and other receivables. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Receivables comprise fees owed by registered persons in terms of the Architectural Profession Act.

Receivables comprise a widespread RPs base. Receivables are monitored for impairment on an ongoing basis. Non-payment by RPs results in deregistration, in which event outstanding fees are provided for as bad debt.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Consolidated 2014 R	Consolidated 2013 R	Council 2014 R	Council 2013 R
Investments	24 101 622	22 889 455	20 781 957	19 709 253
Trade and other receivables	1 531 438	477 281	1 971 438	542 078
Cash and cash equivalents	2 739 588	1 240 606	2 584 818	1 165 629

# Detailed Income Statement

for the year ended 31 March 2014

	Notes	Consolidated		Council	
		2014 R	2013 R	2014 R	2013 R
<b>Revenue</b>					
Annual fees		16 993 505	18 003 452	16 993 505	18 003 452
Administration fees		454 896	409 660	454 896	409 660
Exam fees		920 650	923 279	920 650	923 279
Registrations and re-registrations		2 440 293	1 670 807	2 440 293	1 670 807
Renewals		221 051	356 464	221 051	356 464
		<b>21 030 395</b>	<b>21 363 662</b>	<b>21 030 395</b>	<b>21 363 662</b>
<b>Other income</b>					
Other income		142 050	116 596	142 050	116 596
Finance income		1 246 571	984 228	1 106 314	849 266
Sundry income		12 471	318 223	12 471	318 223
		<b>1 401 092</b>	<b>1 419 047</b>	<b>1 260 835</b>	<b>1 284 085</b>
<b>Expenses (Refer to page 91)</b>		<b>(18 575 346)</b>	<b>(13 215 031)</b>	<b>(18 106 839)</b>	<b>(13 175 813)</b>
<b>Operating surplus/(shortfall)</b>		<b>3 856 141</b>	<b>9 567 678</b>	<b>4 184 391</b>	<b>9 471 934</b>
Finance costs		(36 720)	(53 617)	(36 621)	(53 617)
<b>Surplus for the year</b>		<b>3 819 421</b>	<b>9 514 061</b>	<b>4 147 770</b>	<b>9 418 317</b>

The supplementary information presented does not form part of the consolidated Annual Financial Statements and is unaudited.

	Notes	Consolidated		Council	
		2014 R	2013 R	2014 R	2013 R
<b>Operating expenses</b>					
Administration fees		-	(5 938)	-	(5 938)
Advertising		(357 892)	(101 000)	(357 892)	(101 000)
Annual Report		(135 010)	(100 875)	(135 010)	(100 875)
Asset expenses		(32 265)	(2 200)	(32 265)	(2 200)
Audit Committee fees		(106 961)	(129 072)	(106 961)	(129 072)
Auditors remuneration		(545 663)	(229 300)	(518 007)	(191 110)
Bad debts		(486 003)	(397 525)	(486 003)	(397 525)
Bank charges		(94 329)	(90 708)	(93 378)	(89 680)
CAA validation expenses		(175 482)	-	(175 482)	-
CBE levies		(343 224)	(346 962)	(343 224)	(346 962)
Computer expenses		(45 608)	(43 718)	(45 608)	(43 718)
Consulting fees		(2 274 022)	(1 005 253)	(2 274 121)	(1 005 253)
Depreciation, amortisation and impairments		(750 544)	(660 527)	(750 544)	(660 527)
Document management and strategic review		(31 490)	(15 592)	(31 490)	(15 592)
Employee costs		(7 169 813)	(5 726 410)	(7 169 813)	(5 726 410)
Entertainment		-	(637)	-	(637)
General office expense		(118 693)	(71 447)	(118 693)	(71 447)
Grants		(440 000)	-	-	-
Honorariums		(1 198 373)	(744 864)	(1 198 373)	(744 864)
Insurance		(72 616)	(29 440)	(72 616)	(29 440)
Internal audit fees		(94 600)	(28 459)	(94 600)	(28 459)
Lease rentals on operating lease		(1 056 512)	(871 247)	(1 056 512)	(871 247)
Legal expenses		(409 984)	(139 486)	(409 984)	(139 486)
Loss on disposal of assets		-	(64 532)	-	(64 532)
Motor vehicle expenses		(28 406)	(22 439)	(28 406)	(22 439)
Outreach, roadshows and exhibitions		(145 528)	(21 967)	(145 528)	(21 967)
Policy development and research		(100 000)	(88 723)	(100 000)	(88 723)
Postage		(84 002)	(121 340)	(84 002)	(121 340)
Printing and stationery		(218 685)	(135 730)	(218 685)	(135 730)
Recruitment and team building		-	(291 705)	-	(291 705)
Registration certificates		(19 144)	-	(19 144)	-
Repairs and maintenance		(1 900)	(101 226)	(1 900)	(101 226)
Subscriptions		(1 285)	(16 990)	(1 285)	(16 990)
Telephone		(269 203)	(353 094)	(269 203)	(353 094)
Training		-	(5 670)	-	(5 670)
Travel and accommodation		(1 277 212)	(908 893)	(1 277 212)	(908 893)
Utilities		(202 119)	(180 971)	(202 119)	(180 971)
Venue costs and catering		(101 754)	(62 478)	(101 754)	(62 478)
Website development costs		(187 026)	(98 613)	(187 026)	(98 613)
		<b>(18 575 346)</b>	<b>(13 215 031)</b>	<b>(18 106 839)</b>	<b>(13 175 813)</b>

