# COMPANIES AND INTELLECTUAL PROPERTY COMMISSION





a member of the dtic group

# COMPANIES AND INTELLECTUAL PROPERTY COMMISSION

ANNUAL REPORT 2021/22





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# **GLOSSARY OF TERMS**

**Annual Returns** – Filed by every company in the prescribed form with the prescribed fee, and within the prescribed period after the end of the anniversary of the date of its incorporation, including in that return—(a) a copy of its annual financial statements, if it is required to have such statements audited in terms of the Companies Act, 2008 any other required information.

**Director** – A member of the board of a company, as contemplated in the Companies Act, 2008, or an alternate director of a company and includes any person occupying the position of a director or alternate director, by whatever name designated.

**Financial reporting standards** - With respect to any particular company's financial statements, means the standards applicable to that company, as prescribed in the Companies Act, 2008.

**Member** - When used in reference to a non-profit company, means a person who holds membership in, and specified rights in respect of, that non-profit company, according to the Companies Act, 2008.

**Memorandum of Incorporation** - The document that sets out rights, duties and responsibilities of shareholders, directors and others within and in relation to a company, and other matters as contemplated in the Companies Act, 2008.

**Non-profit company** - A company— (a) incorporated for a public benefit or other object as required according to the Companies Act, 2008 and (b) the income and property of which are not distributable to its incorporators, members, directors, officers or persons related to any of them except to the extent permitted according to the Act.

**Private company** - A profit company that (a) is not a company or a personal liability state-owned company; and (b) satisfies the criteria set out in section 8(2)(b) of the Companies Act, 2008.

**Profit company** - A company incorporated for the purpose of financial gain for its shareholders.

**Public company** - A profit company that is not a state-owned company, a private company or a personal liability company.

**Registration certificate** - The certificate, or amended certificate, issued by the Commission as evidence of the incorporation and registration of that company or intellectual property (Patents, Designs, Copyright in Film, and Trade marks).

**Registry** – A depository of documents required to be kept by the Commission in terms of the Companies Act, 2008.

**State-owned company** - Means an enterprise that is registered in terms of the Companies Act, 2008 as a company, and either— (a) falls within the meaning of "state-owned enterprise" in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999); or (b) is owned by a municipality, as contemplated in the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), and is otherwise similar to an enterprise referred to in paragraph (a);





# ABOUT THE ANNUAL REPORT

This document constitutes the Annual Report of the Companies and Intellectual Property Commission (CIPC) of South Africa for the 2021/22 financial year. It is premised on the Commission's Strategic Plan for 2021/22 – 2025/26. This Annual Report has been prepared in line with the Annual Report Guide for Schedule 3A and 3C Public Entities, which is published by the National Treasury. It captures the key performance outputs, outcomes and impact of the Commission during the reporting period. It also articulates how the Commission fared in the management of its resources, and in complying with corporate governance principles; as captured in parts C of this report.

This report is organised as follows:

- Part A: General information
- Part B: Performance Information
- Part C: Governance
- Part D: Human Resource Management
- Part E: Financial Information



# 1. PUBLIC ENTITY'S GENERAL INFORMATION

#### Registered name of the Public Entity

Companies and Intellectual Property Commission (CIPC)

#### Registration Numbers and/or other relevant numbers

Not applicable

#### **Registered Office address**

**the dti** campus (Block F - Entfutfukweni) 77 Meintjies Street Sunnyside, Pretoria

#### **Postal Address**

P.O. Box 429 Pretoria 0001

#### **Contact telephone numbers**

+27 86 100 2472

#### **Enquiries**

http://enquiries.cipc.co.za

#### Website address

www.cipc.co.za

#### **External Auditors information**

Auditor-General South Africa (AGSA) PO Box 446 Pretoria 0001

#### Banker's information

ABSA Business Banking PO Box 4210 Pretoria 0001

#### **Company Secretary**

The CIPC does not have a Company Secretary





# 2. ACRONYMS AND ABBREVIATIONS

AFS	Annual Financial Statements
BISG	Business Information Systems Group
BRR	Business Regulation and Reputation
CBD	Corporation for Public Deposits
CIPC	Companies and Intellectual Property Commission
DSI	Department of Science and Innovation
the dtic	The Department of Trade, Industry and Competition
ЕРО	European Patent Office
FAS	Financial Accounting Supplements
GRAP	Generally Recognised Accounting Practice
I&C	Innovation and Creativity

IP	Intellectual Property
IT	Information Technology
iXBRL	Inline eXtensible Business Reporting Language
LSSA	Law Society of South Africa (LSSA
NT	National Treasury
PPDMISA	Protection, Promotion, Development, and Management of Indigenous Knowledge
SARB	South African Reserve Bank
SDLC	Software Development Life Cycle
SSE	Substantive Search Examination
WIPO	World IP Office
XBRL	eXtensible Business Reporting Language



### 3. FOREWORD BY THE MINISTER

In terms of applicable legislation, I table the Annual Report of the Companies and Intellectual Property Commission (CIPC) for the 2021/22 financial year. The entity plays a key role in company registrations and patent filings.

At the start of the year under review, the Department introduced seven Joint Key Performance Indicators to guide the work of entities. The CIPC focused on:

- · Building a modern, world class regulator;
- · Promoting the ease of doing business;
- · Strengthening its regulatory capabilities; and
- Leveraging its networks and data to expand its impact and those of its partners.

The Report provides information on a number of areas of progress, including the substantive search and examination capabilities. The CIPC accelerated its modernisation efforts with the use of 4IR technologies, automating processes and migrating services to new platforms such as BizPortal and New e-services.

Over 30% of the externally focused CIPC processes are now fully automated. Benefits to end-users include reduced red-tape, improved access to service and a speedier service.

In the new financial year, the work of **the dtic** and its entities will be evaluated in relation to three over-arching Outcomes (which incorporate the previous joint key performance indicators or Joint-KPIs) namely:

- industrialisation;
- transformation; and
- building state capability.

I wish to thank the CIPC Commissioner, Adv Rory Voller, the Executive Team and staff for work done in the past year.

**Ebrahim Patel** 

Minister of Trade, Industry and Competition



### 4. COMMISSIONER'S OVERVIEW

I hereby present the CIPC 2021/22 Annual Report, which outlines the CIPC performance during this period.

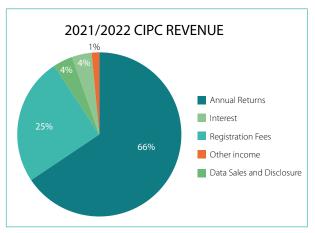
# 4.1 General financial review of the public entity

For the year under review, the CIPC received revenue totalling R658 million, of which R432 million was from Annual Returns filed by businesses.

R622 million was generated from business activities related to submission of Annual Returns, fees received for the registration and maintenance of companies, intellectual property and cooperatives as well as from data sales and disclosure.

Revenue generated from other income amounted to R9 million. This is comprised mainly of recognition of customer deposit balances older than three years as revenue, amounting to R8.5 million, and other sundry income. Interest of R26 million was earned on the Corporation for Public Deposits (CPD) investment at the South Africa Reserve Bank (SARB) and other bank accounts.

Figure A. 1: CIPC 2021/22 Revenue

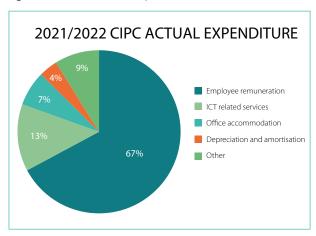


### 4.2 Spending trends of the public entity

The CIPC continued with the stabilisation of its IT systems through investment in improved IT infrastructure, which led to improved functionality and greater security. As a service delivery organisation, the main cost drivers for the CIPC relate to employee remuneration, information technology (IT) related services, office accommodation and depreciation and amortisation. As shown in *Figure A.2* hereunder the remuneration of staff remains the most

substantial expense, amounting to R365 million of total operating expenditure during the period under review.

Figure A. 2: CIPC 2021/22 Expenditure



# 4.3 Capacity constraints and challenges facing the public entity

#### **COVID-19 Pandemic**

The organisation, like most others around the globe, faced unprecedented challenges with the Covid-19 pandemic. However, as an agile, responsive organisation, it managed to easily adopt new ways of working to deliver on its mandate.

# Leave accumulated from the previous financial year (2020) & Sick employees

During 2021/22 Quarter 1, high number of staff being on leave affected organizational performance because of many staff took accumulated leave days from the previous financial year before these are forfeited at the end of June 2021.

# Deaths, Retirements, and Employees with chronic and serious illnesses

There has been a handful of deaths and retirements in the organisation resulting in staff shortages. Some staff members have chronic and serious illnesses and therefore absent from work for lengthy periods.

#### System problems & Data security breach

System problems and data security breach affected performance.

#### Lack of data and internet connectivity

Some participants unable to attend webinars due to lack of data and internet connectivity.

#### **Postal services**

The old SAPO contract ended on 31 March 2021. The new contract delayed to be finalized due to the outstanding Tax clearance certificate. SAPO managed to get the new Tax clearance certificate and the new contract was awarded on 6 September 2021 for a period of 3 years until 6 September 2024.

# 4.4 Discontinued activities / activities to be discontinued

There were no discontinued activities or to be discontinued.

#### 4.5 New or proposed activities

The Learn-i-Biz programme (director e-learning programme) was launched on 18 October 2021, in order to educate new and inexperienced company directors regarding their duties and responsibilities. This platform will capacitate business and potential entrepreneurs with Company law knowledge and improve compliance rate in terms of statutory compliance requirements.

#### 4.6 Requests for roll over of funds

No rollover of funds was reported or requested during this period. The entity is self-funded and applies zerobased budgeting.

#### 4.7 Supply chain management

The Supply Chain Management (SCM) Unit is located within the Office of the Chief Financial Officer (CFO), in line with Treasury Regulations and the Public Finance Management Act (PFMA), No. 1 of 1999, as amended. It is responsible for procurement of goods and services for the CIPC in a fair, equitable, transparent, cost-effective and competitive manner.

All bids are subject to evaluation and adjudication by the respective bid committees as appointed, and declarations of interest are duly signed during meetings. An approved SCM policy and Delegations of Authority are in place, and reviewed as necessary.

# 4.8 All concluded unsolicited bid proposals for the year under review

The CIPC had no unsolicited bid proposals for the year under review.



#### 4.9 SCM processes and systems in place

The SCM processes and systems are in place. These are reviewed as and when necessary, as per the PFMA and Treasury Regulations.

# 4.10 Challenges experienced and how these are resolved

See Section 4.3.

# 4.11 Audit report matters in the previous year and how would these be addressed

There are no audit matters from the previous year as CIPC received a clean audit.

# 4.12 Outlook/ Plans for the future to address financial challenges

There are currently no financial challenges facing the organisation in the short to medium-term. The digitisation of the organisation will assist in improving efficiencies, while addressing equitable allocation of human resources.

#### 4.13 Events after the reporting date

There were no events worth reporting after the reporting date.

#### 4.14 Economic Viability

The digitisation of the organisation will assist in improving efficiencies, while addressing equitable allocation of human resources.

#### 4.15 Acknowledgement/s or Appreciation

I appreciate the commitment and dedication of the CIPC executive, senior management, and staff who perform their jobs admirably, thereby contributing to the realisation of our Annual Performance Plan, and the delivery of services to CIPC clients. I would also like to thank organised labour for their contribution to the organisation's effectiveness. Appreciation also goes to the Audit and Risk and IT Committees for their value-add and commitment to governance within the organisation. I thank other committees like the Client Liaison Committee (CLC), IP Lawyers fraternity, Specialist Committee on Company Law (SCCL), and all collaboration partners for their contribution to the CIPC. Finally, let me extend my appreciation to the Minister of Trade, Industry, and Competition, Ebrahim Patel; the Deputy Minister of

Trade, Industry, and Competition, Ms. Nomalungelo Gina; the Deputy Minister of Trade, Industry and Competition, Mr Fikile Majola, and Director General of the dtic, Ms M Mabitje-Thompson, together with all of the dtic for their support.

# 4.16 Other (information that needs to be communicated to users of AFS)

The Annual Financial Statements for the year ending 31 March 2022 are prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and incorporate disclosures in line with the accounting policies of the entity and the requirements of the PFMA.



Rory Voller, Adv.

CIPC Commissioner

Date: 5 August 2022

#### 5. STATEMENT OF RESPONSIBILITY

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the Annual Report is consistent with the Annual Financial Statements audited by the Auditor-General.

The Annual Report is complete, accurate and free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Accounting Authority 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.

The External Auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2022.

Yours faithfully,

Rory Voller, Adv.

CIPC Commissioner

Date: 5 August 2022



# 6. STRATEGIC OVERVIEW

#### 6.1. Vision

A world-class modern regulator making a strategic contribution towards improving South Africa's competitiveness and growth.

#### 6.2. Mission

With partners, we make it easy to do business in SA;

We regulate business and IP environment contributing to SA becoming an investment destination, and enabling the protection and commercialisation of innovation; and

We leverage knowledge, assets and networks to support third party decision making.

#### 6.3. Values

The following table lists and provides a description of each of the CIPC values.

Table A. 1: CIPC Values

Value	What it means
Passion for service	We work as one to seamlessly, serve our Customers with passion, commitment and dedication.
Integrity	We live out fairness, impartiality and respect in all our actions as individuals and as an organisation.
Empowerment	We recognise the value of our employees and partners and provide them with the discretion and tools to effectively deliver on their responsibilities.
Accountability	We hold one another accountable for our commitments. We are responsible and responsive in the execution of our duties.
Collaboration	We believe in the power of teams, teamwork and collaborative effort to deliver exceptional service and to execute our duties effectively.

## 7. LEGISLATIVE AND OTHER MANDATES

The CIPC is listed as a Schedule 3A entity in the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended (herein after referred to as the PFMA).

As shown in *Table A.2: PFMA Provisions for Public Entities,* Chapter 1, 6, and Schedule 3A of the PFMA has provisions for public entities such as the CIPC.

Table A. 2: PFMA Provisions for Public Entities

Chapter and Section	Provision
Chapter 1	A national public entity is a board, commission, company, corporation, fund or other entity (other than a national government business enterprise) which is— (i) established in terms of national legislation; (ii) fully or substantially funded either from the National Revenue Fund, or by way of a tax, levy or other money imposed in terms of national legislation; and (iii) accountable to Parliament;
Chapter 6	Provides for classification; assignment of powers and responsibilities, corporate plans, annual budgets and performance ,revenue and expenditure management, information access, annual reports, and financial statements of public entities
Schedule 3A	List the CIPC as a Schedule 3A entity

The CIPC must abide by the Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996) as amended. *Table A.3: CIPC Constitutional Mandate* highlight sections of more relevance to the CIPC.

Table A. 3: Constitutional Mandate

Chapter and Section	Provision
Chapter 2: Bill of Rights	
Rights: Section 7.	The state must respect, protect, promote and fulfil the rights in the Bill of Rights.
Equality: Section 9:	The state may not unfairly discriminate directly or indirectly against anyone on one or more grounds, including race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth.
Access to information:	(1) Everyone has the right of access to—
Section 32.	(a) any information held by the state; and
	(b) any information that is held by another person and that is required for the exercise or protection of any rights.
	(2) National legislation must be enacted to give effect to this right, and may provide for reasonable measures to alleviate the administrative and financial burden on the state.
Just administrative action:	(1) Everyone has the right to administrative action that is lawful, reasonable and procedurally fair.
Section 33.	(2) Everyone whose rights have been adversely affected by administrative action has the right to be given written reasons.
	(3) National legislation must be enacted to give effect to these rights, and must— Chapter 2: Bill of Rights 14
	(a) provide for the review of administrative action by a court or, where appropriate, an independent and impartial tribunal;
	(b) impose a duty on the state to give effect to the rights in subsections (1) and (2); and
	(c) promote an efficient administration.

As a national public entity, the CIPC is established by a national legislation, the Companies Act, 2008 (Act No. 71 of 2008). As shown in *Table A.4: Legislative Mandate*, the CIPC is legislated by a number of Acts of Parliament.

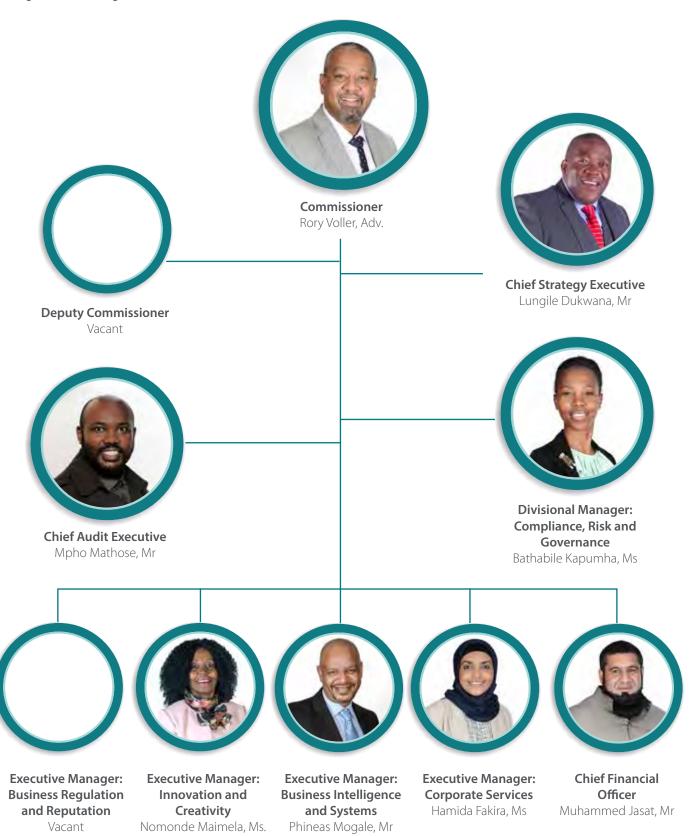
Table A. 4: CIPC Legislative Mandate

Legislation	Mandate
Companies Act, 2008 (No. 71 of 2008)	Register companies, business rescue practitioners and corporate names; maintain data; regulate governance of and disclosure by companies; accredit dispute resolution agents; educate and inform about all laws; give non-binding opinions and circulars, policy and legislative advice.
	Enforce the Companies Act, 2008 to promote voluntary resolution of disputes arising from this Act between companies and directors or shareholders as contemplated in Part C of Chapter 7; monitor proper compliance with the Act; and receiving or initiating complaints concerning alleged contravention of this Act, and evaluating such complaints, and initiating investigations into complaints.
Close Corporations Act, 1984 (No. 69 of 1984)	Maintain data, regulate governance of and disclosure by close corporations
Co-operatives Act, 2005 (No 14 of 2005)	Register co-operatives, maintain data, regulate governance of and disclosure by co-operatives
Co-operatives Amendment Act, 2013 (No. 6 of 2013)	Annual submission of information by co-operatives, audit and independent review of co-operatives, voluntary winding-up of co-operatives by special resolution, liquidation process of co-operatives
Share Block Control Act, 1980 (No. 59 of 1980)	Regulate conduct and disclosure by share block schemes
Consumer Protection Act, 2008 (No. 68 of 2008)	Register business names
Trade Marks Act, 1993 (No. 194 of 1993)	Register trade marks, maintain data, resolve disputes
Merchandise Marks Act, 1941 (No. 17 of 1941) (Unauthorized Use of State Emblems Act, 1961 (No. 37 of 1961))	Prevent and enforce the unauthorized use of state emblems
Patents Act, 1978 (No. 57 of 1978)	Register patents, maintain data, publish patent journal, administer Court of Commissioner of Patents
Designs Act, 1993 (No. 195 of 1993)	Register designs, maintain data, resolve disputes
Copyright Act, 1978 (No. 98 of 1978)	Provide non-binding advice to the public
Registration of Cinematography Films Act, 1977 (No. 62 of 1977)	Register films, maintain data
Performers Protection Act, 1967 (No. 11 of 1967)	Accredit Collecting Societies; regulate their governance, conduct and disclosure
Counterfeit Goods Act, 1997 (No. 37 of 1997)	Conduct and co-ordinate search and seizure operations, oversee depots
Protection of Personal Information Act, 2013 (No. 4 of 2013)	The Protection of Personal Information Act, 4 of 2013 (POPIA) came into operation on 1 July 2021. As a public body in terms of POPIA, the CIPC must ensure compliance to the POPI Act about the personal information that is collected, processed and disclosed. All CIPC processes, external as well as internal – HR, are affected by the new legislation.

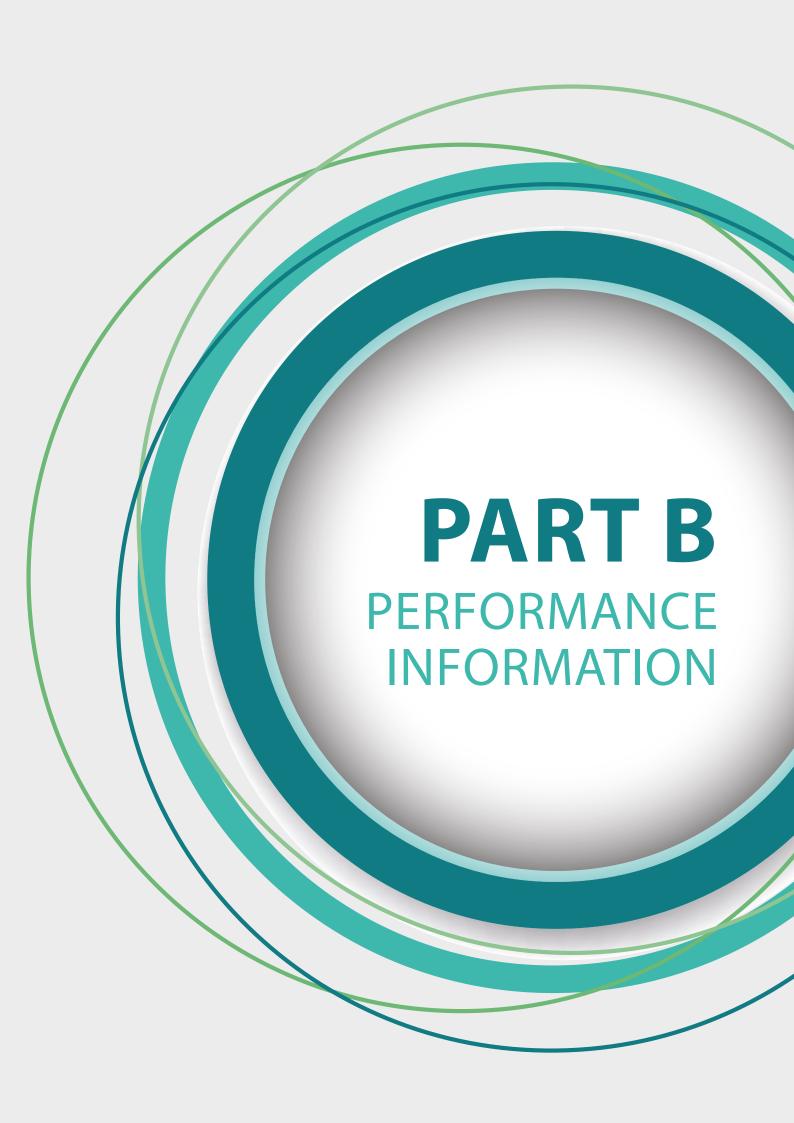
## 8. ORGANISATIONAL STRUCTURE

Figure A.3 hereunder depicts the CIPC organisational structure at the executive level.

Figure A. 3: CIPC Organisational Structure







#### 1. OVERVIEW OF THE CIPC'S PERFORMANCE

The CIPC achieved 81% (29 of 36) of its APP key performance indicators (KPIs) targets.

While in some areas such as patents applications, registrations and renewals, designs registrations and renewals, copyright in film applications and registrations, trade marks applications and renewals, as well as company, close corporation, and member details amendments, volumes improved in 2021/22 compared to 2020/21. In some areas such as designs applications, trade marks registrations, company registrations, co-operatives registrations, and auditor changes, volumes declined, and in some cases a sharp decline. The downward and upward movements could be a result of both the COVID-19 economic lockdown in 2020/21 and relaxation of lockdown conditions in 2021/22 depending on the relationship between economic activity and respect area.

The CIPC exceptionally met the demand placed on it by its clients on its services through application of its modernisation, and innovation and collaboration strategies, and continuous improvement and operational excellence strategies that are tactical in nature. The use of multiple channels, migration to modernised platforms and collaboration with strategic partners contributed to its success. Over 90% of filings were processed within the published service delivery turnaround times, further showing an improvement in the average turnaround times. This was attested through excellent customer satisfaction scores, call centre – 78%, Facebook and twitter – 78%, and Self Service Centres (SSCs) – 82%.

The CIPC continued to build and strengthen its capabilities through the improvement of its virtual channels i.e. the New E-services Website, BizPortal, the CIPC Mobile App and ChatBot; and automation of its

processes including migrating Intellectual Property (IP) processes to Intellectual Property Automated System (IPAS). Significant progress has been made in building the patent Substantive Search and Examination (SSE) capability. The CIPC also approved the business case for the development of the Beneficial Ownership Register. Virtual tools have proved useful in extending the reach of the CIPC Education and Awareness Programme.

The CIPC also made significant progress in it organisation design process to align its Vision 2030 Strategy. Furthermore, the governance processes including risk management continued being strengthened, including the implementation of the POPIA. The telecommuting strategy has proven successful in supporting business continuity under the COVID-19 conditions, and in moving the organisation towards a modernised environment in a technology-driven global society.

#### 1.1 Service Delivery Environment

This section shows the impact of the service delivery conditions on demand for the CIPC services, on the CIPC compliance and enforcement activities, as well on the traffic in the CIPC customer contract channels. Finally, the CIPC strategies, which led to the CIPC success during the year under review, are described.

# 1.1.1 Applications, registrations and amendments

The volumes of applications, registrations and amendments process indicate the demand for the CIPC services as shown in *Table B.1: CIPC Key Services – Volumes* hereunder reflecting the volumes processed over the past five (5) years.

Table B. 1: CIPC Key Services – Volumes over the Past 5 years<sup>3</sup>

CIPC Services	2017/2018	2018/2019	2019/2020	2020/21	2021/22
Patents applications	8 546	8 585	8533	8 393	12 479
Patent registrations	6 551	6 569	5 756	3 525	7 834
Patent renewals	48 001	48 100	48 151	44 948	47 803
Designs applications	2 019	1891	1 873	1 651	1 555
Designs Registrations	2 028	1 790	1 741	1 391	1 825
Designs Renewals	8 831	9 005	8 916	8 522	8 712
Copyright in film applications	61	99	55	26	56
Copyright in film registrations	4	136	18	19	46
Trade marks applications	38 283	39 136	38 148	39 317	42 138
Trade marks registrations	19 256	32 174	32 029	30 102	14 941



CIPC Services	2017/2018	2018/2019	2019/2020	2020/21	2021/22
Trade marks renewals	No data	23 653	22 410	24 255	26 651
Name reservations	250 352	387 422	539 100	528208	570 907
Companies Registrations	386 373	395 320	385 181	510 0241	469 983¹
Co-operatives Registrations	12 748	12 270	12 478	6 142	4 483
Director Amendments	72 312	71 711	5 588	167 415	167 627
Member Amendments	40 412	36 087	31 803	25 273	27 010
Auditor changes	54 242	56 384	53 434	93 204	33 316
Company Name changes	12 748	12 270	12 478	6 142	57 666
Company Financial Year End Changes	5 585	5 762	6 011	5 843	5 387
Business Rescue Proceedings Commenced	362	349	369	335	373
(Active cases)					
BBBEE Certificates	100 008	127 136	167 482	299 393	339 931

**Table B.2: CIPC Key Services – Average Turnaround Times** hereunder shows the average speed at which the services listed were processed in the last five (5) years.

Table B. 2: CIPC Key Services – Average Turnaround Times

CIPC Services	2017/2018	2018/2019	2019/2020	2020/21	2021/22
Patent applications	3 days	3 days	3 days	3 days	2 days
Patent registrations	Not reported	Not reported	Not reported	Not reported	24 days
Patent renewals	Not reported	Not reported	Not reported	Not reported	3 days
Designs applications	3 days	3 days	3 days	2 days	2 days
Designs registrations	Not reported	Not reported	Not reported	Not reported	38 days
Designs renewals	Not reported	Not reported	Not reported	Not reported	2 days
Copyright in film applications	3 days	3 days	3 days	10 days	1 day
Copyright in film registrations	Not reported	Not reported	Not reported	Not reported	32 days
Trade marks applications	3 days				
Trade marks registrations	Not reported	Not reported	Not reported	Not reported	132 days
Trade marks renewals	Not reported	Not reported	Not reported	Not reported	2 days
Name Reservations	Not reported	Not reported	Not reported	2 days	1 day
Companies Registrations	2 days	1 day	2 days	2 days	1 day (Instant²)
Co-operatives Registrations	2 days	2 days	2 days	2 days	1 day
Director Amendments Manual	Not reported	Not reported	Not reported	4 days	2 days
Director Amendments Electronic	Not reported	Not reported	Not reported	1 day	1 day
Member Amendments Manual	Not reported	Not reported	Not reported	3 days	1 day
Member Amendments Electronic	Not reported	Not reported	Not reported	1 day	2 days
Auditor Changes Manual	Not reported	Not reported	Not reported	2 days	1 day
Auditor Changes Electronic	Not reported	Not reported	Not reported	1 day	1 day
Company Name changes	Not reported	Not reported	Not reported	1 day	Instant
Company Share Changes	Not reported	Not reported	Not reported	Not reported	Instant
Company Financial Year End Changes Electronic	Not reported	Not reported	Not reported	1 day	Instant
Companies and CC Address Changes	Not reported	Not reported	Not reported	Not reported	Instant
Memorandum of Incorporation (MOI) Amendments (JSE, e-mail)	Not reported	Not reported	Not reported	Not reported	Instant
Location of company records	Not reported	Not reported	Not reported	Not reported	Instant
Company and voluntary de-registration	Not reported	Not reported	Not reported	Not reported	Instant
Company Liquidations	Not reported	Not reported	Not reported	Not reported	Instant

<sup>1</sup> Includes external companies registered

<sup>2</sup> Only short standard private company and short standard npc without members) via BizPortal, Banks, Self Service Terminal and Mobile App.

CIPC Services	2017/2018	2018/2019	2019/2020	2020/21	2021/22
Company reinstatement	Not reported	Not reported	Not reported	Not reported	Instant
Company and CC Commencement of Business Rescue Proceedings	Not reported	Not reported	Not reported	Not reported	Instant
Annual Returns Filings	Instant	Instant	Instant	Instant	Instant
AFS Filings	Instant	Instant	Instant	Instant	Instant
BBBEE certificate	Not reported	Not reported	Not reported	Instant	Instant

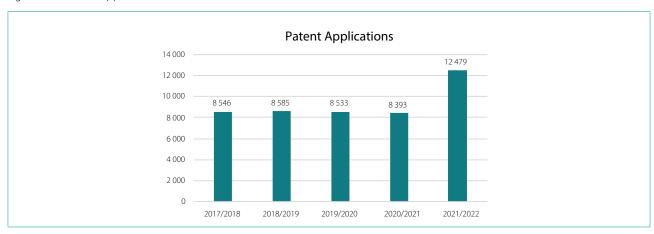
#### **PATENTS**

#### Patent applications

There has been a decline in patent applications since 2016/17 to 2020/21 as shown in *Figure B.1: Patent Applications*. In 2021/22, there was a sharp increase

in numbers compared to 2020/21. This could be due to economic recovery after the relaxation of COVID-19 restrictions.

Figure B. 1: Patent-Applications<sup>3</sup>



The CIPC satisfactorily complied with the published service delivery turnaround times set for processing patents applications, despite the COVID-19 pandemic conditions in the 2021/22 reporting period. This is due to the high number of applications filed through the automated processes. Furthermore, this shows that telecommuting as a strategy to mitigate challenges posed by the COVID-19 pandemic, is working.

The CIPC received 12 479 patents applications during the 2021/22 reporting period. This is significantly higher than patent applications received last year (8 393 applications). The average turnaround time for patent applications was two (2) working days. An average of ninety-seven

percent (97%) of transactions were processed within the published service delivery turnaround times of two (2) days. The three percent (3%) that were processed outside service delivery turnaround times of two (2) days is attributed to manual applications.

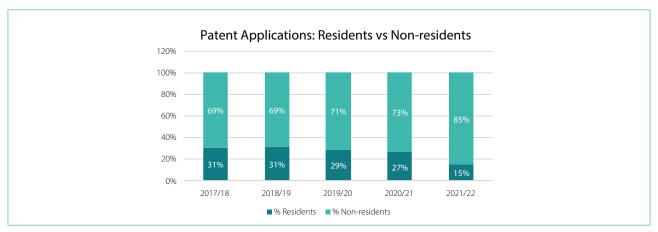
#### Patents Applications: Residents vs Nonresidents

There has been a decline in patent applications by South African Residents from 2016/17 to 2021/22 (with a very sharp decline between 2020/21 and 2021/22), as shown in *Figure B.2: Patent Applications: Residents vs Non-residents*. On the contrary, patent applications by non-residents have been rising.

<sup>3</sup> The reported information might be slightly different from what was reported in the previous years and during the quarterly reporting in 2022. The provided information is as it currently appears in the system. Certain information, for stipulated time windows, may have changed due to some business rules that allow effecting some office actions retrospectively.



Figure B. 2: Patents Applications: Residents vs Non-residents



The continued decline in patent applications by SA residents is a cause for concern. The CIPC has in the past few years accelerated its Education and Awareness Programme to raise awareness and inform the public on the importance and benefits of the patent system, and to encourage local innovators to protect their inventions. The Investor Assistance Programme has been implemented to ensure that the patent system is accessible to underfinanced inventors and Small, Medium and Micro Enterprises (SMMEs). It will take years to realise the impact of these interventions on Patent applications volumes.

#### Patent Applications per Type

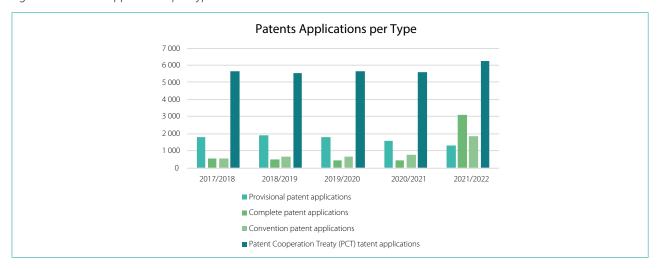
Table B.3: Patent Applications per Type hereunder differentiate between provisional, complete, convention and Patent Cooperation Treaty (PCT) patent applications. The provisional and complete application represent applications by SA residents. The PCT patent applications is when non-SA residents seek protection of their patents in SA or other countries, other than their country of residence. The convention patent applications are filed in accordance with the terms of an international patent treaty other than the Patent Co-operation Treaty.

Table B. 3: Patent Applications per Type<sup>3</sup>

Patent Applications Lodged	2017/18	2018/19	2019/20	2020/21	2021/22
Provisional patent applications	1 803	1 927	1 795	1 591	1 325
Complete patent applications	566	490	423	462	3 086
Convention patent applications	553	640	648	772	1 836
Patent Cooperation Treaty (PCT) patent applications	5 624	5 528	5 667	5 568	6 232
Total	8 546	8 585	8 533	8 393	12 479

*Figure B.3: Patent Application per Type,* the graphical representation of the Table B.3 above shows the five-year trend for each patent application type.

Figure B. 3: Patents Applications per Type



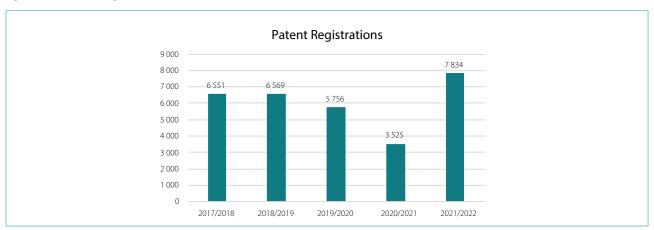
PCT and Convention Patent Applications shows a growing trend over the last five years. Provisional and the Complete Patent Applications have been declining

up until 2020/21. The Provisional Patent Applications continued to decline while Complete Patent Applications rose sharply in 2021/22 compared to 2020/21.

#### Patent registrations

*Figure B.4: Patents Registrations* shows a downward trend in the past five (5) years, for patent registrations, with a sharp increase from 2020/21 to 2021/22.

Figure B. 4: Patents Registrations<sup>3</sup>



During the 2021/22 period, the CIPC issued 7 834 patents registration certificates, ninety-eight percent (98%) of which were processed within the set service delivery

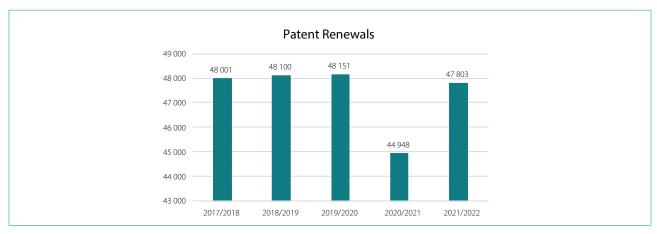
turnaround times of forty-four (44) days at an average turnaround times of twenty-four (24) days from the date of publication in the Patents Journal.

#### **Patent Renewals**

**Figure B.5 Patent Renewals** shows a steady rise in numbers between 2017/18 to 2019/20. There was however a sharp decline in 2020/21 which could be due to the COVID-19 pandemic economic restrictions. On the

other hand, 2021/22 saw a significant rise in numbers which could be due to the relaxation of COVID-19 economic restrictions.

Figure B. 5: Patent Renewals



During the 2021/22 period, of the 47 803 patent renewals that were processed, twenty-six (26%) of which were filed and processed electronically and all (100%) were processed within two (2) days. However, of the seventy-four percent (74%) of the patent renewals that were

lodged manually, 34% were processed within the two (2) day published service delivery turn around time at an average turn around time of three (3) days. The dominant stakeholders are currently still using the manual renewals processing which poses a challenge.

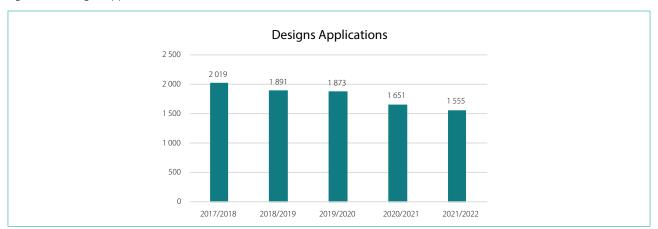


#### **DESIGNS**

#### **Designs applications**

There has been a steady decline in Design Applications for the past five (5) years as shown in *Figure B.6: Designs Applications*.

Figure B. 6: Designs Applications



The CIPC satisfactorily complied with the published service delivery turnaround times for processing designs applications, despite the COVID-19 pandemic conditions during the 2021/22 reporting period. This is due to the high number of applications filed through the automated processes. Furthermore, this shows that telecommuting as a strategy to mitigate challenges posed by the COVID-19 pandemic, is working.

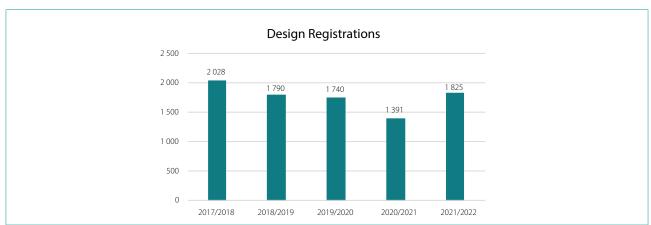
The CIPC received 1 555 designs application during the 2021/22 reporting period, which is lower that designs applications received in 2020/21 (1 651). It would seem that the COVID-19 pandemic had negative effect to

design applications. The average turnaround time for designs applications was two (2) working days. Ninety-two percent (92%) of the applications were processed within the published service delivery turnaround time of two (2) working days. The eight percent (8%) processed outside the published service delivery turnaround time is attributed to the manual applications.

#### Designs registrations

There has been a steady decline in Design Registrations from 2017/18 to 2020/21, with a significant increase in volumes in 2021/22 compared to 2020/21 volumes, as shown in *Figure B.7: Designs Registrations*.

Figure B. 7: Designs Registrations



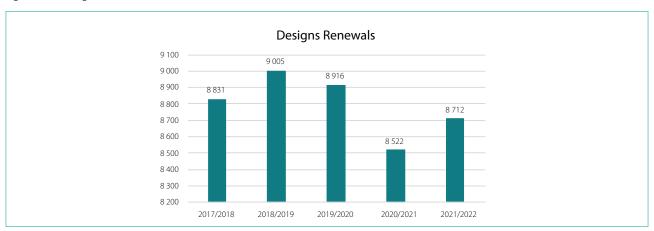
During the 2021/22 period, the CIPC issued 1 825 designs registration certificates, ninety-eight percent (98%) of which were processed within the published service

delivery turnaround times of forty-four (44) days from the date of publication in the Patents Journal at an average turnaround times of thirty-eight (38) days.

#### **Designs Renewals**

Figure B.8: Designs Renewals shows both upward and downward movement in the last five (5) years.

Figure B. 8: Designs Renewals



During the 2021/22 period, the CIPC processed 8 712 design renewals, which is higher than the designs renewals processed in 2020/21 (8 522). Seventy-four percent (74%) of the designs renewals were processed

within the published service delivery turnaround times of two (2) working days at an average turnaround times two (2) working days.