The supplementary information presented does not form part of the consolidated Annual Financial Statements and is unaudited.

# SACAP Education Fund

## Financial Statements

### General information

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<b>Country of incorporation:</b>	Republic of South Africa
<b>Nature of business and principle activities:</b>	Statutory body that regulates the registration of Architectural Professionals in South Africa
<b>Council members:</b>	Mr P Mashabane – President Ms L Scott – Vice-President Ms A Houston – Treasurer Mr F Motsepe Mr D Basdew Mr R Ruiters Ms M Gerrans Ms H Nienaber Prof. G Steyn Mr P Crafford
<b>Registered office address:</b>	First Floor, Lakeside Place Cnr Ernest Oppenheimer Avenue and Queen Street Bruma 2198
<b>Business address:</b>	First Floor, Lakeside Place Cnr Ernest Oppenheimer Avenue and Queen Street Bruma 2198
<b>Postal address:</b>	PO Box 408 Bruma 2026
<b>Bankers:</b>	First National Bank
<b>Auditors:</b>	NEXIA SAB&T Registered Auditors
<b>Level of Assurance:</b>	These Annual Financial Statements have been audited in compliance with the applicable requirements of the Architectural Profession Act, 2000 (No. 44 of 2000)
<b>Preparer:</b>	The Annual Financial Statements were independently compiled by: Thiru Mudaly

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# Independent Auditor's Report

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## To the persons registered with the South African Council for the Architectural Profession (Established under the Architectural Profession Act)

We have audited the Annual Financial Statements of the Education Fund of the South African Council for the Architectural Profession set out on pages 99 to 114, which comprise the Statement of Financial Position as at 31 March 2014, 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.

### The Council's responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Architectural Profession Act, 2000 (No. 44 of 2000), and for such internal control as the Council determine is necessary to enable the preparation of Financial Statements that are free from material misstatements, whether due to fraud or error.

### Auditor's responsibility

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

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

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

### Opinion

In our opinion, the Annual Financial Statements present fairly, in all material aspects, the financial position of the Education Fund of the South African Council for the Architectural Profession at 31 March 2014, and its financial performance and cash flows for the year then ended in accordance with IFRS, and the requirements of the Architectural Profession Act, 2000 (No. 44 of 2000).



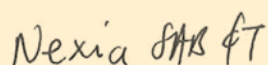
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### Supplementary information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 115 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.

### Other reports

As part of our audit of the Financial Statements for the year ended 31 March 2014, we have read the Registrar's report for the purpose of identifying whether there are material inconsistencies between this report and the audited Financial Statements. The report is the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited Annual Financial Statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



**Nexia SAB&T**  
Registered Auditors  
Per: P Mkumbuzi  
Date: 21 July 2014

# Council's responsibility and approval

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The Council is required in terms of the Architectural Profession Act to maintain adequate accounting records and are responsible for the integrity of the Annual Financial Statements and related financial information included in this report. It is the Council's 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 IFRS. The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

The Annual Financial Statements are prepared in accordance with IFRS and are based on the appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council acknowledges that it is ultimately responsible for the system of internal control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, it sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risks 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 control can provide only reasonable, and not absolute, assurance against a material misstatement or loss.