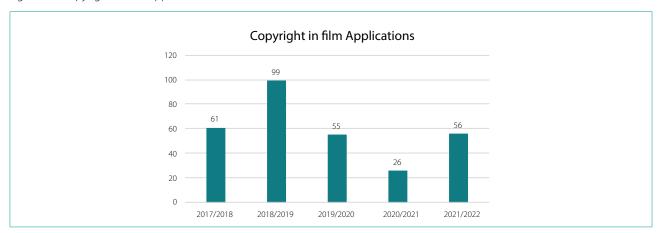
#### COPYRIGHT IN FILM

#### Copyright in film applications

Copyright in film applications has fluctuated over the past five (5) years, with a sharp rise in in 2018/19 and 2021/22

as shown in *Figure B.9: Copyright in film applications*. The sharp rise in 2021/22 numbers could be a result of relaxation of COVID-19 restrictions that promoted more economic activities.

Figure B.9: Copyright in film applications



Copyright in film applications filed were only fifty-six (56) in 2021/22 compared to twenty-six (26) in 2020/21. Ninety-two percent (92%) of copyright in film applications

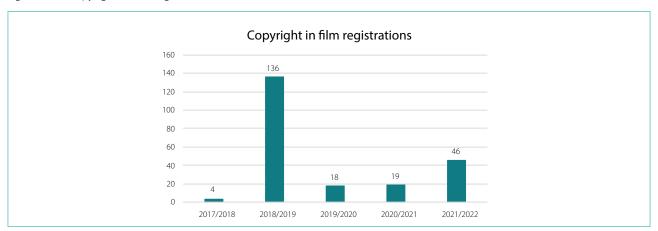
were processed within the published service delivery turnaround times of two (2) working days at an average turnaround times two (2) working days.

#### Copyright in film registrations

The number of copyright in film registration certificates issued over the past five (5) years has been fluctuating. There was a sharp rise in registration certificates issued in 2021/22 compared to 2020/21 as shown in *Figure B.10*:

**Copyright in film registrations.** This could be a result of relaxation of COVID-19 restrictions that promoted more economic activities.

Figure B. 10: Copyright in film registrations



During the 2021/22 period, the CIPC issued 46 copyright in film registration certificates, sixty-seven percent (67%) of which were processed within the published service

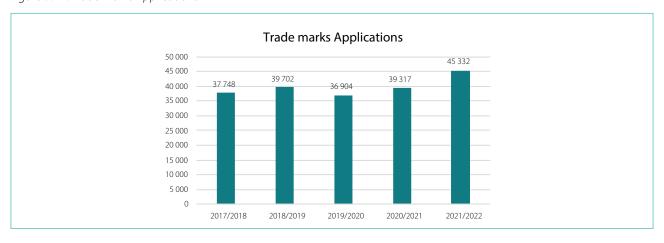
delivery turnaround times of twenty-two (22) days from the date of publication in the Patents Journal at an average turnaround times of thirty-one (31) days.

### TRADE MARKS

#### Trade marks applications

The trade marks applications have been fluctuating over the past five (5) years as shown in *Figure B.11: Trade marks Applications*.

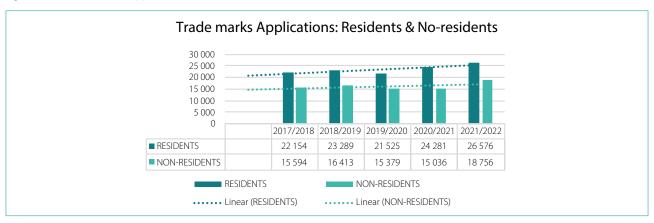
Figure B. 11: Trade marks Applications



Trade marks applications filed were 45 332 in 2021/22, significantly higher than in 2020/21 (39 317). Ninety-four percent (94%) of trade marks applications were processed

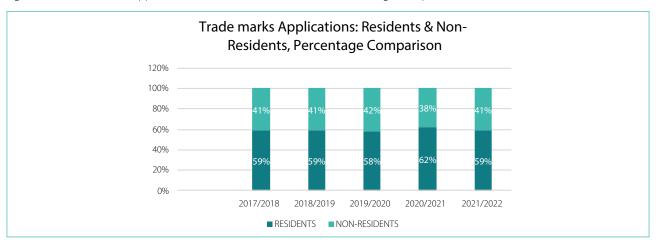
within the published service delivery turnaround times of three (3) working days at an average turnaround times two (2) working days. *Figure B.12: Trade marks Applications: Residents vs Non-residents* show an increasing trend of trade marks applications for both SA residents and non-SA residents.

Figure B.12: Trade marks Applications – Residents & Non-residents



SA residents filed 26 576 trade marks applications in 2021/22 whereas non-SA residents filed 18 756. Compared to 2020/21, there was an increase in both categories. However, *Figure B.13: Trade marks Applications: Residents vs Non-Residents, Percentage Comparison* show that, average percentage ratio between the two categories is 59% to 41%.

Figure B. 13: Trade marks Applications: Residents vs Non-Residents, Percentage Comparison

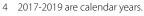


#### Trade marks registrations

*Figure B.13 Trade marks registrations* shows volumes of trade marks certificates issues in the past five (5) years<sup>4</sup>. There has been a decreasing trend from 2018/19 to 2021/22.

Figure B. 14: Trade marks Registrations







Trade marks registration certificates issued were 14 941 in 2021/22, significantly lower than in 2020/21 (30 102). Thirty percent (30%) of trade marks certificates were issued within the published service delivery turnaround times of 132 days working days at an average turnaround time of 210 working days.

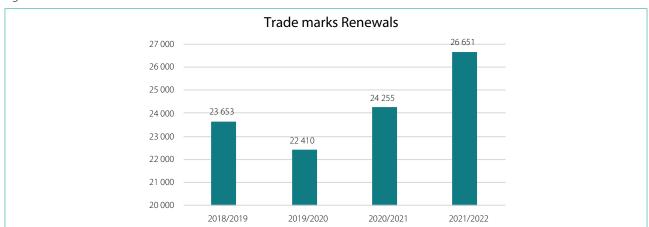
#### Special searches

The CIPC received and processed 446 special searches during 2021/22 reporting period.

Figure B. 15: Trade marks Renewals



Figure B.14 Trade marks renewals shows volumes of trade marks renewals issues in the past four (4) years.<sup>5</sup> There was a slight decline in trade marks renewals from 2018/19 to 2019/20, and a steady increase from 2019/20 to 2021/22.



Trade marks renewals processed were 26 651 in 2021/22, significantly higher than volumes processed in 2020/21 (24 255). Ninety-eight percent (98%) of transactions were processed within the published service delivery turnaround time of three (3) working days, at an average turnaround time of two (2) working days.

#### Official actions issued

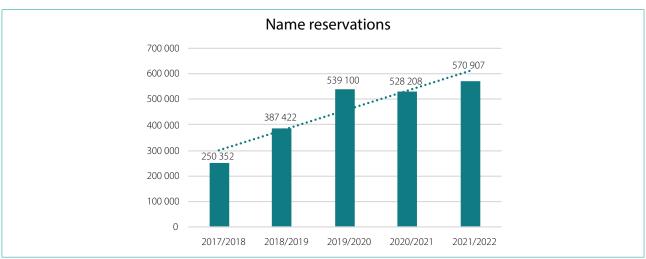
Trade marks official actions issued were 8 504 in 2021/22. Ninety-nine percent (99%) of transactions were processed within the published service delivery turnaround time of three (3) working days.

### **COMPANY REGISTRATION AND CLOSE CORPORATIONS**

#### Name reservations

There has been an increasing trend in name reservations numbers over the past five (5) years as shown in *Figure B.16: Name Reservations.* 

Figure B. 16: Name reservations



<sup>5 2017/18</sup> statistics are not available

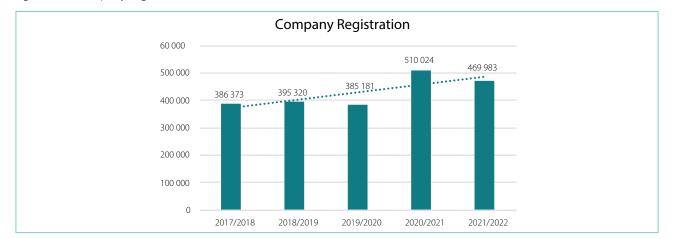


In 2021/22, 570 907 name reservations were processed compared 528 208 in 2020/21. Ninety-four percent (94%) of those company registrations were processed within the published service delivery turnaround time of two (2) working days, at an average turnaround time of one (1) working day.

#### Figure B. 17: Company Registrations<sup>4</sup>

#### Company registrations

There has been an increasing trend in company registrations over the past five (5) years, as shown in *Figure B.16: Company Registrations*.



Company registrations declined in 2021/22 (469 983) compared to 2020/21 (510 024), similar to what transpired between 2018/19 to 2019/20. Ninety-six percent (96%) company registrations were processed within the published service delivery turnaround time of two (2) working days, at an average turnaround time of one (1) working day.

#### Company deregistrations

Voluntary deregistration increased dramatically in 2021/22. The main reason may be the closing down of businesses due to the current economic circumstances.

Some businesses closed down, others converted to sole proprietors that has less regulatory and compliance obligations, or merged. Because economic conditions are worsening, and therefore economic recovery will take time, this increase is likely to continue. Initial voluntary deregistration is instantaneous while the final deregistration can take up to four (4) months.

#### Co-operatives registration

There has been a downward trend in the co-operatives registration numbers over the past five (5) years as shown in *Figure B.18: Co-operatives Registrations*.

Figure B. 18: Co-operatives Registrations



<sup>4</sup> Company registration volumes reported for 2020/21 and 2021/22 are much higher than what was reported in the previous years because registration of external companies are included, which were not included in previous years.



It seems the COVID-19 pandemic negatively affected cooperatives registration volumes more than other areas. The volumes for 2020/21 contracted by more than 50% of the volume registered in 2019/20. In 2021/22, 4 403 cooperatives were registered, showing a significant decline from the previous year.

Ninety-seven percent (97%) co-operatives registrations were processed within the published service delivery turnaround time of three (3) working days, at an average turnaround time of one (1) working day.

### **BUSINESS RESCUE**

Table B. 4: Status of Business Rescue Proceedings

Count of Status of BR Proceedings												
	2011- 2012	2012- 2013	2013- 2014	2014- 2015	2015- 2016	2016- 2017	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022	Grand Total
Status of Proce	edings											
Active	50	113	115	116	146	118	134	145	191	244	296	1668
Liquidation	58	65	73	73	73	50	39	37	30	26	9	533
Nullity	111	28	21	26	24	17	22	32	15	6	8	310
Set aside	2	5	6	4		3	2	5	3	2		32
Substantial	85	109	105	101	88	75	61	52	70	47	8	801
Termination	77	120	89	93	150	112	104	78	64	48	26	961
Grand Total	383	440	409	413	481	375	362	349	373	373	347	4305

Figure B. 19: Status of Business Rescue Proceedings Specification

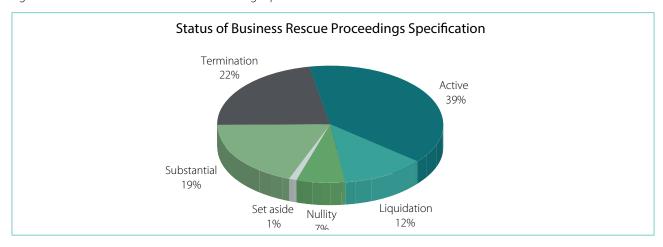
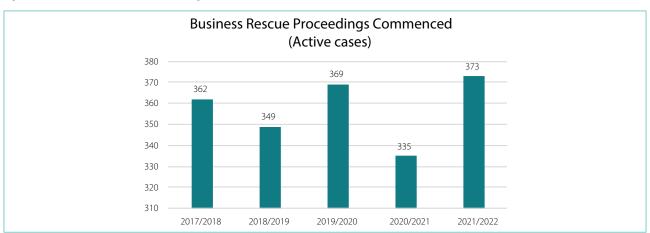


Figure B. 20: Business Rescue Proceedings Commenced (Active cases)



# 1.1.2 Compliance and enforcement

In this section, the compliance and enforcement activities are discussed.

## **Annual Returns**

As shown in *Table B.5: Annual Returns In time filings*, the annual returns "in time filings" increased by 85 398 filings (or 11%) compared with the 2020-2021 financial year. However, the overall compliance rate also contracted by 2%.

Table B. 5: Annual Returns Filings

CIPC Services	2016/2017	2017/2018	2018/2019	2019/2020	2020/21	2021/22
Annual Returns Due	1 297 147	1 396 813	1 522 491	1 522 491	1 664 788	1 900 552
Annual Returns Filings	626 721 (48%)	663 442 (47%)	669 170 44%)	680 120 (42%)	765 481 (46%)	827 790 (44%)

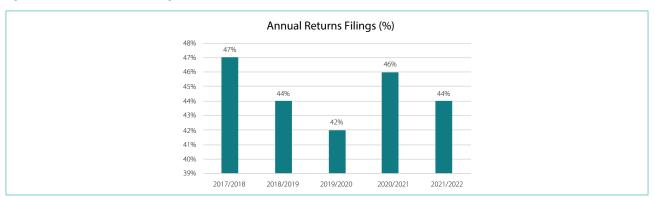
Figure B. 21: Annual Returns Due vs Annual Returns Filed



Figure B. 22: Annual Returns Filings



Figure B. 23: Annual Returns Filings (%)





## **Annual Financial Statements**

Table B.6: Annual Financial Statements show volumes of AFS filed, reviewed and investigated in each quarter of 2021/22.

Table B. 6: Annual Financial Statements

Statistics	Description
Quarter 1	
4059	Annual Financial statements received
199	Annual financial statements reviewed
0	Pro-active investigations
Quarter 2	
4286	Annual Financial statements received
180	Annual financial statements reviewed
179	Pro-active investigations
Quarter 3	
3684	Annual Financial statements received
162	Annual financial statements reviewed
0	Pro-active investigations
Quarter 4	
3707	Annual Financial statements received
179	Annual financial statements reviewed
227	Pro-active investigations
415 061	Financial Accountability Supplements

The volumes received demonstrates compliance by industry to our requirements for filing of AFS and the commitment by the reviewers to monitor compliance of AFS with IFRS and Companies Act.

The COVID-19 pandemic did have an impact on the volumes, as many companies have not yet had their financial statements audited, - that affects filing volumes. Law Society of South Africa (LSSA) raised objections against our issuance of a notice demanding inclusion of Section 4 statements in the AFS of companies as well as objections to the filing of AFS by "Incorporated" Companies.

A formal meeting with Law Society of South Africa (LSSA) was held to deal with their objections; one on Section 4 of the Companies Act, 2008, was not approved by the CIPC, the one on AFS Filings by incorporated companies, the CIPC committed to make further follow up to review the notice.

# **XBRL Taxonomy Developments**

The CIPC, through a representative, participated in a meeting with the International Taxonomy Consultative Group. Four matters were discussed, i.e.:

- (i) Request for Information Third Agenda Consultation
- (ii) Digital reporting implications for the Exposure Draft Disclosure Requirements in IFRS Standards—A Pilot Approach

- (iii) IFRS Taxonomy content—tagging implicitly reported concepts
- (iv) IFRS Taxonomy content—tagging comparative information reported in accordance with a superseded IFRS Standard

None of the above agenda items affects the CIPC XBRL taxonomy in the short- or medium-term.

Taxonomy rollout for 2021 as planned for 01 October was successfully rolled out for GRAP Reporting entities and IFRS Standards as published on 31 March 2021. Communique was published internally and externally to all our stakeholders about the progress of XBRL in CIPC as it was celebrating three (3) year anniversary on 01 July 2021. CFO Enterprises and SAICA published formal articles from CIPC on the current developments and progress CIPC is making regarding its XBRL Project.

As on 30 September 2021, the following filing statistics were observed:

- Total number of filings since implementation of XBRL = 43 458
- Total number of unique filings since inception of XBRL
   = 23 624
- Total number of filings for Q2 = 4 289

Focus was given on integrating Co-Operatives to be able to lodge annual financial statements using XBRL in April 2021 starting with a pilot project. Stakeholder change management interventions and social media messaging were implemented and two articles on XBRL were published to increase awareness as well.

As on 23 December 2021, the following filing statistics were observed:

- Total number of filings since implementation of XBRL
   = 46 994
- Total number of unique filings since inception of XBRL
   = 24 327
- Total number of filings for Q3 = 3697

During Q4 of 2021/22, the main focus of the XBRL Programme was to extend the CIPCs strategy of digitisation as tool for "smart regulation" through the

incorporation of Co-operatives under the XBRL umbrella for the first time. A project to update the XBRL taxonomy, to familiarise and train staff from the Co-operatives unit, and to communicate details about the pilot project to relevant Co-operative entities, has been undertaken. The deliverables of the project for Q4 have all been met on time and the pilot project was successfully launched on 1 April 2022. The pilot will run for 6 months until 1 October 2022 when filing of Annual Financial Statements by Co-operatives becomes mandatory.

As on 31 March 2022, the following filing statistics were observed:

- Total number of filings since implementation of XBRL
   = 50 450
- Total number of unique filings since implementation of XBRL = 25 098
- Total number of filings for Q4 = 3705

# Reported irregularities

Table B. 7: Reportable Irregularities 2020/21

	Q1	Q2	Q3	Q4
Opening Balance	313	321	283	290
Cases Received	20	33	24	21
Closed Cases	12	71	17	17
Closing Balance	321	283	290	294

The volumes of Reportable Irregularities received shows a downward trend. COVID-19 may be having either a positive or negative impact in terms of governance. Notable RI's received came from Cell C Ltd and Cell C Service provider (Pty) Ltd and relates to the procurement process of a service provider to deal with SARS payments.

The COVID-19 impact on businesses cannot be ruled out, accounting records keeping and inability to conduct audits by Auditors. The instability in IRBA and therefore low capacity could also be a factor in terms of processing of RI's from Auditors.

A higher number of closed cases was achieved during the second quarter, it was resolved to prioritise long outstanding matters. Cases were followed with compliance notices and in some instances, closed, due to lack of interest from the parties in pursuing the matters further. Five (5) matters during the quarter were handled proactively, including a referral from another regulator, demonstrating the commitment to collaborations in the regulatory space.

Very low report of new cases during the third quarter, cannot fully attribute this to COVID-19, as Auditors have been active as a profession to oversee governance and reporting standards compliance. Some matters have been contested at the Tribunal for our having issued the compliance notice regarding failure to disclose director remuneration amongst other things.

The trend of low number of Reportable Irregularities continued in this fourth quarter. Delays can be attributed to non-response when it comes to the auditor and the board who are always expected to clarify if the non-compliance is continuing or not. Constant awareness sessions and engagements with the auditing and accounting gets activated to raise the importance of compliance.



# **High Impact Cases**

#### Quarter 1

South African Post Office SOC

Communicare NPC

Denel SOC

Attaca Ltd

#### Quarter 2

Cipla Medpro South Africa

Medpro Pharmaceutica

#### Quarter 3

Nova Propgrow Group Holdings

Young Women's Business Network (YWBN)

## Quarter 4

Eureka Beperk

Agilitee Pty Ltd

GUD Holdings Pty Ltd

Four (4) high profile companies were dealt with in Quarter 1.

Cipla Medpro South Africa and Medpro Phamaceutical are some of the entities that were followed up pro-actively in Quarter 2. On 06 August 2021, IRBA provided a workshop on the amendment of the Auditing Profession Act to the relevant CIPC officials.

Nova Propgrow Group Holdings was issued with a compliance notice due to their not having been able to satisfy Section 22 contravention; non-compliance with their debenture trust deed and failure to file their annual financial statements on time including some issues around classification on the AFS in Quarter 3.

Eureka Beperk issued shares to members of the public without a registered prospectus. An investigator was formally appointed to investigate; engagements with the new board of the company have taken place, however, further conditions were raised before the investigation can be considered as complete. Same non-compliance was observed with regards to Agilitee Pty Ltd. An investigator was also appointed, and finalisation of the matter is also imminent. GUD Holdings Pty Ltd is currently being handled through the State Attorney to review a decision of the Companies Tribunal with regards to Section 212 of the Companies Act.

Table B. 9: Independent Review: Regulation 29

	Q1	Q2	Q3	Q4
Opening Balance	159	192	140	134
Allocated	51	53	69	41
Total Closed	18	105	75	58
Closing Balance	192	140	134	117

Table B. 10: Cold Case Matters

Administrative fine	Q1	Q2	Q3	Q4
Opening balance	22	22	22	22
Order granted	4	4	4	4
Settlement order/offer	2	2	2	2
Opposed	4	4	4	4
Removed from the list	1	1	1	1
Currently in court/set down	5	5	5	5
Closing balance	6	6	6	6



Due to the effect of the COVID-19 pandemic, we have noted a slow movement of matters referred to the office of the State Attorney and as such, it is not possible to comment on the overall compliance with regard to compliance activities. However, it is safe to say for a single matter that was finalised during Quarter 1, no administrative fines were issued. On the matters whereby an order has been granted, a forensic accountant has to be appointed in order to determine the exact administrative fine that the company has to pay. The State Attorney is facilitating this process.

COVID-19 and tough economic conditions continues to have an impact on the industry. This is evident in the lack of matters before court through the office of the State Attorney.

The Belgacom International Carriers SA (Pty) Ltd has paid the administrative fine as per the settlement agreement order.

The COVID-19 conditions continues to affect action from the side of the State Attorney on matters that CIPC referred to them. Another factor cited by the State

Attorney includes, amongst other things, their internal ICT systems, which were not functional for the month of September; hence, matters could not be reconciled nor scheduled for further action - the status quo remains in this matter.

The Office of the State Attorney has not come back to CIPC to date even after much follow ups on cold cases. In Q4, the unit will schedule a virtual meeting to engage on the long outstanding matters and the way forward.

On Independent Reviews, the unit issued a survey to all independent reviewers nationally to gauge the effect of COVID-19 on the practitioners. Results have been consolidated and the related report is being finalised. Certificates of compliance have also been issued to accounting officer institutes for having complied with Regulation 29(12) of the Companies Act.

Noticeable in the statistics is the fact that the most common reportable irregularity relates to `Liabilities exceeds assets' – the challenge then becomes how to address this issue in the industry due to the complex nature of business and its operational dynamics.

Table B. 11: Prospectus

COMPANY NAME	PROSPECTUS	FINAL PROSPECTUS	CURRENT STATUS
Quarter 1			
Kalon Venture Partners Fund li	April	Registered	Registered
Polo Fields Ep7	April	Registered	Registered
Destinata Capital	April	Registered	Registered
Gaia Venture Capital	April	Registered	Registered
Euphoric Capital	April	Pending	Pending
Northam Platinum Holdings	April	Registered	Registered
Anuva Private Equity	April	Registered	Registered
Exchange Lofts Ep6	May	Registered	Registered
Ap Global Investments	May	Registered	Registered
Ap Global Investments	May	Registered	Registered
Optomise Ventures	May	Registered	Registered
Ora Capital	May	Registered	Registered
Westbrooke Stac 2021	May	Registered	Registered
Westbrook Aria 2022	May	Registered	Registered
Decentral Energy Capital	May	Registered	Registered
Eridanus Vc1	May	Pending	Pending
12 Cape	May	Registered	Registered
Groundstone Capital	May	Pending	Pending
International Titans Basket	May	Pending	Pending
Olive Venture Capital	May	Registered	Registered
Exponential Venture Capital	June	Registered	Registered
Monroe Ep8	June	Registered	Registered
Perseus Vc1	June	Pending	Pending



COMPANY NAME	PROSPECTUS	FINAL PROSPECTUS	CURRENT STATUS
Hasanaat Capital	June	Registered	Registered
Capitale Student Housing Fund	June	Pending	Pending
Delta Vc1	June	Registered	Registered
Company Name	Prospectus	Final Prospectus	Current Status
Quarter 2			
Jaltech Digital Asset Holdings Limited(Rf)	Final	Registered	Registered
Westbrooke Yield Plus Plc 2-3-1	Final	Registered	Registered
Ballito Groves Ep 10 Limited	Supplement	Registered	Registered
Athena Education (Iom) Plc 2-3-1	Final	Registered	Registered
Monroe Ep 8 Limited	Supplement	Registered	Registered
Sea Point Four 11	Draft	Pending	Pending Final
Crowdprop	Draft	Pending	Pending Final
Quarter 3			
Crowdprop (Rf) Limited No 55 Of 2021	Final	Pending	Pending
Bailey Ep 12 Limited No 56 Of 2021	Final	Registered	Registered
Destinata Equity Fund Limited No 57 Of 2021	Final	Registered	Registered
Sea Point Four Ep 11 Limited No 54 Of 2021	Final	Registered	Registered
Brait Malta Limited 18308 Gbc No 58 Of 2021	Final	Registered	Registered
The Reid Ep 13 Limited No 59 Of 2021	Final	Registered	Registered
Rencell Ii Limited No 60 Of 2021	Final	Registered	Registered
Infinity Invest Limited No 61 Of 2021	Draft	Final Pending	Pending
Sa Khadinang Limited No 62 Of 2021	Draft	Final Pending	Pending
Areit Prop Limited No 63 Of 2021	Draft	Final Pending	Pending
Sunside Acquisitions Limited No 64 Of 2021	Draft	Final Pending	Pending
Rockefeller 2 Ep 15 Limited No 65 Of 2021	Final	Registered	Registered
Ballito Hills Ep 16 Limited No 66 Of 2021	Final	Registered	Registered
Quarter 4			
Crowdprop (Rf) Limited No 55 Of 2021	Final	Pending	Pending
Infinity Invest Limited No 61 Of 2021	Draft	Final Pending	Pending
Sa Khadinang Limited No 62 Of 2021	Draft	Final Pending	Pending
Areit Prop Limited No 63 Of 2021	Final	Registered	Registered
Sunside Acquisitions Limited No 64 Of 2021	Final	Registered	Registered
Media Mill Ep 17 Limited	Final	Registered	Registered
Eridanus Vc 1 Limited	Final	Pending	Pending
East Asian Growth Basket Limited	Final	Pending	Pending
Raltech Limited	Final	Pending	Pending
WESTBROOKE YIELD PLUS PLC	FINAL	PENDING	PENDING

# Corporate Governance, Surveillance and Enforcement

*Table B10: Statistics for Cases* is summary of the statistics of the cases during the quarter.

Table B. 12: Statistics for cases

	Case intake (Received)	Escalated (Appointments)	Closed	Open
Q1	122	16	60	46
Q2	180	24	81	75
Q3	76	12	30	30
Q4	183	30	89	64

Table B. 13: Case Register & Allegations

ALLEGATIONS / CONTRAVENTIONS	April	May	June	July	August	September
Vacant on Board/ Resignation of directors S70, S70 (6) and	12	16	10	5	5	11
Removal of directors S71 including process issues in terms of						
CoR39, director amendments						
Home owners Association, NPO	3	2	1	0	0	1
MOI dispute among directors	6	4		0	2	2
Failure to hold AGM	2	2	6	2	3	1
S26 Disclosure of company documents	4	3	4	6	3	4
Breach of contract dispute	12	8	4	3	9	6
Liquidation matter	1	0	0	0	2	0
S160 (2) (b) Name dispute/correct address/	3	3	3	0	3	3
180 TOTAL	43	38	28	16	27	28

Table B. 14: Case Register & Allegations

ALLEGATIONS / CONTRAVENTIONS	October	November	December	January	February	March
Directors and Auditors details not a true reflection of company records	12	16	10	5	5	11
HOA Unlawful Practices on the Estate	3	2	1	0	0	1
MOI dispute among directors	6	4		0	2	2
Vacant on Board/ Resignation of directors S70, S70 (6) and Removal of directors S71 including process issues in terms of CoR39, director amendments	2	2	6	3	3	1
S26 Disclosure of company documents	4	3	4	6	3	4
Breach of contract dispute	12	8	4	3	9	6
BEE Requirement	1	0	0	0	2	1
S160 (2) (b) Name dispute/correct address/	4	3	3	0	3	3
183 TOTAL	44	38	28	17	27	29

The CIPC has made application to court to impose the fine in a case **CIPC v JCI Limited** where the Compliance Notices were not complied with. There are a further seven (7) requirements needed in respect of Section 175 (2) that a judge will require from the applicant (CIPC) to determine an appropriate fine. Media Statement Court ruling on JCI Ltd: Court Order was granted in favour of CIPC against JCI Ltd.

# ALLEGATIONS AND/OR SPECIFIC SECTION (S) OF THE ACT CONTRAVENED

- Company hijacking (resignation/ removal of directors

   Sections 70, 70 (6) and 71 of the Companies Act,
   2008 including fraud and process issues in terms of
   CoR39, director amendments;
- Breach of contract (including contractual dispute regarding unpaid salaries);
- Memorandum of Incorporation (MOI) dispute among directors, refusing to incorporate new clauses;
- Trade Mark Infringement;

- Audit Firm request to be removed as Auditors of the company; and
- HOA unlawful Practices on the Estate.

# 1.1.3 Legal, Policy Support, and Outreach IP Policy and Outreach

# Train of Trainer (ToT) Programme

The project ended off last financial year with the initiation of training for a pool of trainers. Over twenty-eight (28) individuals had indicated their interest and were then directed to complete the DL101 course, which was to end in June 2021 (2021/22 Quarter 1). By the end of Quarter 1, three (3) of the private candidates had successfully completed the course and the CIPC was awaiting the results from the majority of the group being the SEDA practitioners.

By the end of Quarter 2, on the Train of Trainer (ToT) Programme, one of the three (3) candidates has enrolled for the Summer School Programme, which allowed them to complete DL450 as a prerequisite for the training accreditation.



By the end of Quarter 3, the one candidate completed the DL450 course and was thus eligible to attend the WIPO-SA Summer School. The completion of the DL101 and DL240 courses was a prerequisite. Consideration will be made to include him in the ToT session through the Swiss SSAIP project to complete his accreditation as a CIPC trainer. The response from SEDA was unfavourable insofar as the ToT part is concerned. However, SEDA practitioners benefitted largely from the general IP education and awareness sessions that were held.

In an effort to increase the pool of the trainers, the CIPC had engagements with TIA that has 28 technology stations nationally. TIA management has supported and committed to collaborate in engaging their personnel at the technology stations for both general education and awareness on IP as well as advance their staff to the ToT programme. A programme of action was developed and is currently being considered by TIA for implementation.

In Quarter 4, engagements with TIA (The Innovation Agency) continued. CIPC completed a programme of action and is to be considered by TIA for implementation.

## **IP for SMME**

During 2021/22 Quarter 1, the partnership with the Swiss Governments on IP for SMME project continued, and further included the South African Institute of IP Law (SAIPL) and Technology Innovation Agency (TIA). Engagements centred around understanding the scope of the project and agreeing on the approach for the implementation of the pre-determined deliverables on the IP SMME project.

In Quarter 2, engagements with the SWISS team (SSAIP project) continued, resulting in an agreement on incorporating aspects of the IP for SMME project. The intervention for this year will be the development of a web-based IP stakeholder map. To grow the pool of potential trainers (and increase IP awareness overall), engagements with TIA continued.

In quarter 3, the programme activities falling within the IP for SMME project were agreed upon by the SSAIP project team. Preparations for implementation with the stakeholder mapping exercise being the first deliverable were done. Through the IP BRICS forum, the CIPC initiated a project titled "IP and Women in the SMME sector". A survey questionnaire was distributed to the BRICS members and their responses due end January 2022 were to inform the way forward.

In Quarter 4, much progress was achieved in the stakeholder mapping exercise. A consultant group was secured to prepare and assist in this implementation. Through the IP BRICS forum, the "IP and Women in the SMME sector" was to be pursued further. Some of the BRICS members had responded thus far.

#### **IP BRICS**

On 26 August 2021, the CIPC participated in the 13th BRICS Heads of Intellectual Property (IP) Offices (HIPO) Meeting which was hosted virtually by India. As an IP regulator in South Africa, the CIPC participates in the BRICS IP group, represented by the CIPC Commissioner and other IP senior managers. The IP work stream focuses on leveraging the BRICS HIPO strategic partnerships to advance IP policy goals; harmonising the IP environment, and supporting the overall BRICS objectives. Key decisions focussed on effective use of IP (IP for poverty alleviation) and effective use of digital technology.

With the CIPC currently enhancing their IT systems in addressing the challenges of the fourth industrial revolution and improving customer services, the review of the Patent Act, 1978 in conjunction with the implementation of Phase II of the National IP Policy, is well positioned to contribute to the growth of our nation's development.

Following the successful engagements at the IP BRICS HIPO meeting, the annual training programme was agreed upon and implemented. Ten CIPC examiners attended the training which was held on 6 to 10 December 2021. The record of discussion of the HIPO meeting was also finalised. Focal Point coordinators were engaged with several activities relating to project proposals. As indicated earlier, CIPC initiated a project on IP and Women in the SMME sector. A report on the IP BRICS programme was also finalised as per EXCO request. An article on the IP BRICS was submitted for the CIPC newsletter. To highlight our organisation's IP activities, an article relating to IP enforcement was submitted for publication on the IP BRICS website.

The IP BRICS chair has since been taken by CNIPA - China in this round. The previous chair had finalised its responsibilities by, among others, completion of the close out report, the final minutes and the hand over to CNIPA. CNIPA is currently in engagements with the members for the finalisation of all logistical issues relating to their matters falling under their leadership. Among others, engagements among focal points continue with discussions including the projects.

# Corporate Legal and Policy Support

Acute monitoring of timeframes concerning response to subpoenas, implementation of court orders, and representation of the CIPC in court or at Companies Tribunal, is of the utmost importance. Strict adherence to such timelines was observed.

The COVID-19 pandemic that the world is experiencing currently has continued to affect the country negatively. Concerning enforcement procedures, social distancing and rules about gatherings and interpersonal interaction has resulted in a decline of the CIPC representation at court and/or the Companies Tribunal. As a mitigating factor, however, many institutions such as the High Court (Pretoria) has implemented virtual representation, and the CIPC is able to give evidence, attend court proceedings and represent the CIPC in legal matters virtually.

The first two (2) quarters of the current financial year saw the development and approval of a number of policies, which effects the way CIPC functions. Representing the CIPC in specific forums, such as Companies Tribunal and High Courts are on track and reaction to subpoena's and strict timelines have been optimum.

The most significant process / project undertaken during this time is the Implementation of the CIPC POPIA Compliance Framework. Significant work has been done in ensuring that the CIPC is 100% compliant in terms of the Protection of Personal Information Act requirements. The process is ongoing.

In quarter 3, the focus was primarily on implementation of the POPIA compliance plan. Risk Impact Assessment surveys throughout the whole of the organisation was conducted to gather information regarding the processing and disclosure of personal information. An information inventory was drafted and submitted to EXCO

taking into account the types of personal information of customers (external) as well as CIPC (internal) information that is processed, stored and disclosed. Website terms & conditions updated to include POPIA requirements, as well as separate Privacy Policy link established on the CIPC website, which stipulates the applicability of the POPIA requirements to the functions of the CIPC. Implementation process is ongoing.

Quarter 4 saw the finalisation of the POPIA Implementation project with the "roll-over" of only 3 aspects to the next financial year, namely-

- 1. Building general consent into all platforms;
- 2. Masking of confidential personal information on all CIPC platforms; and
- 3. Training (internal & external) on POPIA requirements.

PAIA manual has been updated with the POPIA requirements (as prescribed by the POPI Act) and published on the CIPC website. POPIA Compliance Framework (as annual compliance monitoring tool) has been drafted and finalised.

CIPC's legal footprint came all the more to the fore in this quarter, with the deficiencies experienced in State Attorneys assistance and turnaround times. The Corporate Legal division has started preliminary planning of the requirements and applicability of an "in-house legal" division (5-year plan), in order for the CIPC to be able to represented in the Companies Tribunal, High Court and other forums. This process is subject to the finalisation of the Organisational Design.

# 1.1.4 Client Engagement

**Table B.13: Call centre, QRS, Facebook and Twitter hereunder** shows traffic in customer contact channels in the past five (5) years.

Table B. 15: Call Centre, QRS, Facebook and Twitter

Platform	Number	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Call centre	Calls received	28 580	26 255	25 820	38 141
	Calls answered (%)	Not determinable	Not determinable	Not determinable	Not determinable
Query Resolution	Queries received	38 561	45 585	36 393	50 356
System	Queries closed	37 092	43 287	38 223	49 456
	Queries closed within 10 days	33 144 (89%)	39 938 (93%)	34 938 (91%)	46 999 (95%)
Facebook	Queries received	20 137	22 688	18485	19 572
	Queries resolved (%)	98%	97%	91%	88%
Twitter	Queries received	7 471	7 073	4098	3 088
	Queries resolved (%)	98%	98%	79%	78%



The call centre answered 28 580 calls during Quarter 1. The CIPC received 38 561 queries via the Query Resolution System (QRS) in this quarter, and closed 37 092 queries. It took an average of 5.2 days to close a query. Most queries received were relating to manual updating of customer details/password reset, allocation of funds and paper-based disclosure requests.

The overall performance from the perspective of customers for social media management has been positive for 2021/22. In Quarter 1, the e-communication satisfaction survey conducted reveals that customers are 83% satisfied with the services provided through social media. Moreover, Facebook queries resolved amount to 91.8%, 98% of which were responded to within 24 hours above the set target. However, Twitter query resolution is sitting at 49.7%, 98% of which were responded to within 24 hours. The latter may be attributed to the fact that not all twitter incoming messages need a response.

The call centre agents work from home, as the COVID-19 pandemic still has a significant impact on the way of work, and this has affected the performance and monitoring systems in a somewhat negative way. In terms of social media, we have seen the benefits of working from home as staff are able to perform their duties even at night and during weekends, as the social media environment requires an immediate response all the time.

The call centre is currently using a call forwarding system, which does not necessarily achieve optimal performance as there is no virtual queue where customers can wait for the next available agent. We are in the process of procuring a cloud-based contact centre system which will improve the process.

The call centre answered 26 255 calls during Quarter 2. It is less than the previous quarter, as some days the call centre could not receive calls due to system challenges (5 August and 15 to 17 Sep 2021), resulting in less working days.

The CIPC received 45 484 queries via the Query Resolution System (QRS) in this quarter, and closed 43 287 queries. The number of enquiries received from customers, and resolved by the staff, increased in comparison to quarter one. It took an average of 5 days to close a query. Most queries received were relating to manual updating of customer details/password reset, allocation of funds and paper-based disclosure requests. The call centre is currently using a call forwarding system, which is affecting performance as there is no virtual queue where customers can wait for the next available agent. The

procurement of the cloud-based contact centre system is still ongoing.

The response rate for Facebook queries has improved by 3.62% compared to Q1 performance. Similarly, the number of incoming messages has also increased for the current quarter. However, the Twitter response rate has regressed by 5.21% compared to Q1 performance. Also, the number of incoming Twitter gueries slightly decreased for the period under review. The management of social media is currently managed through the social media tool, and other staff members manage social media directly from Twitter and Facebook respectively due to limited licenses. A new tool will be procured towards the end of the current financial year to streamline the overall social media management effort. The call centre answered 25 280 calls during this quarter. It is less calls than during Q1 and Q2. The performance of the call centre is affected by the call forwarding system used. The procurement of the cloud-based contact centre system has been finalised.

We received 36 393 queries via the Query Resolution system and closed 38 223 queries during this Q3. This is more or less the same number of queries attended to as during Q1, and less than during Q2. The average number of days to close a query stayed the same, namely 5 days. Most queries, as in Q2, related to Customer details/password reset, allocation of funds and paperbased disclosure. A slight reduction on the number of queries received through Facebook and Twitter has been recorded, where Facebook received 18485 gueries which is an 18% reduction from the volume of queries received in quarter two. Equally, the Twitter query volume is recorded at 4098 which is a 42% reduction from the quarter two query volume. The total number of Facebook queries resolved is 91%, 97% of which were resolved within the 24-hour period of receipt. Also, the total number of Twitter query resolved is 79%, which is a 19% decline from guarter two resolved gueries. Nonetheless, a total of 97% Twitter queries were resolved within the 24-hour period. The latter is a 1% decline from the quarter two data which was a total of 98% of Twitter queries resolved within 24 hours.

The number of calls answered during Q4 by the call centre increased significantly during Q4, and the call centre managed to answer 38 141 calls. The fact that 3 new call centre agents have been appointed and started to take calls contributed to this improvement. The roll-out of the new cloud-based call centre and telephony system has been delayed as we had to wait for the finalisation of the SLA. The system will be rolled out during the

first quarter of the new financial year. The number of queries received via QRS increased significantly to 50 356, and we managed to close 49 457 enquiries during this quarter. The performance increased and the average number of days to close a ticket reduced to 4 working days. Most queries logged on QRS related to Customer

details/password reset, allocation of funds, paper-based disclosure and annual returns.

Table B.16: Self-Service Centres' (Pretoria, Johannesburg, and Cape Town) Traffic show volumes in Quarter 1 and 2 of 2020/21.