Notwithstanding the foregoing, attention is drawn to the fact that these Annual Financial Statements relate to a period in which the current Council was not in office. The current Council was inaugurated on 6 June 2014, which was after the financial year to which these Annual Financial Statements relate.

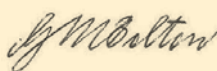
The Council has reviewed the entity's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the entity's Annual Financial Statements. The Annual Financial Statements have been examined by the entity's external auditors and their report is presented on page 94.

The Annual Financial Statements, set out on pages 99 to 114, which have been prepared on a going-concern basis, were approved by the Council on 29 July 2014 and were signed on its behalf by:



**Yashaen Luckan**  
President



**Gillian Bolton**  
Treasurer

# Registrar's report

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The Registrar submits her report for the year ended 31 March 2014.

## 1. Review of activities

### Main business and operations

The entity is an educational fund of the South African Council for the Architectural Profession which is a statutory body that regulates the architectural profession in South Africa.

The South African Council for the Architectural Profession (the entity) is a regulatory body that was established by the Architectural Profession Act, 2000 (Act No. 44 of 2000), which was published on 1 December 2000 and came into effect on 26 January 2001.

The mission is to make a positive impact on the built environment by ensuring excellence in performance and service delivery by fostering collaborative relationships with the role players in order to:

- Effectively regulate the architectural profession;
- Ensure pro-active public protection;
- Develop a quality, sustainable and professional skills base;
- Ensure good governance within SACAP;
- Promote the role of architectural profession; and
- Create a legacy of humane and sustainable architecture.

The South African Council for the Architectural Profession is tasked with making the major decisions within the organisation. Council members serve a term of four years.

The operating results and state of affairs of the entity are fully set out in the Annual Financial Statements and do not in our opinion require any further comment.

Net (loss)/profit was (R32 8371) (2012/13: R95 766).

## 2. Going concern

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlements of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 3. Events subsequent to year end

Subsequent to the end of the financial year, the following Council members were inaugurated on 6 June 2014:

<b>Name</b>	<b>Nationality</b>
Mr Y Luckan	South African
Ms M Gerrans	South African
Ms G Bolton	South African
Mr P Mashabane	South African
Mr R Ruiters	South African
Mr L Mampuru	South African
Mr N Lombard	South African
Mr S Thubane	South African
Ms S Patel	South African
Mr R Lekota	South African

A member of Council, V Mthimunye, resigned in 2012 and was not replaced. This resulted in an unfilled vacancy in the third term Council.

### 4. Council members

The members of the Council during the year and to the date of this report are as follows:

<b>Name</b>	<b>Nationality</b>
Mr P Mashabane	South African
Ms L Scott	South African
Ms A Houston - Treasurer	South African
Mr D Basdew	South African
Mr F Motsepe	South African
Prof. G Steyn	South African
Mr P Crafford	South African
Mr R Ruiters	South African
Mr V Mthimunye (Resigned)	South African
Mr M Gerrans	South African
Ms H Nienaber	South African

### 5. Auditors

NEXIA SAB&T was appointed as auditors for the financial year ended 31 March 2014 and will continue in office for the next financial period.

### 6. Appointment of council

The current Council was inaugurated on 6 June 2014 and is the forth term Council of SACAP. For the year under review the third term Council was in office.

# Statement of Financial Position

as at 31 March 2014

	Notes	2014 R	2013 R
<b>Assets</b>			
<b>Current assets</b>			
Other financial assets	4	3 319 664	3 180 202
Trade and other receivables	5	-	178 403
Cash and cash equivalents	6	154 770	74 977
		<b>3 474 434</b>	<b>3 433 582</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Retained income		3 034 434	3 362 784
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7	440 000	70 798
<b>Total equity and liabilities</b>		<b>3 474 434</b>	<b>3 433 582</b>

# Statement of Comprehensive Income

for the year ended 31 March 2014

	Notes	2014 R	2013 R
Operating expenses		(468,627)	(39,196)
<b>Operating shortfall for the year</b>		<b>(468,627)</b>	<b>(39,196)</b>
Finance income	10	140,257	134,962
<b>(Deficit)/Surplus for the year</b>		<b>(328,371)</b>	<b>95,766</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(328,371)</b>	<b>95,766</b>