Table B. 16: Self Service Centre's (Pretoria, Johannesburg and Cape Town) Traffic

	Quarter 1				Quarter 2				
	Pretoria	Johannesburg	Cape Town	TOTAL	Pretoria	Johannesburg	Cape Town	TOTAL	
Company Registrations	1532	2338	2994	6864	967	1686	2000	4653	
Create Customer Codes	2357	2847	3187	8391	1478	1045	2194	4717	
Re-set Password	2474	1206	2961	6641	1547	537	1915	3999	
Name Reservations	265	1157	2801	4223	138	451	1816	2405	
Annual Returns	2167	3388	3160	8715	1192	2339	2028	5559	
IP	442	520	197	1159	293	385	148	826	
Director Amendments	671	632	351	1654	513	262	252	1027	
Member Amendments	122	128	109	359	81	107	75	263	
Auditor & Accounting Officers	0	0	0	0	0	0	0	0	
Company and & CC address	473	97	13	583	377	81	6	464	
Cert and Disc	1928	665	921	3514	1496	794	554	2844	
Ent Enquiry	1736	1289	1330	4355	1607	753	818	3178	
Name Change	99	186	179	464	152	84	121	357	
Name Transfer	90	5	35	130	0	25	21	46	
Customer Transactions	1481	0	0	1481	1132	223	0	1355	
General/Other	2004	1849	2453	6306	1349	996	1554	3899	
Walk-in's	17842	16307	20661	54810	19023	9768	13472	42263	
		Quarter	3		Quarter 4				
	Pretoria	Johannesburg	Cape Town	TOTAL	Pretoria	Johannesburg	Cape Town	TOTAL	
Company Registrations	700	1372	1447	3519	949	2198	2108	5255	
Create Customer Codes	1427	1452	1509	4388	1535	2468	2130	6133	
Re-set Password	1625	720	1127	3472	1699	720	1925	4344	
Name Reservations	67	625	1002	1694	146	629	2054	2829	
Annual Returns	1002	1942	1512	4456	2809	3364	2118	8291	
IP	228	270	09	507	346	366	92	804	
Director Amendments	420	248	1228	1896	231	224	183	638	
Member Amendments	0	83	93	176	3	62	34	99	
Auditor & ACC Officers	0	0	0	0	0	0	0	0	

	Quarter 3					Quarter -	4	
	Pretoria	Johannesburg	Cape Town	TOTAL	Pretoria	Johannesburg	Cape Town	TOTAL
CO & CC address	325	129	19	473	116	180	11	307
Cert and Disc	1214	198	546	1958	472	988	275	1735
Ent Enquiry	616	859	592	2067	767	1120	976	2863
Name Change	115	124	83	322	169	220	157	546
Name Transfer	0	7	44	51	0	4	38	42
Customer Transactions	154	0	0	154	615	0	0	615
General/Other	413	1183	1605	3191	958	1398	2539	2495
Walk-in's	14 579	14 437	20 721	49737	1 1020	1 3939	14 640	39 599

There was a significant increase in the number of transactions (54 810 in Quarter 1) compared to the previous quarter (31 604). Although a number of our customers still prefer human interaction, we have an opportunity to increase electronic transacting and develop other channels to replace human interaction and still satisfy customer requirements. The COVID-19 pandemic has affected our self-service terminal customers who are served through partnerships mainly with the provincial economic development entities. Some of these entities have not been operating optimally due to the pandemic, so our electronic channels have played a major role in keeping our momentum going.

Transactions for Quarter 2 decreased as compared to Quarter 1. There were a number of technical disruptions, which might have contributed to the decline in customer transactions. Our partners, mostly provincial economic development government agencies, are still recovering from the disruptions emanating from COVID-19.

There was a considerable increase in numbers in Quarter 3 (49 737) compared to Quarter 2 (42 263). The maintenance

of COVID-19 regulations at level 1 has encouraged more customers and prospective customers to transact at the service centres.

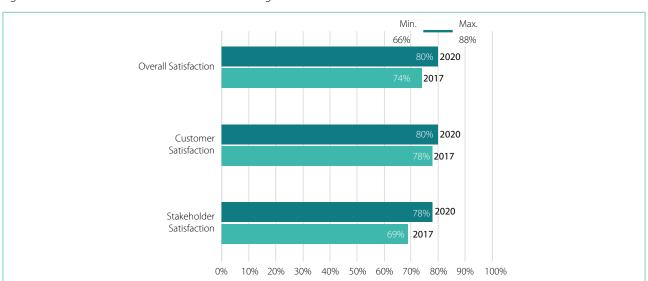
There was a decrease in numbers in Quarter 4 (39 599) compared to Quarter 3 (49 737). Customers are getting use to transact on other platforms like BizPortal and Mobile App. Load shedding has a huge impact on services and ICT system availability.

# 1.1.5 Stakeholder Management

## **Customer and Stakeholder Satisfaction**

In the 2020 Customer and Stakeholder Survey, CIPC scored 80% compared to the 74% in 2017. As shown in **Figure B.18: Overall Customer and Stakeholder Ratings**, customer satisfaction was at 80% in 2020 and 78% in 2017 and stakeholder satisfaction was at 78% in 2020 compared to 69% in 2017. The Customer and Stakeholder Survey is conducted biennial. The next survey is planned for 2022/23.

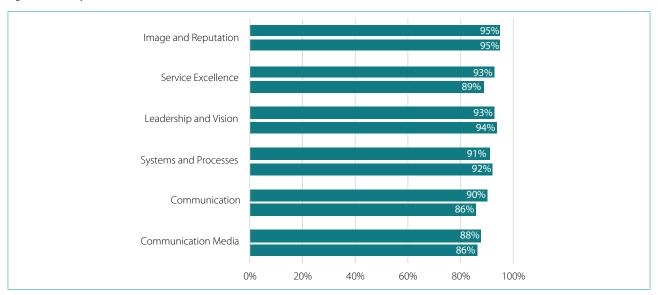
Figure B. 24: Overall Customer and Stakeholder Ratings



As shown in *Figure B.19: Key Areas Measured*, the CIPC achieved between 88 – 95% in 2020 compared to 86-95% in 2017 in all the key areas viz. Image and Reputation;

Service Excellence; Leadership and Vision; Systems and Processes; Communication; and Communication Media.

Figure B. 25: Key Areas measured



## 1.1.6 Disclosure

Table B. 17: Paper Based Disclosure Production Stats

	Q1	Q2	Q3	Q4
Disclosure Request received	3916	4184	4206	4718
Disclosure Request Completed	3826	4537	4260	4586
Disclosure Transaction Billed	2646	2355	1705	2420
Escalated tickets resolved by Managers	575	0	36	45

The disclosure team still comes to the office three (3) times per week, as they are unable to work from home due to the nature of the disclosure work. The file transition project of moving files from the previous storage warehouse (Iron Mountain) to a new storage warehouse (AGS) has negatively affected service delivery to the clients. Despite the unavailability of files, the unit continued to render service to the clients by responding to the disclosure requests.

The Post Office tax non-compliance issue created backlog within the unit as no mail was collected by Post Office from April until August 2021. This created backlogs not only for the unit but also for business and increased number of calls at the Call Centre. The purchase order for the new South African Post Office was issued on 6 September and the total backlog post was 11 086 collected on 14 September. Everything within mailroom now run smoothly and no backlog thus far.

The State department has experienced high number of requests, despite the unavailability of files, the team of three strive hard to render the service. Resource

constraints is the biggest challenge within the unit.

The movement of files from Iron Mountain to AGS ended on 26 November 2021. The project impacted service delivery and turnaround times negatively because of the unavailability of files. The capturing of files by AGS is still ongoing until the end of March at the close of the financial year. The challenges they encountered are as follows: most of the files from the previous service provider (Iron Mountain) were not captured into their database, hence some business units could not retrieve the files whilst requested. Notwithstanding the challenges, the unit continues to render services to the clients by responding to the disclosure requests.

The mailroom is up-to-date. Storage warehouse (AGS) is continuing with the capturing of files on their system. The service provider also experienced some challenges, as some files transferred from Iron Mountain to AGS were not captured on their database. Hence, there is a lot of unavailability of files. Despite the challenges the unit experienced, the team continue to render service to the clients.



Table B. 18: State Department – Disclosure Billing Statistics

	Q1	Q2	Q3	Q4
Disclosure Request Received	1650	2477	1995	2024
Disclosure Requests Outstanding, carried over to the next quarter.	496	379	360	108
Requests completed	1154	2076	1635	1916

Table B. 19: Disclosure Query Resolution

	Closed within TAT	Closed outside TAT	Total tickets closed for the quarter	%Inside TAT	% outside TAT	Average TAT
Q1	2738	997	3735	73.3	26.7	10,6 days
Q2	2883	1531	4414	65.3	34.7	11 days
Q3	3151	1055	4206	74.9	25.1	11 days
Q4	3475	988	4463	77.9	22.1	9,8 days
AVERAGE				72.9	27.1	10.6

# 1.1.7 CIPC Strategies

Reduced turnaround times and improved customer and stakeholder satisfaction are largely due to the CIPC's strategies and programmes viz. Modernisation; Client Engagement; Innovation and Collaboration; Education and Awareness; and Voluntary Compliance; and Enforcement.

# **Modernisation Strategy**

The modernisation strategy aims to modernise all the CIPC operations and services. This entails migration of the CIPC processes into a new modern platform that automates all its processes in order to minimise the time transacting with the CIPC. It also entails strengthening of online channels such as the website, Mobile App, Chabot, and *BizPortal*.

Migration of processes into a new platform provides a foundation for full and ease of automation of the CIPC internal and external processes. Most of the processes have been migrated into the K2 platform. Priority is given to services currently attracting high usage from the client community. In the Intellectual Property area, the CIPC is in the process of deploying a fully automated IP Administration System (IPAS) with the assistance of the World Intellectual Property Organisation. It is believed that this end-to-end automated system will make the patent system seamless and encourage improved applications.

Over thirty, 30% of the externally focused CIPC processes have been automated. The automation of processes has led to faster transactions, and thus improved customer experience. This has also enhanced data integrity, information security, registration system transparency and verification of business compliance.

Mobile application services and web services are modernised, because of the integration of the currently published CIPC mobile platform to legacies. CIPC successfully implemented ChatBot pilot, which mainly catered for general questions that customers can ask and get responses instantly from the bot.

The COVID-19 Pandemic called for the CIPC to adapt quickly and develop new services. The first one being an additional functionality to register and issue certificates for businesses to operate as essential businesses during the National Lockdown in the *BizPortal* platform. The second one being the booking service, which sought to reduce congestion at CIPC Self-Service Centres by allowing CIPC clients to book, visits to SSC's in advance in the CIPC Mobile App. The third one was automating submission and approval of invoices online.

The modernisation strategy extends the reach of the CIPC and government integrated services. However, this excludes individuals that do not have access to network data to access the internet, and appropriate devices. To close this gap, the CIPC offers its services through Self-Service Centres and Partner Sites, where Self-Service Terminals are installed, operated, and manned by the CIPC staff or individuals allocated by partners. Customers can also use a drop-box situated at the CIPC offices, as well as the postal services and email.

## **Innovation and Collaboration**

The CIPC extends its footprint by collaborating with strategically selected partners, in doing so leveraging the capabilities and competencies of these partners. The CIPC have access to its partner's infrastructure, customer base, and value-add services for its customers. These partnerships are not only limited to the public sector,

it also extends to the private sector. The partnerships model has also been critical in creating a 'one stop' shop for businesses. Channels such as the BizPortal, SSTs, and Banks are built upon this model. BizPortal is a one-stop shop that enables entrepreneurs to go to one website, register their company, register for tax, get their Broad-Based Black Economic Empowerment (BBBEE) certificate, register for the Unemployment Insurance Fund (UIF), get their company's domain name, and even open a bank

account. Through SSCs and Partner Sites, businesses not only register companies, but also get their BBBEE certificates. In its efforts to continue providing *value-added services*, the CIPC also collaborated with SARS to offer a tax number when an enterprise is registered. The Banks offer a wide range of CIPC products and services including company registration, name reservation, payment integration and B-BBEE certificate application, when opening a business bank account.

Table B.20: CIPC Channels and services offered show the CIPC channel and services offered in each channel.

Table B. 20: CIPC Channels and services offered

Services/Channels	E-service Website	SSCs and Partner Sites (SSTs)	Banks (FNB, Nedbank, ABSA)	BIZPORTAL
Integrated services (SARS, UIF,	No	Yes – BBBE	Yes – company registration and	Yes
Compensation Fund, Banks Acc, BEE Cert)		certificate	business bank account	
Patents applications	Yes	No	No	No
Designs applications	Yes	No	No	No
Copyright in film	Yes	No	No	No
Trade marks applications	Yes	No	No	No
Name reservations	Yes	Yes	Yes	Yes
Companies registration	Yes	Yes	Private company registration only	Yes
Co-operatives Registrations	No	No	No	No
Domain Name Registrations	Yes	No	No	Yes
Director Amendments	Yes	Yes	No	No
Member Amendments	Yes	Yes	No	No
Auditor Changes	Yes	Yes	No	No
Name changes	Yes	Yes	No	Yes
address changes	Yes	Yes	No	Yes
Financial Year End Changes	Yes	Yes	No	No
Enterprise enquiry	Yes	Yes	No	No
Disclosures	Yes	Yes	No	No
BBBEE Certificates	Yes	Yes	Yes – Only Nedbank	Yes
Disclosures- MOI Documents	Yes	Yes	No	No
Disclosures -Approved names	Yes	Yes	No	No
Queries	No	No	No	No
Information access	Yes	Yes	Yes	Yes
Annual Returns filing	Yes	Yes	No	Yes
AFS filing	Yes – XBRL portal	No	No	No

**Table B.21: Partner Sites** show the CIPC partner sites where self-service terminals (SSTs) are hosted:

Table B. 21: Partner sites

Province	Partner
Gauteng	Gauteng Department of Economic Development (GDED)
Gauteng	InvestSA Gauteng Growth and Development Agency (GCDA)
Gauteng	Transnet Enterprise Development Hub in Johannesburg,
North West	North West Development Corporation (NWDC),
North West	Orbit TVET College in Rustenburg
KwaZulu-Natal	Trade and Investment KwaZulu-Natal (TIKZN),



Province	Partner
KwaZulu-Natal	KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs (KZN DEDTE)
KwaZulu-Natal	Transnet Mega Hub in Richards Bay
Western Cape	West Coast Business Development Centre (WCBDC),
Western Cape	InvestSA in the Western Cape
Northern Cape	Northern Cape Department of Economic Development and Tourism (NDEDT)
Free State	Free State Development Corporation(FDC)
Limpopo	Limpopo Economic Development Agency (LEDA)
Mpumalanga	Mpumalanga Department of Economic Development and Tourism (MDEDT)
Eastern Cape	Eastern Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT).

The multi-channels strategy is geared towards availing the CIPC products and services 24/7. *Table B.22: Channels and Services Available 24/7* shows the CIPC channels and service available 24/7 as at 30 December 2020.

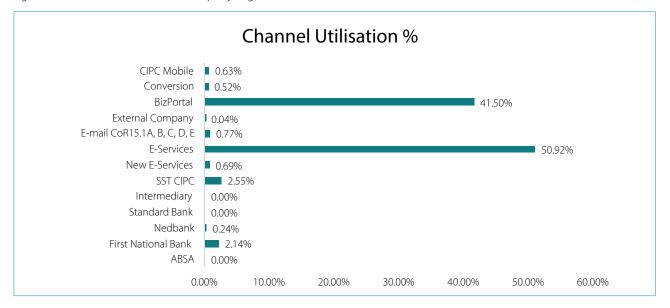
Table B. 22: Channels and Services Available 24/7

Channels available 24/7	Services available 24/7per channel
1. CIPC Website	Company registration
	Company name reservation
	Company and close corporation address changes Company and close corporation financial year end changes
	Company name change
	Company share change
	Annual Returns
	Domain name registrations
	BB-BEE certificate
	XBRL Filing
2. CIPC Mobile App	Company registration
	Company name reservation
	Annual Returns
	BB-BEE certificate
	Booking
3. BizPortal & Banks	Company Registration
	Company name reservation
	Domain Name Registrations
	BB-BEE certificate
4. SSTs	Company Registration
	Company name Reservation
	Company and close corporation address changes
	BB-BEE
	Domain names
	Annual Returns

Channels available 24/7	Services available 24/7per channel
5. Emails	Electronic Filling (Prospectus, Independent Review and Reportable Irregularity)
	Company registration
	Company associated name reservation MOI Changes
	Close corporation to company conversions
	External company registrations
	Merger and amalgamations
	MOI Amendments
	Company location of company record changes
	Voluntary deregistration
	Voluntary and court order liquidations
	Business Rescue Proceedings, Status reports, Substantial Implementations, Terminations and court orders relating to business rescue
	Company and close corporation reinstatements

# Channel utilisation

Figure B. 26: Channel Utilisation – Company Registration



# 1.2 Organisational Environment

# 1.2.1 Governance and Compliance

# **Policies**

Table B. 23: Status of Policies as at 31 March 2022

DIVISION	NO OF POLICIES	DUE FOR REVIEW	UP TO DATE	IN PROGRESS	NEW POLICIES
HR	15	3	12	-	-
BISG	11	-	10	-	1
Finance	8	-	8	-	-
Facilities and Security	5	3	2	-	-
Client Engagement	1	-	1	-	-
GRC	8	-	8	-	-
Strategy	5	1	2	-	2
TOTAL	53	7	43	0	3



## **Declaration of Interest**

The Declaration of Interest and Code of Conduct and Ethics Policies were approved, effective 01 April 2022. Education and awareness initiatives being planned to ensure that employees understand the contents and implications of the Policies.

Status of compliance by Senior Managers as outlined in the approved Fraud Prevention Policy is illustrated below:

	Figure 2		
All senior manager declarations for the current financial	Status of compliance as at 31 Mar 2022	No of SM	%
year were submitted. No adjustments have been made to the initial declarations for the reporting period	Compliant	35	100
interest.	Non-compliant	00	00
	Total	35	100

# **Compliance Management**

## Legislative Compliance

Based on the information provided and reviewed, the status of compliance has improved and the organisation seems to be compliant with the 25 Acts assessed.

## COVID-19 Compliance

The CIPC continued to implement measures to ensure compliance with COVID-19 protocols.

# Implementation of Governance Framework

The review of the Governance Framework is in progress, a proposal in relation to the functioning of the Divisional Managers Committee in particular has been prepared for consideration and approval by EXCO.

# 1.2.2 Anti-corruption

This section provides information and progress on fraud related complaints. It further outlines channels through which complaints were received and gives a summary of the nature of allegations received during the reporting period.

## **Allegations Received**

Table B. 24: Number of allegations received

Opening balance 01/04/21	Adjustment 01/04/21	Adjusted opening balance	Calls logged	Feedback Requests additional info	Resolved	Balance 30/06/21
Quarter 1						
111	(86)	25	290	(89)	(100)	136

#### **Quarter 1**

The Opening balance at the beginning of the quarter was adjusted downward taking into consideration factors, which influence the likelihood of resolution of a complaint. Some of the factors considered include:

- Long outstanding complaints (more than 6 months) with no progress and or without contact from the complainant.
- Lack of information information has been received from the complainant for more than 2 months.
- Unavailability- Complainants no longer reachable.

The adjustment ensures that the limited resources employed in the resolution of complaints are efficiently and adequately utilised.

There has been improvement in the resolution of complaints during the review period. This improvement is attributed to the allocation of a dedicated resource to administer and handle complaints. This strategy has yielded the following benefits:

- Decreased backlog;
- Decrease in the number of feedback requests;
- Increased response rate to requests for evidence from affected parties;
- Speedy implementation of recommended action(s) emanating from investigations; and
- Increased customer satisfaction.

## Status of open cases

Table 1: Status of Open Cases

	Total	Under investigation	Pending investigation
Quarter 1	49	(26)	23
Quarter 2	69	(48)	21
Quarter 3	111	(34)	77
Quarter 4	136	(41)	95

#### **Quarter 1**

The status of open cases is indicated by the table above. Although the balance was 49 at the end the review period, some complaints were under different stages of the complaint resolution process. Based on internal assessment and analysis, some of the matters under investigation were referred to external service providers for investigation.

#### **Quarter 2**

The above table shows the status of complaints which were unresolved at the end of the review period. With a total of 69 complaints, most were at different stages of the complaint investigation process at the time of reporting, leaving a total of 21 where no investigation had started as at 30 September 2021. Complex matters are referred to external service providers for investigation.

# **Reporting Channels**

The hotline is the preferred channel of reporting, presumably because it provides an option for anonymity of whistle-blowers if they so wish. Internally, the utilisation

Table 2: Reporting Channels

## **Quarter 3**

Of the 111 outstanding complaints, 34 were under investigations at the time of reporting, leaving 77 pending investigation. The total number pending investigation represents the backlog, which needs urgent attention if the feedback requests have to be minimised.

#### Quarter 4

The above table shows the status of complaints, which remained unresolved at the end of the review period. Of the 136 outstanding complaints, 41 were under investigations at the time of reporting, leaving 95 pending investigation. The total number pending investigation represents the backlog, which needs urgent attention if the feedback requests have to be minimised.

of the hotline has been useful in that it provides adequate audit trail of all complaints. Such controls help build trust and confidence in the system.

	Channel	Received Cases
1	Hotline	179
2	Emails	25
Total		204

The contract with the current hotline management company will lapse on 31 May 2022. To ensure that there is no break in service, a new request for quotation

(RFQ) has been issued and the service provider will be appointed prior to the expiry of the current Service Level Agreement.

#### **Nature of Cases**

Table 3: Nature of Cases

#	Types of cases	Q1		Q2		Q3		Q4	
		No. of Cases	%	No	%	No	%	No	%
1	Fraudulent removal or addition of directors	34	40%	30	41%	30	45%	24	22
2	Misuse of Clients Accounts	1	1%	0	0%	2	3%	3	5%
3	Essential services certificates complaints	1	1%	0	0%	0	0%	0	0%
4	Implicating CIPC employees	0	0%	1	1%	2	3%	1	1%
5	Other: General categories	16	18%	25	34	20	30%	16	25%
6	Other: Feedback request/ additional information	34	40%	18	24%	13	19%	19	30%
Tot	al	86	100%	74	100%	67	100%	63	100%



A majority of cases related to fraudulent director changes and 62% of the cases were found to have substance. Judging by the number and nature of cases the unit continues to receive, this trend is expected to persist. There is a notable decrease in the number of feedback requests owing to the strategy of deliberately assigning an official dedicated to managing communication with complainants. Fraudulent/unauthorised director changes are often lodged by 3<sup>rd</sup> parties claiming to be associated with the CIPC. Third parties claiming to be associated with the CIPC usually lodge fraudulent/unauthorised director changes.

During the period under review, there were reported matters implicating CIPC employees. One matter was finalised, and a reported issued to the executive concerned as well as another report is yet to be finalised.

Most of the cases reported related to unauthorised changes to company information, more than 70% of investigated cases under this category were found to have substance. Despite the many controls which the

organisation has implemented to curb this trend, this remains a concern, as it seems that the perpetrators somehow continue to subvert the controls implemented. Third parties claiming to be associated with the CIPC usually lodge fraudulent/unauthorised director changes.

# **Emerging Risk-Investigations**

Of the matters under investigation, two complaints were lodged by two representatives of listed entities relating to fraudulent director changes. Central to their complaints, is the query around the CIPC processes and controls to processes as well as the issue of Protection of Personal Information. Preliminary investigations have revealed the possibility of involvement of CIPC employees and / or their relatives in the alleged fraud. Considering the size and the reputation of these entities, and in the event that the alleged fraud is proven, whose impact is deemed to be detrimental to the entities and is attributed to flaws in the CIPC processes, the possibility of litigation is increased. Due to their complexity and nature, the cases were referred to the external service provider.

#### **Annual Case Statistics**

Table 4: Annual Case Statistics

Cases	Q1	Q2	Q3	Q4	Total Per Year
Opening balance 01/04/21					41
Received	86	74	67	63	290
Feedback/Additional information	34	26	13	16	89
Actual New Cases	52	48	54	47	201
Resolved	28	28	22	28	106
Closed :Internally	22	23	14	22	(81)
Closed :Externally	6	5	8	6	(25)
Cases: Pending 31/03/22					136
Channels: Ethics Hotline	86	68	57	54	265
Internal/ External Emails	0	6	10	9	25

As indicated in the table above, there is a significant number of fraud related complaints, averaging 50 reports per quarter. The case resolution rate stands at 53% which requires improvement to increase customer satisfaction. Capacity shortages within the Fraud Prevention unit resulted in the lower resolution rate. Most cases reported are resolved internally, reducing the cost associated with the appointment of external investigators. Due to the difficulty in forecasting the number of cases within a period, the GRC division will continue implementing the strategy of combining both internal and external resources in the 2022/23 financial year.

# 1.2.3 New Strategies

The CIPC follows a working from home policy, which has resulted in more effort required for communication between staff through virtual meetings. Working from home influences the way staff communicate with one another and with customers and the public. However, staff have adapted quite well to the new circumstances and are able to perform their duties effectively.

# 1.2.4 Reputation Building

The CIPC leverages opportunities of receiving free publicity through engaging media on highlights and milestones that the CIPC achieves. Some of the

engagements is to state the CIPC position on matters that impact our reputation. We also regularly monitor media coverage to track CIPC reputation; track the effectiveness of media releases and gauge media sentiments on the coverage of CIPC stories; and to identify matters that are likely to become issues, and take corrective action.

Media monitoring enables the organisation to monitor and address coverage in media (print, broadcast and social). It is also enables the CIPC to determine the Advertising Value Equivalent (AVE) for the CIPC for public relations activities and coverage in the media. Advertising Value Equivalent (better known as AVE), is the monetary value of what it would cost to place your editorial content as an advert. It was created to give Public Relations (PR) professionals a measurable context in the communications and marketing sphere, originally comparing it against brand advertising. An arbitrary multiplier is often applied, justified on the basis that editorial content has greater credibility and is valued more by consumers than advertising space.

Media monitoring includes "traditional" media such as print, broadcast and online as well as "new" media such as blogs, social media sites, etc.

Media coverage received during the period under review was generated through various activities such as participating in media interviews; issuing media releases; events & webinars; and partnerships, among others.

- A webinar to unpack the 2021 World Bank Ease of Doing Business Index drove positive coverage in traditional media while the 10-year anniversary of the Companies Act and the CIPC journey, as well as a webinar on services offered on the BizPortal website were the main drivers of positive conversation on social media. Other positive conversation drivers on social media were customer compliments and the Ease of Doing Business Webinar.
- The CIPC received a clean audit for the 2020/2021 financial period from the Auditor General of South Africa. This is the fifth year in a row that the Commission receives a clean audit, an achievement to be celebrated and shared publicly. The purpose of the media release was to build the reputation of the CIPC and position it as an agile, innovative organisation that practices good governance; raise awareness of CIPC role and position it as an ethical and practices good corporate governance; and earns the trust and confidence of our customers, stakeholders and broader society.

- The Companies and Intellectual Property Commission (CIPC) is pleased to announce the approval to distribute R152 million by SAMPRA, for music royalties for the 2020/21 financial year.
- CIPC welcomed the High Court Order delivered on Thursday 02 September, ruled in its favour in a case against JCI Ltd. The core issue of this case was that the Audited Annual Financial Statements of JCI Ltd were not compiled as per the requirements of Section 30 of the Companies Act, No. 71 of 2008, as amended, read with the International Financial Reporting Standards (IFRS). The High Court ordered JCI LTD to pay the CIPC an administrative fine of R1 million.
- The CIPC is a partner in a joint annual IP Summer School programme hosted with World Intellectual Property Offices (WIPO) NIPMO, University of Kwa Zulu Natal (UKZN), and DSI. The IP Summer School is aimed at The government is to invite and encourage entrepreneurs, students, innovators, professionals and researchers from all sectors to participate in a summer school on intellectual property (IP) aimed at increasing understanding of IP rights.
- The CIPC launched an e-learning platform, 'Learn-eBiz',
  for directors of companies. The learning platform is
  targeted at directors of SMMEs, potential and existing
  entrepreneurs; allowing them to build their capacity
  in running successful businesses while ensuring
  compliance to statutory requirements.

Mentions of company registrations, deregistrations, general inquiries, business rescues, the CIPC website being shut down due to a suspected cyber-attack, and the CIPC making GRAP filing mandatory via XBRL for relevant entities from 1 October 2021, dominated the social media space. Traditional media coverage varied from South African Airways (SAA) registration status, the Mango Airlines business rescue process, the Young Women in Business Network compliance issues, reporting on 510 000 new businesses registered in 2020/2021, and cyber-attack reports.

Positive sentiments were associated with iXBRL and the BizPortal platform being commended for improving the ease of doing business in the country. The CIPC's collaboration with banking institutions to speed up the registration process. This was further supported by reports of CIPC's turnaround time for transactions, which led to an increase in company registrations. It was reported that "the number of companies registered for tax grew from 2.5 million in 2019/20 to 3.1 million in 2020/21, as

companies took advantage of a lower average registration time of two days during the Companies and Intellectual Property Commission (CIPC) 2019/20 financial year". The IP Summer School programme on, and CIPC's Marumo Modiba discussing how individuals can register their companies also improved media coverage.

On the other hand, positive mentions on social media were influenced by XBRL and digitisation at the CIPC, the CIPC for the Intellectual Property workshop, a webinar with @theCIPC in South Africa on #BeneficialOwnership implementation for corporate registries, the IP Summer School Programme, the CIPC's collaboration with banking

institutions, Social Media Satisfaction Questionnaire, as well as customer compliments.

All negative-rated items in traditional media reported that some criminal syndicates were allegedly working with the CIPC officials in defrauding COVID-19 TERS payments. Negative coverage on social media was linked to customer complaints from unanswered calls, proof of payment not showing on their accounts and too slow turnaround times. Further coverage was linked to the South Gauteng High Court's judgment on Mango Airlines business rescue case.

# 1.2.5 Human Capital Matters

# Appointments, Resignations, Retirements, Terminations

Table B. 25: Appointments, Resignations, Retirements and Terminations

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Appointments	5	4	3	1
Resignations	1	4	1	4
Retirements	2	0	1	2
Terminations	0	0	2	0

## Labour relations

Table B. 26: Labour Relations Issues

Category	Number
Misconduct cases under investigation	4
Misconduct cases at a disciplinary hearing stage	22
Warnings	5
Grievances finalised	3
Labour disputes at CCMA	19
Labour disputes at GPSSSBC	4
Labour disputes at Labour Court stage pending	21

# 1.2.6 Facilities and Security

# Compliance to OHS Act

An organisational emergency evacuation drill was successfully conducted, gaps identified and remedial measure actioned accordingly. While in Cape Town a fogging/decontamination service provider (Bidvest) was appointed for a period of 12 months.

# Compliance to MISS (Physical Security)

A new security guarding service provider (Veningo Holdings) was appointed to render a security guarding service within the Pretoria Self Service Centre (SSC) for a period of 12 months at an amount of R536 400.00.

# 1.3 Key policy development and legislative changes

This section describes new policy and legislative developments, the effect on the CIPC activities, and how these were addressed.

The Protection of Personal Information Act, 4 of 2013 (POPIA) came into operation on 1 July 2021. As a public body in terms of POPIA, the CIPC must ensure compliance to the POPI Act about the personal information that is collected, processed and disclosed. All CIPC processes external (as well as internal – HR) is and will be affected by the new legislation.

In the first quarter, the only measures taken, was to conduct a risk assessment about the CIPC processes and the type of information that we hold and must protect. The POPIA Implementation Plan was approved by EXCO and implementation commenced. Information Officer and Deputy Information Officers registration was filed with the Information Regulator. Prior Authorisation application was completed and filed with Information Regulator. The purpose of the application was to request approval from the IR for the processing of unique identifiers of data subjects (such as ID numbers).

Disclaimers of privacy and confidentiality attached to ALL outgoing CIPC e-mails. Notices to customers are published in terms of the applicability of POPIA to CIPC functions.

Prior Authorisation application submitted to the Information Regulator came back negative – confirming that the CIPC do not require prior authorisation for processing of the personal information that is held as a public body. PAIA manual updated with POPIA requirements and published on the CIPC website.

POPIA Compliance Framework drafted and finalised, which will be used as a tool to annually measure CIPC's compliance in terms of POPIA compliance. Next steps include training of internal and external persons and bodies regarding the applicability of POPIA. Building consent into all CIPC platforms and masking of personal information on CIPC records.

# 1.4 Progress towards achievement of institutional Impacts and Outcomes

For the five (5) year strategic period 2021/22 – 2025/26, the CIPC focuses on 4 Impact Statements and as shown below:

# A. Progress towards Impact Statements, Outcome and Outputs – Programme 1: Service Delivery and Access

Through a collaboration with SARS, the CIPC further enhanced its flagship channel, *BizPortal*, by giving access to business owners to all SARS services. In addition to this, a partnership has been formed with the National Small Business Chamber to assist the micro and small business sector not only in formalising their businesses, but to stay compliant and to have access to information. A private sector partnership that CIPC is particularly proud of is one with GoogleSA, which gives small business owners access to a range of services offered by Google. This is available through the BizPortal platform.

# B. Progress towards Impact Statements, Outcome and Outputs – Programme 2: Innovation and Creativity Promotion

Delays encountered in patents and designs processes relates to the current manual inputs into the system, this is as a result of applications received as hard copies and processed manually. The CIPC is in the process of deploying a fully automated IP Administration system with the assistance of the World Intellectual Property Organisation. It is believed that this end-to-end automated system will not only make the patent system seamless and enable the 100% compliance to the SDS but will also make the patent system seamless and encourage improved applications.

The programme received and processed an increased number of patents and designs in the quarter. Manual processing of applications remains a challenge. The CIPC is in the process of deploying a fully automated IP Administration system with the assistance of the World Intellectual Property Organisation. It is believed that this end-to-end automated system will not only make the patent system seamless and enable the 100% compliance to the SDS but will also make the patent system seamless and encourage improved applications.

Despite the ongoing challenges posed by the COVID-19 pandemic, the programme received a hugely increased number of patents applications and moderately increased number of design applications in the quarter. Even though some of the patent and designs processes are still manual which remains a challenge, the CIPC is in the process of deploying a fully automated IP Administration system with the assistance of the World Intellectual Property Organisation. It is believed that this end-to-end automated system will not only make the patent



system seamless and enable the 100% compliance to the SDS but will also make the patent system seamless and encourage improved applications.

The programme received a hugely increased number of patents applications in the quarter. Even though some of the patent and designs processes are still manual which remains a challenge, a clear example is shown in renewals processing, 2410 design renewals were processed in Quarter 4, 35% (865) were filed and processed electronically and complied to the 2-day Service Delivery Standards, whereas 65% (1554) of renewal applications were lodged manually and 82% were within the set SDS with an average Turn Around Time of 3 days. Similarly, 12 185 Patent renewals were processed within Quarter 4, 33% (4 031) were filed and processed electronically and exceeded the 90% 2-day turn around time as 92% were processed within 2 days, however, the 67% (8094) of patent renewals were lodged manually and 43 % were processed within the 2-day turn around time as their average turn around time was 3 days. CIPC is in the process of implementing a fully automated IP Administration System (IPAS) with the assistance of the World Intellectual Property Organisation. It is believed that this end-to-end automated system will not only make the patent system seamless and enable the 100% compliance to the SDS, but will also make the patent system seamless and encourage improved applications.

# C. Progress towards Impact Statements, Outcome and Outputs – Programme 3: Business Regulation and Reputation

We hosted three webinars and participated in seven webinars on invite during the 2021/22 Quarter 1. The webinars were live-streamed on social media. Webinar presentations increased awareness of Company and related legislation, as well as, of services, processes and the channels available to customers.

We are in the process of developing a Director eLearning course to empower company directors with knowledge to understand their fiduciary duties.

## Corporate Education:

A wider audience was reached, in the total number of hosted and participated in webinars. Presentations were customised as per customers' needs. We engaged internal stakeholders to work towards a common goal. Meetings were held with **the dtic**, B-BBEE Commission, Tribunal and GCIS to plan and host a joint webinar on compliance. The director e-learning programme modules were developed and launched in October 2021 to capacitate directors to understand their duties and responsibilities in running successful companies.

Some webinars hosted were live-streamed on CIPC Facebook and YouTube. Presentations were aimed at increasing awareness of CIPC services, processes and Company and Co-operative laws. One of the webinars the unit participated in was a joint webinar with the Companies Tribunal and B-BBEE Commission. The dtic institutions were focusing on their various mandates and increasing compliance. The unit also participated in the North West Youth Empowerment Public Participation event on invite from the dtic Deputy Minister, which was one of three events where the unit presented CIPC and assisted attendees with CIPC services.

CIPC participated in events on invite from government departments. Presentations were used to make the customers aware of CIPC, its services, processes and legal requirements. One of the webinars participated in was a joint webinar with the dtic and ProudlySA.

# 2. PERFORMANCE INFORMATION BY PROGRAMME

The CIPC is divided into three programmes responsible to carry out its mandate (as outlined in Section 7) and realisation of strategic outcome oriented goals, strategic objectives and targets:

- Programme 1: Service Delivery and Access
- Programme 2: Innovation and Creativity
- Programme 3: Business Regulation and Reputation

The CIPC's overall performance of the APP KPIs was 81%, where 29 of 36 KPIs were achieved.

# 2.1 Programme 1: Service Delivery and Access

The purpose of the Programme 1: Service Delivery and Access is to promote better access to and service delivery by CIPC; ensuring that our access channels are secure and easily accessible to all; that the institution has sufficient and appropriate organisational resources to deliver the best possible service; and that operational excellence is established in all areas of the organisation.

The following is a list of sub-programmes

- 1. Broader Office of the Commissioner
  - a) Advisor to the Commissioner
  - b) Innovation and Collaboration
  - c) Strategy
    - (i) Strategy, Planning and Monitoring
    - (ii) Operational Excellence
    - (iii) Strategic Communications
  - d) Compliance, Governance and Risk
  - e) Internal Audit
- 2. Corporate Services
  - a) Human capital
    - (i) Human capital
    - (ii) Knowledge Centre
    - (iii) Labour Relations and Employee Engagement
  - b) Facilities and Security
    - (i) Facilities
    - (ii) Security
    - (iii) Disclosure

- c) Service Centres
- d) Client Engagement and E-communications
- 3. Finance
  - a) Financial Management
  - b) Treasury
  - c) Supply Chain Management
- 4. Business Information and Systems
  - a) Chief Technology Officer
  - b) Enterprise Information Management
    - (i) Enterprise information management
    - (ii) Information assurance
- c) Enterprise Programme Management Office
- d) ICT Service Delivery
  - (i) Application management
  - (ii) Infrastructure management
  - (iii) Process Engineering

The institutional outcomes that Programme 1 contributes towards are:

- i Organisational competencies and capabilities
- ii Organisational effectiveness
- iii Reduced administrative burden for companies and IP owners

# Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Under Programme 1, 69% (11 of the 16) targets were achieved.

Key achievements and contribution towards outcomes

## i. Organisational Design

A service provider (SP) was appointed to conduct organisational design laying a foundation for building and strengthen the CIPC competencies and capabilities for a world class regulator. The SP conducted a gap analysis, including benchmarking with other similar organisations. The first draft of the 'to-be' structure was also developed. The approved organisational Structure will then be presented to EXCO after the Minister has approved the OD report. This will invariably contribute to building the capacity of the state.



## ii. Skills Audit

The SP conducted the OD process is also conducting a skills audit. This is another step towards building appropriate competencies and capabilities towards a world class organisation, which in turn contribute to building the capacity of the state. The CV's of CIPC's Executives, Divisional and Senior Managers, and the rest of the Staff were collected and reviewed. A draft skills audit report will be presented to the relevant governance structures.

# iii. Migration of processes to modern platforms

Sixteen (16) processes were migrated to the K2 platform. However, K2 was no longer the preferred platform that will be used for services. The new E-Services platform with the identified functionalities/ processes was planned to be released in June 2022. Release Plan has been developed as follows:

Release 1 - 30 June 2022

Release 2 - 30 September 2022

Release 3 - 30 December 2022

Release 4 - 31 March 2023

Migration of processes to modernised platforms strengthen the CIPC ICT capabilities towards a modernised operations environment.

# iv. Processes conceived for automation, including on Mobile App/ChatBot, and BizPortal

Ten (10) processes were conceived for automation in preparation for a future state of modernised, digitised and automated business environment. More processes have been automated, but their functionalities not released yet. Release of identified automation on the new eservices platform is planned for 2022/2023.

Strengthening virtual channels ensures that the CIPC is globally competitive and provides ease of doing business by reducing transacting times, and making it convenient to transact with the CIPC.

## v. Query Resolution

The CIPC query resolution approach includes multichannels call centre, a query resolution system, social media and Unstructured Supplementary Service Data (USSD). These channels are managed and monitored closely through training, mentoring and coaching to ensure that queries are resolved timeously.

## vi. Transacting channels

The CIPC customers have multiple options to transact with the CIPC, new e-services website, BizPortal. These channels are monitored continuously to ensure fast and smooth services. The CIPC is currently developing its Mobile App and ChatBot as additional channels.

## vii. Customer satisfaction

The CIPC regularly conducts customer satisfaction survey to assess the effectiveness of its query resolution and transacting channels.



Table B. 27: Programme 1- Service Delivery and Access Key performance indicators, planned targets and actual achievements

Programm	e 1: Service	Delivery and	d Access				
	Perfor- mance	Audited Actual Achieve- ment	Audited Actual Achieve- ment	Planned Annual Target	Actual Achievement	Deviation from planned annual targets to actual achievement	
Output	Indicator	2019/20	2020/21	2021/22	2021/22	2021/22	Reasons for deviations
			modern regi				
Organ- isation Design (OD)	Organ- isation Design complet- ed	New Indicator	New Indicator	OD Process Complet- ed	The OD process is not completed yet.	Although a number of OD activities have been done, such as gap analysis, and a proposed structure, the draft OD report still need to be presented to EXCO, and submitted for the Minister's approval.	The unavailability of stakeholders for consultation purposes before moving to the next phase has delayed the OD process
Skills As- sessment	Skills as- sessment conduct- ed	New Indicator	New Indicator	Skills as- sessment complet- ed	The skills assessment is not completed yet	A draft skills audit report will be presented to the relevant governance structures.	Poor submission of CV's by some employees has delayed the skills assessment process.
Processes migrated to a new platform (K2)	Number of processes migrated to K2	New Indicator	New Indicator	29	16	-13	There was low K2 development capacity and high volumes of production incident.
Business processes (BP) in line with future projected CIPC standards (From X hours and Y days to instant delivery)	Num- ber of processes conceived for auto- mation	New Indicator	New Indicator	4	2	-2	Initially, there was low K2 development capacity and high volumes of production incident. Later, development slowed down due to the need for ICT experts to stabilise ICT services. Some work was completed but yet to be tested by business. Although processes have been automated, no functionalities have been released yet. Release of identified automation on the new eservices platform is planned for Q1 2022/2023.
Outcome:	Organisatio			1		I	I
Increase the score of the customer stakehold- er value index	A score between 1 - 10 of the cus- tomer and stakehold- er value index, a higher score indicating satis- faction within CIPC	Not measured	8	Not measured (Measured every second year)	N/A	N/A	The KPI is measured every 2nd year. It will be measured in 2022/23.