# Statement of Changes in Equity

for the year ended 31 March 2014

	Retained earnings R	Total equity R
<b>Balance at 1 April 2012</b>	<b>3 267 018</b>	<b>3 267 018</b>
Total comprehensive income for the year	95 766	95 766
Total changes	95 766	95 766
<b>Balance at 1 April 2013</b>	<b>3 362 784</b>	<b>3 362 784</b>
Total comprehensive income for the year	(328 371)	(328 371)
Total changes	(328 371)	(328 371)
<b>Balance at 31 March 2014</b>	<b>3 034 434</b>	<b>3 034 434</b>

# Statement of Cash Flows

for the year ended 31 March 2014

	Notes	2014 R	2013 R
<b>Operating activities</b>			
Cash generated/utilised from operating activities	13	78 978	(46 196)
Finance income		140 257	134 962
<b>Net cash flows from operating activities</b>		<b>219 235</b>	<b>88 766</b>
<b>Investing activities</b>			
Net movement on financial assets		(139 462)	(134 962)
<b>Net cash flows used in investing activities</b>		<b>(139 462)</b>	<b>(134 962)</b>
Net increase in cash and cash equivalents		79 773	(46 196)
Cash and cash equivalents at the beginning of the year (1 April)		74 998	121 194
<b>Cash and cash equivalents 31 March</b>	6	<b>154 771</b>	<b>74 998</b>



# Accounting policies

## 1. Basis of presentation

The Annual Financial Statements have been prepared in accordance with IFRS, and the Architectural Profession Act. The Annual Financial Statements have been prepared on the historical cost basis, except where otherwise indicated, and incorporate the principal accounting policies as set out below.

These accounting policies are consistent with the previous period.

## 2. Summary of significant accounting policies

### a) Current versus non-current classification

Assets and liabilities are presented in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in a normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in a normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

### b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. It has been concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements and has pricing latitude.

The specific recognition criteria described below must also be met before revenue is recognised.

#### ***Interest income***

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the Statement of Profit or Loss.

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### c) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Financial assets**

##### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Council commits to purchase or sell the asset.

##### **Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial investments.

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The entity has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the Statement of Profit or Loss.

##### *Loans and receivables*

This category is the most relevant to the entity. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

##### *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the entity has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs. The entity did not have any held-to-maturity investments during the years ended 31 March 2014 and 2013.

#### *Available-for-sale (AFS) financial investments*

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in the Statement of Comprehensive Income and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the Statement of Profit or Loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR method. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the Statement of Profit or Loss.

#### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of an group of similar financial assets) is primarily derecognised (i.e. removed from the entity's consolidated Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired; or
- The entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either (a) the Council has transferred substantially all the risks and rewards of the asset, or (b) the Council has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the entity continues to recognise the transferred asset to the extent of the entity's continuing involvement. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

#### **Impairment of financial assets**

The entity assesses, at each reporting date, whether there is objective evidence that a financial asset or an group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default

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or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### Financial assets carried at amortised cost

For financial assets carried at amortised cost, the entity first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in Statement of Profit or Loss. Interest income (recorded as finance income in the Statement of Profit or Loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the entity. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the Statement of Profit or Loss.

#### Available-for-sale (AFS) financial investments

For AFS financial investments, the entity assesses at each reporting date whether there is objective evidence that an investment or an group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of Profit or Loss – is removed from the Statement of Comprehensive Income and recognised in the Statement of Profit or Loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in the Statement of Comprehensive Income.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of Profit or Loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Statement of Profit or Loss, the impairment loss is reversed through the Statement of Profit or Loss.

## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The entity's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated on initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the entity that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial liabilities designated on initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The entity has not designated any financial liability as at fair value through profit or loss.

### Loans and borrowings

This is the category most relevant to the entity. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

### Derecognition

A financial liability (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the entity's Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired, or
- The entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either (a) the entity has transferred substantially all the risks and rewards of the asset, or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the entity continues to recognise the transferred asset to the extent of the entity's continuing involvement. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

#### ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **d) Cash and short-term deposits**

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

#### **e) Significant accounting judgements, estimates and assumptions**

The preparation of the entity's consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### ***Fair value measurement of financial instruments***

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### ***Trade receivables***

The entity assesses the entity's trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recognised in the Statement of Comprehensive Income, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

### 3. Standards and interpretations effective and adopted in the current year

In the current year, the entity has not adopted any effective standards as none are relevant to its operations.

#### 3.1 Standards and interpretations early adopted

The entity has not chosen to early adopt any standards and interpretations.

#### 3.2 Standards issued not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the entity's Financial Statements are disclosed below. The entity intends to adopt these standards, if applicable, when they become effective.