Programm	e 1: Service	Delivery and	Access				
Output	Perfor- mance Indicator	Audited Actual Achieve- ment 2019/20	Audited Actual Achieve- ment 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned annual targets to actual achievement 2021/22	Reasons for deviations
Customer satisfac- tion at the call centre	Average call centre customer satisfaction score	New Indicator	New Indicator	7.5	7.8	0.3	Continuous agent training and coaching to provide excellent customer service and improve customer satisfaction.
E-communication satisfaction	% custom- er satis- faction on e-commu- nication	New Indicator	New Indicator	60%	78%	18%	Results based on the average of 2 quarters when the survey was conducted. A number of interventions have been implemented, including improvement of turnaround time for social media responses and regular monitoring of the quality of posts and responses.
SSCs customer satisfac- tion	% custom- er satis- faction on SSCs	New Indicator	New Indicator	Baseline +2% (79%+2% = 81%)	82%	1%	Results based on the average of 3 quarters when the survey was conducted. There was an extra concerted effort from the managers to drive a positive customer experience.
QRS - resolve queries within the set turn- around time - 10 working days	% of queries received through the QRS resolved within the set turn- around time - 10 working days	New Indicator	New Indicator	90%	92%	2%	When the target was not met during Q1, a meeting was scheduled with Senior Managers to create awareness relating importance of responding to tickets within the required timeframe and to address challenges, which bore fruit in Q2. We further continued creating awareness about importance of resolving tickets within required turnaround times and emphasising continuous improvement including emails to managers to alert them about outstanding tickets,
Facebook - resolve queries within the set turn- around time - 1 working day	% of queries received through Facebook resolved within the set turnaround time - 1 working day	New Indicator	New Indicator	75%	96%	21%	Improved support, coaching and mentoring of staff contributed in empowering staff members to respond to queries timeously. The team is required to respond to all the queries received before 16:00 on the same day.

Programm	e 1: Service	Delivery and	Access				
Output	Perfor- mance Indicator	Audited Actual Achieve- ment 2019/20	Audited Actual Achieve- ment 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned annual targets to actual achievement 2021/22	Reasons for deviations
Twitter - resolve queries within the set turn- around time - 1 working day	% of queries received through Twitter resolved within the set turnaround time - 1 working day	New Indicator	New Indicator	65%	97%	32%	Improved support, coaching and mentoring of staff contributed in empowering staff members to respond to queries timeously. The team is required to respond to all the queries received before 16:00 on the same day.
mpact Sta	tement 2: E	ase of doing	business in S	SA			
		ministrative	burden for c	-			
Website perfor- mance	% website performance	93%	97%	93%	92%	-1%	Underperformance related to:  1. The massive amount of traffic generated by the 2000 odd search request a minute. This results in system slowdown and possible nonresponse. To alleviate this challenge, the CIPC planned to migrate the search function off the "eservices" server to the BizPortal server, and edit the current search page name, so that it is no longer accessible externally for data harvesting.  2. Data harvesting.  3. System slowdown;  4. Security breach - affected CIPC environment 14, 15 & 16 September 2021. A significant amount of security penetration testing done in order to identify vulnerabilities following the serious security issues experienced in Q2 significantly increased load on the systems causing them to slow



		Delivery and Audited	Audited	Diamond		Dovintion from the	
Output	Perfor- mance Indicator	Actual Achieve- ment 2019/20	Actual Achieve- ment 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned annual targets to actual achievement 2021/22	Reasons for deviations
							5. Cutover from Internet Solutions to MT caused significant disruption to operations
							6. FNB ran a reporting job on the 22nd of October which created massive load on the system during business hours. We have advised them not to do this in the future. This, however, also impacted only performance but not availability.
Reduced turn- around time to resolve queries received through the QRS	Average turn-around time to resolve queries received through the QRS (working days)	New Indicator	New Indicator	10	5	5	Created awareness about the importance of short turnaround times to increase customer satisfaction, and held a meeting to address a backlog experienced during Q1. Some units resolved tickets in less than the required turnaround time, due to awareness campaigns and meetings
Reduced turn- around time to resolve queries received through Facebook (working days)	Average turn- around time to resolve queries received through Facebook (working days)	New Indicator	New Indicator	1	1 (4 hours )	20 hours	The team is required to respond to all the queries received before 16:00 on the same day.
Reduced turn- around time to resolve queries received through Twitter	Average turn- around time to resolve queries received through Twitter (working days)	New Indicator	New Indicator	1	1 (4 hours)	20 hours	The team is required to respond to all the queries received before 16:00 on the same day.

Output	Perfor- mance Indicator	Audited Actual Achieve- ment 2019/20	Audited Actual Achieve- ment 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned annual targets to actual achievement 2021/22	Reasons for deviations
Imple- ment mobile/ Chat bot services in line with future projected CIPC stan- dards (X hours and Y days to instant delivery)	Num- ber of processes conceived for auto- mation on Mobile/ Chat Bot platform	New Indicator	New Indicator	4	6	2	Reusing components that are implemented for the New E-Services expedite Mobile Delivery
New automated service on eservices or BizPortal	No of automated services added on BizPortal	New Indicator	New Indicator	1	2	1	Additional services added were Google for Business and SARS links.



# 2.2 Programme 2: Innovation and Creativity Promotion

The purpose of Programme 2: Innovation and Creativity Promotion is to support and promote local innovation and creativity by maintaining accurate and secure registries of patents, designs, film productions and creative works. This includes maintenance of accurate, up-to date and relevant information concerning companies, foreign companies and other juristic persons contemplated in subsection (1) (a) (ii) of the Companies Act, No 71 of 2008, and concerning intellectual property rights, and the provision of that information to the public and to other organs of state. IP enforcement includes referring offense to law enforcement agencies such as the National Prosecution Authority.

Under this programme, the CIPC also supervises and regulates the distribution of collected royalty by accredited collecting agencies. In addition, the programme is responsible for providing policy inputs and legal advisory opinion on the coordination, implementation and impact of the respective IP laws. Furthermore, the group ensures that the implementation of the national IP regime is in alignment with the international IP system.

The group also registers patent attorneys that have passed the Patent Board Examination. Other functions of the Programme include the coordination of appropriate enforcement actions; education and creating awareness of the requirements and benefits of registration of IP rights, the remedies available and the opportunities for commercialisation and industrial development through efficient management of IP assets.

Through this programme, the CIPC also provides policy and legal insights on the implementation and impact of the relevant IP legislation. Thus, additional functions in this programme include in-depth research to identify gaps and to analyse the impact of IP rights registration forming a basis for further IP policy inputs. The programme is also responsible for monitoring the unauthorised use of private and public IP rights, with a particular focus on the protection of IP rights holders in the creative industries.

# **List of sub-programmes**

- 1. Innovation support and creativity
  - a) Patents and Designs Register
  - b) Innovation Policy and Outreach
- 2. Creative Industries
  - c) Copyright and IP Enforcement

- d) Indigenous Cultural Expressions and Knowledge
- Outcomes that Programme 2 contribute to are:
- i Organisational competencies and capabilities
- ii Organisational effectiveness
- iii Reduced administrative burden for companies and IP owners
- iv Reduce filing costs for IPR owners
- v PR Enforcement Data/Information Integration (All stakeholders)

# Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Under Programme 2, 87% (13 of the 15) targets were achieved.

# i. Substantive search and examination of patents

The organisation is in the process of building capacity for readiness to implement substantive search and examination (SSE) of patent applications, as proposed in IP policy and in awaited Patents Bill. In building capacity for a reconfigured patent regime, the organisation has embarked in the following projects/programmes:

- (i) Experiential Learning Programme (ELP);
- (ii) Procurement of a Patent Search Tool; and
- (iii) Training of patent examiners

# ii. Migration of IP processes to IPAS

The implementation of the Intellectual Property Automation System (IPAS) is geared toward offering CIPC customers efficient and effective services as a fully automated system for processing patent and design applications. A system that can help CIPC move from a paper-based environment to a digitalised and automated environment is what the company wants.

# iii. Service Delivery Standards (SDS) and Reduction of turnaround times

The CIPC publishes IP SDS, i.e. the maximum time to provide the service required. SDS performance target is 90% transactions processed within the published SDS; as well as reduction of turnaround times. The SDS performance and average turnaround time are monitored regularly.

# iv. Inventor Assistance Programme

The Inventor Assistance Program (IAP) is an innovative program whose principal goal is to bring as many under-



resourced inventors as possible into their local IP systems by giving them the knowledge, tools and means that they need to file complete applications, undergo substantive examination, and ultimately enjoy benefits of a duly issued patent. This is achieved through the provision of an online course (e-Tutorial on Pro Bono Patent Attorney Services) and finally pairing of inventors with pro-bono Patent Attorneys. The target audience is thus potential inventors. The tool used to implement the program is MS Teams for the Event, CIPC website and WIPO websites for advertising the program.

## v. IP Education and Awareness

Over the years, the CIPC has seen a need to support and therefore increase the protection of local innovation and creativity by providing more information on IP rights and by raising awareness of the opportunities that could arise from formalising IP rights through registrations.

Forty-five (45) education and awareness sessions were conducted in collaboration with the CIPC partners such as SEDA and other government departments. Annual events such as World IP Day and IP Summer School also contribute to the IP education and awareness programme.

## vi. IP for SMMEs

The CIPC, in collaboration with local and international partners, in this case WIPO, has introduced innovative programmes such as the IP for SMMEs in South Africa. The IP for SMME Capacity Development Programme is a national flagship programme spearheaded by the CIPC

in partnership WIPO and the National Task Force Team comprised of **the dtic**, Department of Small Business Development (DSBD), Small Enterprise Development Agency (SEDA), NIPMO, and several research institutions. The programme aims to increase IP awareness, build capacity and make the patent system more accessible to financially under-resourced inventors and small businesses, respectively, thus ensuring that there's more inclusivity in the use of the IP system. The project has two main objectives: firstly, to enhance SMME competitiveness through effective use & management of intellectual property (IP) assets, and secondly, to strengthen the institutional capacity of SMME support institutions (also known as SMME Intermediaries) in delivering IP related services to their stakeholders.

# vii. CIPC Learning Academy

The CIPC is establishing an academy that will ensure integration and coordination of learning in business and IP regulation space.

# viii. Copyright and IP Enforcement

The Copyright and IP Enforcement use three main platforms to build respect for IP. These include a continued focus on collaboration capacity, training, and targeted awareness. Creating awareness is crucial in the fight against counterfeit goods. Participating and presenting at various local and international events assisted to raise the level of awareness on the value and respect for IPR.



Table B. 28: Programme 2-Innovation and Creativity Promotion Key performance indicators, planned targets and actual achievements

Output	Performance Indicator	Audited Actual Achieve- ment 2019/20	Audited Actual Achieve- ment 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned annual targets to actual achievement 2021/224	Reasons for devia- tions
Impact Statemen	t 1: A world-clas	s modern reg	julator				
Outcome: Organi	sational Compe	tencies and C	apabilities				
Patent examiners trained on substantive search examination (SSE)	Number of patents examiners trained on SSE	New Indicator	New Indicator	All (16 SSE trained and 29 interns)	All patent examiners trained on SSE with EPO (15 Examiners and 28 interns - 2 resigned)	0	N/A
Migrating patent end-to-end processes to an automated system – Intellectual Property Automated System (IPAS)	% patent processes migrated to IPAS	New Indicator	New Indicator	80%	80%	0%	N/A
Migrating designs end-to- end processes to an automated system - IPAS	% designs processes migrated to IPAS	New Indicator	New Indicator	80%	80%	0%	N/A
Impact Statemen	t 2: Ease of doin	g business in	SA				
Outcome: Reduce	ed administrativ	e compliance	burden for o	ompanies a	nd IP owners		
Reduced turnaround time (TAT) for patent applications	Average turnaround time for patent applications	New Indicator	New Indicator	2	2	0	N/A
Reduced TAT for designs applications	Average turnaround time for designs application	New Indicator	New Indicator	2	2	0	N/A
Reduced TAT for copyright in films applications	Average turnaround time for copyright in film application	New Indicator	New Indicator	2	1	1	N/A

rrogramme 2: In	novation and Cre						
	Performance	Audited Actual Achieve- ment	Audited Actual Achieve- ment	Planned Annual Target	Actual Achievement	Deviation from planned annual targets to actual achievement	Reasons for devia-
Output	Indicator	2019/20	2020/21	2021/22	2021/22	2021/22 <sup>4</sup>	tions
Impact Stateme	nt 3: Investor con	fidence in SA	businesses a	and innovati	ons		
Outcome: Streng the client	gthening the valid	dity of grante	ed IPR (paten	ts designs ar	nd copyright), and	d in doing so reduce	litigation costs for
Patents SEE implemented and patent registrations service delivery standards maintained as legislated	Patent SSE Proof of Concept implemented	New Indicator	New Indicator	Patent SSE Proof of Concept complet- ed	SSE Proof of Concept Completed	0	N/A
Designs registrations service delivery standards maintained as legislated – 18 months	% design registrations processed within the legislated service delivery standards – 18 months	New Indicator	New Indicator	90%	76%	-14%	The processes are still largely manual and there is a lot that happens to a file from the date of application through to the issuing of a certificate. IPAS implementation is geared at resolving this problem.
Copyright in film registration service delivery standards maintained as legislated – 2 months	% copyright in film registrations processed within the legislated service delivery standards – 2 months	New Indicator	New Indicator	60%	67%	7%	N/A
Outcome: Reduc	e IP filing costs						
Reduce filing costs for IPR owners	Number of persons assisted	New Indicator	New Indicator	7	7	0	N/A
Outcome: Increa		rotection law	s, regulation	ıs, as well as :	services and relat	ed processes	
IP education and awareness sessions hosted by the CIPC or in collaboration with its partners for identified stakeholders	Number of webinars held hosted by the CIPC or in collaboration with its partners for identified stakeholders	38	27	16	45	29	Positive response from stakeholders



Output	Performance Indicator	Audited Actual Achieve- ment 2019/20	Audited Actual Achieve- ment 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned annual targets to actual achievement 2021/22 <sup>4</sup>	Reasons for devia-
CIPC Learning Academy	The establishment of the CIPC Learning Academy	New Indicator	New Indicator	WIPO needs as- sessment complete and MoU finaliza- tion	The needs assessment template was completed and forwarded to WIPO in Q1, and engagement with WIPO in Q2 included them offering a project consultant and identifying more candidates to be trained by WIPO. 18 candidates were identified.	MOU not done.	Feedback from WIPC awaited
IP enforcement public education and awareness sessions hosted by the CIPC or in its collaboration with its partners for identified stakeholders	Number of IP enforcement education and awareness sessions hosted by the CIPC or in collaboration with its partners for identified stakeholders	9	11	6	18	12	An increase in demand
Increase capacity in Law Enforcement Agencies on IPR	Number of Law Enforcement officials trained on IPR	New Indicator	New Indicator	80	368	288	N/A
Impact Statemen Outcome: IPR Ent		ecision-Mak	ing				
Data/Information		stakeholder	s)				
Mobile App used to collect data/ information on IPR enforcement	Stage of development of the Mobile App	New Indicator	New Indicator	Testing and launch of pilot	Testing and launch done	0	N/A

# 2.3 Programme 3: Business Regulation and Reputation

The purpose of the Programme 3: Business Regulation and Reputation is to enhance the reputation of South African businesses and the South African business environment by ensuring that the registers of corporate entities, their managers and their identity have integrity and that a culture of corporate compliance and high standards of governance, disclosure and corporate reputation is established. The programme also aims to provide policy and legal insight and advice on the coordination, implementation and impact of the respective laws

The following functions, amongst others, fall within this programme:

- maintaining registers of companies and close corporations, co-operatives, directors and delinquent persons, and trade marks as well as company names and business names,
- · accreditation of practitioners and intermediaries,
- educating business owners and practitioners on compliance of the legislation, as well as,
- promoting and enforcing compliance with the legislation.

The CIPC is required to monitor compliance with certain requirements of the legislation, such as the submission of annual returns, the rotation of auditors and disclosures in terms of the financial reporting standards and the requirements for prospectuses. Furthermore, the CIPC investigates complaints and enforces the provision of the Companies Act, the Close Corporations Act, the Share Block Companies Act and the Co-operatives Act relating to governance and disclosure.

The Business Regulation and Reputation Programme also incorporates a focus on corporate policy and legal matters. This includes support for the prosecution of offences, the interpretation of laws, as well as the proposal of amendments to legislation and regulations. The function also entails continuously tracking international developments in the areas of corporate governance, disclosure, corporate registration and enforcement and trade marks.

Complaints relating to Companies may be filed in writing with the CIPC. Upon receiving a complaint, the CIPC may resolve:

- (i) not to investigate,
- (ii) to refer it to the Companies Tribunal or Accredited Agency or other appropriate regulatory authority, or
- (iii) to direct an investigator or inspector to investigate.

After receiving an investigation report, the Commission may:

- (i) excuse a respondent;
- (ii) refer the complaint to the Companies Tribunal;
- (iii) issue a notice of non-referral to complainant, advising the complainant of any rights to seek a remedy in court;
- (iv) propose that the complainant and any affected person meet with the Commission or with the Tribunal, to resolve matter by consent order;
- (v) commence proceedings in a court in the name of the complainant, if the complainant—
  - has a right to apply to a court; and
  - has consented to the Commission to do so;
- (iv) refer the matter to the NPA, or other regulatory authority, if Commission alleges that a person has committed an offence in terms of this Act or any other legislation; or (vii) issue a compliance notice in terms of section 171.

### List of sub-programmes

- 1. Corporate Compliance and Enforcement
  - a) Corporate Disclosure and Compliance
  - b) Corporate Governance, Surveillance and Enforcement
- 2. Corporate Registers
  - a) Companies and Close Corporations (CCs)
  - b) Co-operatives
  - c) Directors, Members and Practitioners
  - d) Trademarks
- 3. Legal Policy and Outreach
  - a) Corporate Education and Voluntary Compliance
  - b) Corporate Legal and Policy Support

Outcomes that Programme 3 contribute to are:

- i Organisational competencies and capabilities
- ii Organisational effectiveness
- iii Reduced administrative burden for companies and IP owners



# Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Under Programme 1, 100% (5 of the 5) targets were achieved.

## i. Service Delivery Standards and Reduced Turnaround Times

The CIPC publishes IP SDS, i.e. the maximum time to provide the service required. SDS performance target is 90% transactions processed within the published SDS, as well as reduction of turnaround times. The SDS performance and average turnaround time are monitored regularly.

#### ii. Education & Awareness and Voluntary Compliance

To increase awareness of the CIPC and its partners' services, channels and compliance requirements, as well as improve compliance with corporate laws, the CIPC conducts education and awareness sessions in collaboration with its partners.

### iii. Beneficial Ownership Register

In 2019, South Africa's Regulatory Agencies and Law Enforcement Agencies collaborated in preparing for jurisdictional assessment of the financial system by the Financial Action Task Force (FATF) with the emphasis on compliance and level of effectiveness of the measures employed to mitigate against Anti Money Laundering (AML)/ Counter Financing of Terror (CFT).

These assessments led to a formal report which was issued; it summarizes the AML/CFT measures in place in the Republic of South Africa (South Africa) as at the date of the onsite visit (October 22 to November 12, 2019). It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of South Africa's AML/CFT system and provides recommendations on how the system could be strengthened.

According to the said report, Law enforcement faces challenges to readily obtain accurate and updated beneficial ownership (BO) information about companies and trusts, adequate to enable effective investigation of ML and TF.

As a result, insufficient BO transparency is an acute vulnerability as companies and trusts are often misused for ML or to carry out predicate crimes, making attorneys, trusts and company service providers inherently vulnerable to misuse. However, significant ML risks remain largely unaddressed for beneficial owners of legal persons and trusts.

CIPC administers and is a regulator of legal persons, with the observed abuse by the assessors, it is expected of CIPC to assist in the value chain by collecting relevant data on beneficial owners in order to assist Law Enforcement Agencies. Immediate Outcome 5 makes CIPC a key player to ensure delivery of this competence and capability.