Standard/Interpretation	Effective date: Years beginning on or after	Expected impact
IFRS 9 Financial Instruments	1 July 2014	Being assessed
IAS 16 Property, Plant and Equipment Annual Improvements 2010–2011 Cycle	1 July 2014	Being assessed
IAS 24 Related Party Disclosures	1 July 2014	Being assessed
IAS 38 Intangible Assets Annual Improvements 2010–2012 Cycle	1 July 2014	Being assessed

#### 3.3 Standards not yet effective nor relevant

Standard/Interpretation	Effective date: Years beginning on or after	Expected impact
IFRS 2 Share-based Payments	1 July 2014	None
IFRS 3 Business Combinations	1 July 2014	None
IFRS 8 Operating Segments	1 July 2014	None
IAS 40 Investment Property	1 July 2014	None

# Notes to the financial statements

for the year ended 31 March 2014

## 4. Other financial assets

	2014 R	2013 R
<b>Loans and receivables</b>		
Nedbank	2 668 459	2 553 757
Investec	651 205	626 445
	<b>3 319 664</b>	<b>3 180 202</b>
<b>Current assets</b>		
Loans and receivables	3 319 664	3 180 202

The maximum exposure to credit risk at the reporting date is the carrying amount of the held to maturity financial assets.

## 5. Trade and other receivables

	2014 R	2013 R
Trade receivables	-	6 000
South African Council for the Architectural Profession grant	-	172 403
	<b>-</b>	<b>178 403</b>

The carrying value of trade and other receivables reflects their approximate fair value at year end.

## 6. Cash and cash equivalents

Cash and cash equivalents consist of:

	2014 R	2013 R
Bank balances	154 770	74 977

Cash at bank earn interest at a floating rate based on a daily bank deposit rate.

## 7. Trade and other payables

	2014 R	2013 R
South African Council for the Architectural Profession	440 000	70 798
	<b>440 000</b>	<b>70 798</b>



## 8. Financial assets by category

	Loans and receivables R	Fair value through profit and loss – held for trading R	Fair value through profit and loss – designated R	Held-to- maturity investments R	Available for sale R	Total R
<b>2014</b>						
Other financial assets	3 319 664	-	-	-	-	3 319 664
Cash and cash equivalents	154 770	-	-	-	-	154 770
<b>Total</b>	<b>3 474 435</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 474 435</b>

	Loans and receivables R	Fair value through profit and loss – held for trading R	Fair value through profit and loss – designated R	Held-to- maturity investments R	Available for sale R	Total R
<b>2013</b>						
Other financial assets	3 180 202	-	-	-	-	3 180 202
Trade and other receivables	178 403	-	-	-	-	178 403
Cash and cash equivalents	74 977	-	-	-	-	74 977
	<b>3 433 582</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 433 582</b>

## 9. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

	Financial liabilities at amortised cost R	Fair value through profit and loss – held for trading R	Fair value through profit and loss – designated R	Total R
<b>2013</b>				
Trade and other receivables	77 798	-	-	77 798

## 10. Finance income

	2014 R	2013 R
Interest received from investments	140 257	134 962
<b>The following is an analysis of finance income asset categories:</b>		
Available for sale financial assets	-	-
Loans and receivables	140 257	134 962
Held-to-maturity investments	-	-
Total interest income for financial assets not designated as at fair value through profit or loss	140 257	134 962
Investment income earned on non-financial assets	-	-
	<b>140 257</b>	<b>134 962</b>

## 11. Taxation

The Education Fund of the South African Council for the Architectural Profession's receipts and accruals are exempt from income tax in terms of the provisions of section 10(1)(cA)(i) of the Income Tax Act, 1962 (No. 58 of 1962).

## 12. Auditor's remuneration

	2014 R	2013 R
Audit	27 655	38 190

## 13. Operating activities

	2014 R	2013 R
Surplus for the year	(328 371)	95 766
<b>Adjustments to reconcile operating surplus for the year to net cash flows:</b>		
Finance income	(140 257)	(134 962)
<b>Working capital adjustments:</b>		
Decrease/(increase) in trade and other receivables	178 403	-
Decrease in trade and other payables	369 202	(7 000)
<b>Cash generated/(utilised) from operating activities</b>	<b>78 978</b>	<b>(46 196)</b>

## 14. Related parties

### Relationships

<b>Members of key management</b>	Mr E Lekota – Registrar (Appointed 1 April 2012 to 2 November 2013) Mr V Naidoo – Acting Registrar (6 August 2013 to 31 March 2014) Ms M O'Reilly – Registrar (Appointed March 2014)
<b>Executive authority</b>	Department of Public Works
<b>Governing body</b>	Refer to the Registrar's report for Council member names
<b>Controlling entity</b>	The South African Council for the Architectural Profession
<b>Relationship governed by law</b>	Council for the Built Environment

<b>Related party balances</b>	<b>2014 R</b>	<b>2013 R</b>
<b>Amounts included in trade payables</b>		
South African Council for the Architectural Profession	440 000	70 798
<b>Amounts included in trade receivables</b>		
South African Council for the Architectural Profession	-	172 403
<b>Provision for doubtful debts related to the amount of outstanding balances</b>		
None		

## 15. Risk management

### Capital risk management

The entity's objective when managing capital is to safeguard the its ability to continue as a going concern.

The capital structure of the entity consists of cash and cash equivalents disclosed in Note 5 and accumulated funds disclosed in the Statement of Financial Position.

### Financial risk management

The entity's activities expose it to liquidity risk and cash flow interest rate risk.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of cash available to perform its duties.

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 adequate utilised borrowing facilities are monitored.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than one year R	Between one and two years R	Between two and five years R	Over five years R
<b>At 31 March 2014</b>				
Trade and other payables	440 000	-	-	-
<b>At 31 March 2013</b>				
Trade and other payables	70 798	-	-	-

### Interest rate risk

The entity has significant interest-bearing assets that cause its income and operating cash flows to be substantially dependent on changes in market interest rates.

The following table demonstrates the sensitivity of the entity's profit before tax to a reasonable possible change in interest rates, with all other variables held constant.

Effect on profit before tax	Increase/ Decrease in base points	Consolidated R	Council R
South African Rand	1%	33 197	33 197
South African Rand	-1%	(33 197)	(33 197)

### Credit risk

Credit risk consists mainly of cash deposits and investments. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Council 2014 R	Council 2013 R
Investments	3 319 664	3 045 219
Trade and other receivables	-	178 403
Cash and cash equivalents	154 770	121 194

# Detailed Income Statement

for the year ended 31 March 2014

	Notes	2014 R	2013 R
<b>Other income</b>			
Finance income		140 257	134 962
		<b>140 257</b>	<b>134 962</b>
<b>Operating expenses</b>			
Auditors remuneration		(27 655)	(38 190)
Bank charges		(972)	(1 006)
Grants		(440 000)	-
		(468 627)	(39 196)
<b>Surplus for the year</b>		<b>(328 371)</b>	<b>95 766</b>

The supplementary information presented does not form part of the Annual Financial Statements and is unaudited.



## ANNEXURE A

# SACAP stakeholders

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## National

Council for the Built Environment  
Council on Higher Education  
Construction Industry Development Board  
Department of Public Works  
Department of Environmental Affairs and Tourism  
South African Qualification Authority  
Department of Trade and Industry  
Department of Land Affairs  
Department of Higher Education and Training  
Engineering Council of South Africa  
National Home Builders Regulators Council  
Quality Council for Trade and Occupations  
South African Council for the Landscape Architectural Profession  
South African Council for Property Valuers Profession  
South African Council for Project and Construction Managers Profession  
South African Council for Quantity Surveying Profession

## International

African Union of Architects  
Architectural Regulations Board  
Commonwealth Association of Architects  
Royal Institute for British Architects  
Union of International Architects

## Accredited architectural learning sites

Cape Peninsula University of Technology  
Durban University of Technology  
University of KwaZulu-Natal  
Nelson Mandela Metropolitan University  
Tshwane University of Technology  
University of Cape Town  
University of the Free State  
University of Johannesburg  
University of Pretoria  
University of the Witwatersrand

## Voluntary associations

South African Institute of Architects  
South African Institute of Architectural Technologists  
South African Institute of Building Design  
South African Institute of Draughting  
Border Kei Institute of Architects  
Cape Institute for Architecture  
Eastern Cape Institute of Architects  
Free State Institute of Architects  
Gauteng Institute for Architecture  
South African Institute of Interior Design Professions  
KwaZulu-Natal Institute for Architecture  
Pretoria Institute for Architecture

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ARCHITECTURAL PROFESSION