Table B. 29: Programme 3 - Business Regulation and Reputation- Key performance indicators, planned targets and actual achievements

Programme 3: I	Performance Indicator	Audited Actual Achieve- ment 2019/20	Audited Actual Achieve- ment 2020/21	Planned Annual Target 2021/22	Actual Achieve- ment 2021/22	Deviation from planned annual targets to actual achievement 2021/225	Reasons for deviations
Impact Stateme	ent 2: Ease of doing	g business in	SA				
Outcome: Redu	ced administrative	e compliance	burden for c	ompanies an	d IP owners		
Reduction in the average number of days to register a company from the date of receipt of a complete application	The average number of days to register a company from the date of receipt of a complete application	2	2	2	1	1	Steady continued growth towards BizPortal new company registration service which resulted in a decrease in E-services new company registration. Although E-services new company registration is also done within a day, BizPortal is faster due to no paper work being loaded by customers and also does not require "indexing/verification" by back office team member.
Reduction in the average number of days to register a cooperative from the date of receipt of a complete application.	The average of number of days to register a co-operative from the date of receipt of a complete application.	2	2	3	1	2	Migration of the co- operatives registration to K2, automation and system stability resulted in improved turnaround times.
Impact stateme	ent 3: Investor conf	idence					
Outcome: Incre	ased awareness of	company la	ws, regulatio	ns, as well as	CIPC service	s, processes, and ch	nannels
Education and awareness sessions on Company Act and other related legislation (including Cooperatives Amendment Act), services, processes and channels using Ms Teams, Zoom, Facebook live, and other platforms	Number of education and awareness sessions initiated or participated in on the Companies Act and related legislation (including Cooperatives Amendment Act), services, processes and channels using Ms Teams, Zoom, Facebook live, and other	11	47	18	54	36	A high number of requests for participations in webinars were received from stakeholders to participate in education & awareness webinars.

Programme 3	: Business Regulatio	on and Reputa	ation: Indicat	ors, Annual a	nd Quarterl	y Targets	
Output	Performance Indicator	Audited Actual Achieve- ment 2019/20	Audited Actual Achieve- ment 2020/21	Planned Annual Target 2021/22	Actual Achieve- ment 2021/22	Deviation from planned annual targets to actual achievement 2021/225	Reasons for deviations
Stakeholder education seminars or provide professional support. Collaborate with IODSA	Stakeholder education seminars or provide education support / training - including collaboration with IODSA	New Indicator	New Indicator	2	3	1	An additional webinar was hosted on the subject of an Independent Review on 29 October 2021.
Outcome: Rep	outable business an	d IP regulatio	n environme	nt			
Automated Beneficial Ownership Register	Beneficial Ownership Register in place	New Indicator	Approved Beneficial Ownership Concept Paper	Approved Beneficial Ownership Register Business case	Approved Beneficial Own- ership Register Business Case	0	N/A



## 3. REVENUE COLLECTION

Table B. 30: Revenue Collection related to the key objective of the organisation

		2021/2022		2020/2021		
Programme/ Activity/ Objective	Budget	Actual Amount Collected	(Over)/Under Collection	Budget	Actual Amount Collected	(Over)/Under Collection
	R′000	R'000	R′000	R′000	R'000	R'000
Annual Returns: Com	349,783	356,632	-6,849	300,502	337,509	-37,007
Annual Returns: CC	84,626	74,991	9,635	81,546	78,416	3,130
Companies	117,551	106,184	11,367	100,034	114,662	-14,628
Cooperatives	693	736	-43	1,316	786	530
Data Sales/ Disclosure	29,547	25,513	4,034	24522	26,158	-1,636
Trade marks	31,290	30,464	826	30,119	27,718	2,401
Patents and designs	27,040	27,791	-751	27,217	25,176	2,041
Copyright	10	17	-7	0	5	-5
Total Revenue	640,540	622,328	18,212	565,256	610,430	-45,174

## 4. CAPITAL INVESTMENT

Table B. 31: Capital Investment

		2020/2021			2021/2022	2021/2022		
Programme/ Activity/ Objective	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure		
	R′000	R′000	R′000	R′000	R′000	R′000		
Computer hardware	16,000	9,565	6,435	13,000	4,889	9,495		
Computer software	18,000	14,343	3,657	18,730	17,691	1,039		
Furniture and equipment	200	219	-19	350	4	346		
Leasehold improvements	400	0	400	1,000	0	1000		
Safety and Security Equipment				1850	0	1850		
Total Expenditure	34,600	24,127	10,473	34,930	21,200	13,730		



## 1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, 2008, corporate governance with regard to public entities is applied through the precepts of

the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

## 2. PORTFOLIO COMMITTEES

Table C. 1: Portfolio Committee Meetings

Date	Details	Attending officials	Agenda/areas of risk identified and CIPC implementation plans/ actions	Required action
16 March 2022	CIPC presented Quarterly	Rory Voller, Adv., the CIPC	CIPC Financial and Non-Financial	None
	Performance Review to	Commissioner Muhamed	Performance	
	the Portfolio Committee	Jasat, Mr., CFO		

## 3. EXECUTIVE AUTHORITY

Four quarterly reports were submitted. We are awaiting approval from the Minister.

Table C. 2: Quarterly Performance Report Submitted to the Executive Authority

Quarter Report submission	Approval by the Minister	Comments & Required action	Progress
Quarter 1 submitted	Awaiting approval	N/A	N/A
Quarter 2 submitted	Awaiting approval	N/A	N/A
Quarter 3 submitted	Awaiting approval	N/A	N/A
Quarter 4 submitted	Awaiting approval	N/A	N/A

## 4. ACCOUNTING AUTHORITY

Table C. 3: AUDIT Committee and RISK and ICT Committees

Committee	Ordinary meetings held	Special Meetings held	Workshop	No. of members	Name of members
Audit	4	2	2	7	Mr. S Maharaj – Chairperson
Committee					Ms. L Vilakazi – Independent Member
					Mr. B Zulu – Independent Member
					Ms. S Mayinga – Independent Member
					Mr. J. Motjuwadi – Independent Member
					Adv. R Voller – Commissioner
					Ms. K Singh – the dtic (shareholder) representative
Risk and IT	4	0	0	4	Mr. J Motjuwadi – Chairperson
Committee					Mr. A Matiwane – Independent Member
					Ms. Ulandi Exner – Independent Member
					Adv. R Voller - Commissioner

Table C. 4: Remuneration of committee members

Name	Remuneration	Other allowance	Other re-imbursements	Total
Adv. R Voller	N/A	N/A	N/A	N/A
Ms. A Matiwane				
Ms. U Exner				
Mr. J Motjuwadi				



Name	Remuneration	Other allowance	Other re-imbursements	Total
Mr. B Zulu				
Mr. S Maharaj				
Mr. S Mayinga				
Ms. L Vilakazi				
Ms. K Singh	N/A	N/A	N/A	N/A

## 5. RISK MANAGEMENT

The CIPC has and maintains an approved risk management policy and strategy, which are regularly reviewed. These documents provide a standard guide on how enterprisewide risk management is rolled out. Risk assessments are conducted annually and reviewed as and when required. As part of the review process, emerging risk are identified and included in the relevant risk registers.

A Committee, which focuses on Risk Management and ICT matters, is in place and meets quarterly. This committee is chaired by an independent non-executive member and includes other independent members.

An Audit Committee with independent non-executive members is in place. The Committee provides oversight on matters relating but not limited to controls, financial, risk and performance management.

Progress on the implementation of Risk Management is monitored. A risk maturity assessment was conducted to determine the level of risk management maturity of the organisation. This exercise identified gaps and provided recommended relevant remedial actions. Management has implemented these recommendations. Actions to further improve the maturity have been included in the risk management plan for the 2021/22 financial year.

**Table C.5: Risk and ICT Committee Member Details** discloses relevant information on the Risk and ICT committee members

Table C. 5: Risk and ICT Committee Member Details

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Mr. J Motjuwadi	BSC; Fort Hare	External	N/A	01 Feb 2021	31 Jan 2022	4
Mr. A Matiwane	Short courses in Executive Development, Property Development, Compliance Management	External	N/A	01 Feb 2021	31 Jan 2022	4
Ms. U Exner	BCom: Informatics, UNISA	External	N/A	01 Feb 2021	31 Jan 2022	4
Adv. R Voller	LLM	Internal	Commissioner	01 Sep 2016	N/A	4

## 6. INTERNAL CONTROL UNIT

The Internal Audit three-year rolling strategic plan for 2021/2022 to 2023/2024 and one-year operational plan for 2021/2022 were approved by the CIPC Audit Committee in April 2021. The operational plan contained twenty-two (22) internal audits that needed to be executed during the 2021/2022 financial year. Due to lack of capacity in the IT Section of the Internal Audit division caused by

resignations and slow recruitment processes within the organisation, a number of IT audits had to be deferred.

As at 31 March 2022, 82% of the plan had been fully achieved. 18% of the audits had been partially completed. Partially completed includes draft reports being issued and awaiting management comments or reports awaiting to be tabled at EXCO and the Audit Committee.

## 7. INTERNAL AUDIT AND AUDIT COMMITTEES

The tabled below discloses relevant information on the audit committee members.

Table C. 6: Disclosure of Information on Audit Committee Members

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Adv. Rory Voller	LLM	Internal	Commissioner	01 Sep 2016	N/A	6
Mr. Suren Maharaj	BCom: Natal; CA (SA)	External	N/A	01 Feb 2021	31 Jan 2022	6
Ms. Leanda Vilakazi	Bachelor of Law; UKZN: Diploma in Corporate Law: UJ	External	N/A	01 Feb 2021	31 Jan 2022	6
Mr. Bhekumuzi Zulu	BCom Hons UKZN: CA	External	N/A	01 Feb 2021	31 Jan 2022	6
Ms. Sphiwe Mayinga	LLM; Unisa	External	N/A	01 Feb 2021	31 Jan 2022	6
Mr. Joshua Motjuwadi	BSC; Fort Hare	External	N/A	01 Feb 2021	31 Jan 2022	6
Ms. Kamitha Singh	BCom; B Compt; BCompt Honours; Executive Development Programme, CIA, Associate Member of IIA	the dtic rep	Dtic rep	Dtic rep	Dtic rep	5

# 8. COMPLIANCE LAWS AND REGULATIONS

The organisation has established processes to ensure compliance with relevant and applicable legislation, regulations and prescripts and polices. A compliance Policy, Framework, Universe and Plan are being implemented and will be regularly reviewed. Regular monitoring is conducted and results are communicated to all governance structures on a regular basis.

# 9. FRAUD AND CORRUPTION

A fraud prevention plan is compiled and approved by the relevant oversight structures annually. Quarterly reports on progress on implementation of the plan are provided and discussed by these oversight structures.

The organisation has various channels for reporting fraud and corruption, among these is a dedicated independently managed 24/7 hotline which is preferred by most whistle-blowers as it provides anonymity. Whistleblowing reports are received by the CIPC as soon as they are logged.

The CIPC maintains a case register which provides a record of all fraud related complaints. This case register is updated regularly with regard to the status or progress of the reported matters. After analysis, matters are investigated using internal and external resources depending on the nature and complexity of the case. Investigation reports

are used to decide on action to be taken in line with CIPC disciplinary and other applicable policies.

# 10. MINIMISING CONFLICT OF INTEREST

The CIPC implemented mechanisms to minimise conflict of interest by stakeholders. External governance committees' members are required to declare their interest upon appointment and at the beginning of each meeting. Finance and SCM related processes address declarations by suppliers and service providers.

The requirement to formally declare actual and or potential conflict of interest by employees was applicable to the senior management level. Upon identifying the risk exposure of not requiring all employees to declare, a policy which requires all employee to declare their interest was developed and will be approved once the consultation process with Organised Labour is concluded.

## 11. CODE OF CONDUCT

The Code of Conduct defines who we are and how we act whilst pursuing the CIPC goals. Our conduct is closely aligned with the ethical behaviour expected of each employee and stakeholder involved with the CIPC. The Code of Conduct and Ethics has been updated and aligned with other policies of the organisation. The updated Code will be implemented once the process of consultation with Organised Labour is concluded.



# 12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The CIPC business operations conducted within an office environment has been maintained to be a safe and conducive working environment as inspections were conducted, and minor safety risks and hazards identified were addressed to mitigate any such risks/hazards timeously. No loss of life and/or injuries occurred during the reporting period.

# 13. COMPANY/BOARD SECRETARY

Not applicable.

## 14. SOCIAL RESPONSIBILITY

Not applicable.



## 15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2022.

## **Audit Committee Responsibility**

#### The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity, revealed certain weaknesses, which were then raised with the public entity.

The following internal audit work was completed during the year under review:

### In-Year Management and Monthly/Quarterly Report

The public entity has submitted monthly and quarterly reports to the Executive Authority.

#### **Evaluation of Financial Statements**

We have reviewed the annual financial statements prepared by the public entity.

#### **Auditor's Report**

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the material matters have been adequately resolved.

The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.



Chairperson of the Audit Committee Companies and Intellectual Property Commission 31 July 2022



## 16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:							
Criteria	Response Yes/ No	Discussion					
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	This does not fall within the CIPC mandate.					
Developing and implementing a preferential procurement policy?	Yes	The Preferential Procurement Policy is implemented at all times.					
Determining qualification criteria for the sale of state-owned enterprises?	No	This does not fall within the CIPC mandate.					
Developing criteria for entering into partnerships with the private sector?	Yes	A collaboration Framework is in place.					
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	No	This does not fall within the CIPC mandate.					









## 1. INTRODUCTION

# 1.1 Overview of Human Resource Matters in a Public Entity

CIPC embarked on an organisational design project to review the current organisational structure through the assistance of a Service Provider that was appointed to run the project. The as-is analysis, Gap analysis and Skills Audit has been completed. The 'To-be' organisational structure and Implementation of the New Organisational structure is still underway.

During this process of organisational design, management and organised labour have agreed on a process to fill critical positions through a consultative process when a need arises. Automation of certain functions within the CIPC brought a number of challenges to the extent that some employees are temporarily seconded to other divisions to ensure that they are gainfully utilised. At the end of the period under review (2021/22), CIPC's vacancy rate was at 28.9%.

Key human capital policies were approved and implemented during this financial year.

# 1.2 Set Human Resource priorities for the year under review, and the impact of these priorities

The following are HR priorities:

- Organisational design project that will deliver new operating model, Job descriptions and job evaluations.
- Recruitment and Selection the recruitment unit has been capacitated to efficiently recruit the identified critical vacant positions within the set periods by the organisation. Vacant strategic positions have been filled in order to deal with challenges that CIPC faces. Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce.
- Targeted recruitment to fill strategic positions that will not be affected by the Organisational Design process.
- Organisational culture, values and ethics the organisation still strives to establish a culture that encompasses the CIPC values and encourages teamwork and collaboration. Management remains committed to the management of the change and creates a new culture that enables efficient service for excellent customer experience.
- Training and Development The CIPC Work Skills plan

addresses all the needs for development of CIPC staff. This is supplemented by the Personal Development Plans for employees.

# 1.3 Employee Performance Management Framework

Ninety-one percent (91%), of the performance reviews have been completed and we take pride that the CIPC Employee Performance Management Policy is in full swing.

### 1.4 Employee wellness

Employee wellness is intrinsic to the employee value proposition in terms of optimising wellness within the CIPC. In line with the global trends, the CIPC is shifting towards a holistic preventative approach to wellness. This encompasses the provision of support and guidance to healthy employees, as well as the traditional health and wellness provided by the organisation.

In addition to its normal deliverables, the COVID-19 pandemic during 2020/21 kept the Employee Wellness Unit additionally busy as part of the CIPC COVID-19 Management programme.

This comprehensive wellness programme is an integral part of the overall strategy and it incorporate multiple new capabilities, such as:

- Confidential Counselling Services provided to staff;
- Health and Productivity Management, e.g.
  - Financial Life Skills provided through E-Communication.
  - Wellness Days interventions could not be implemented internally during this period due to telecommuting arrangements and the COVID-19 related lockdown. Staff were however encouraged to take personal initiative to, amongst other things, eat healthily and exercise while working from home; practice healthy ergonomics while working from home, etc. Through their medical aid, staff can also access Wellness Day services via private health providers.
- Occupational Health Clinic and advisory services provided through the dtic (incl. HIV programmes, disease prevention, chronic disease management, etc.);



- Work Life Balance programmes implemented. This included a number of webinars and E-Communication on Work-Life Balance being made available to Staff;
  - A survey was conducted to determine the effectiveness of telecommuting and its impact on productivity and work-life balance.
- Information on disease prevention and management interventions was provided. This included support provided to employees under medical treatment;
- Bereavement Support As part of showing care and concern for its Staff, through the EHW office, the CIPC supported Staff who lost their family members and also conducted memorial services for deceased Staff.
- Facilitation of Sports and Recreation activities. Due to telecommuting and COVID-19 lockdown, Staff were encouraged to engage in sports and recreation activities in their personal capacity.
- COVID-19 Management interventions implemented.
   These included: COVID-19 symptom screening, provision of Personal Protective Equipment, emotional support to Staff who test positive, and communication to all Staff on COVID-19 compliance protocols.

## 1.5 Policy development

- Consultation with organised labour on human capital policies is going well.
- Information sessions on all EHW Policies were conducted to all CIPC Staff from lower levels up to Senior Management levels.
- Information sessions on Disciplinary and Grievance Policies were conducted to CIPC lower levels staff.

## 1.6 Highlight achievements

The achievements for the year under review were:

- Key Human Capital Policies approved.
- Six (6) strategic positions were filled during this financial year.
- Employment Equity Report submitted to the Department of Labour.
- Eleven (11) Employees were awarded bursaries.
- There were six (6) arbitration awards in favour of the employer.

## 1.7 Challenges faced by the entity

Challenges that faced the CIPC during the year under review were:

- Automation impact on effective utilisation of staff in affected business units – under-utilisation of staff results in low morale.
- High vacancy rate due to moratorium on filling vacant positions.
- High rate of vexatious dispute referrals to CCMA.

#### 1.8 Future Plans

The HR Plan seek to achieve the following goals for the 2022/23 financial year:

- New Organisational Structure
- · Reviewed HR policies.
- Development of staff in accordance with their Performance Development Plans.



## 2. HUMAN RESOURCE OVERSIGHT STATISTICS

Table D. 1: Personnel Cost by programme/ activity/ objective

Programme/ Activity/ Objective	Total Expenditure for the entity R'000	Personnel Expenditure R'000	Personnel exp. as a % of total exp. %	No. of employees	Average personnel cost per employee
Business Regulation and Reputation	81,565	54,787	67%	69	789
Innovation and Creativity Promotion	54,377	36,524	67%	46	789
Service Delivery and Access	407,824	273,933	67%	347	789
TOTAL	543,765	369,243	68%	463	

Table D. 2: Personnel cost by salary band

Programme/ Activity/ Objective	Personnel Expenditure	Expenditure to total personnel cost		Average personnel cost per employee	
	R′000	R'000		R'000	
Top Management	9 680	3%	3	3 227	
Senior Management	19 669	5%	7	2 810	
Professional Qualified	92 947	25%	61	1 524	
Skilled	112 964	31%	168	672	
Semi Skilled	133 983	36%	224	598	
TOTAL	369 243		463		

Table D. 3: Performance Rewards

Programme/ Activity/ Objective	Performance Rewards			No. of employees	
	R'000	R'000	R'000	R'000	
Top Management	89	2 393	4%	3	
Senior Management	209	5 583	4%	7	
Professional Qualified	1 817	48 648	4%	61	
Skilled	5 006	133 980	4%	168	
Semi Skilled	6 674	178 640	4%	224	
TOTAL	13 795	369 243		463	

Table D. 4: Training Costs

Programme/ Activity/ Objective	Personnel Expenditure	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
	R′000	R′000		R'000
Top Management	9 680	3%	3	3 227
Senior Management	19 669	5%	7	2 810
Professional Qualified	92 947	25%	61	1 524
Skilled	112 964	31%	168	672
Semi Skilled	133 983	36%	224	598
TOTAL	369 243		463	



Table D. 5: Employment and vacancies

Programme/activity/objective	1 April 2021 No. of Employees	1 April 2021 Approved Posts	31 March 2022 No. of Employees	31 March 2022 Vacancies	% of vacancies
Commissioner's Office	53	72	48	24	33.3%
Corporate Services	99	126	92	34	27.0%
Business Intelligent & Systems	35	61	39	22	36.1%
Innovation and Creativity Promotion	67	99	61	38	38.4%
Business Regulation & Reputation	226	282	215	67	23.8%
TOTAL	480	640	455	185	28.9%

Table D. 6: Occupational Bands

Occupational Bands	1 April 2021 No. of Employees	1 April 2021 Approved Posts	31 March 2022 No. of Employees	31 March 2022 Vacancies	% of vacancies
Top Management	4	6	4	2	40.0%
Senior Management	10	14	7	7	50.0%
Professional qualified	64	96	62	34	99.4%
Skilled	169	261	161	100	112.3%
Semi-skilled	233	263	221	42	50.6%
Unskilled					
TOTAL	480	640	455	185	28.9%

Senior management posts are being filled as and when vacated or required. Positions are advertised internally and externally and the best suitable candidate is appointed. CIPC prides itself on paying its employees market-related salaries and offering service benefits like; 13<sup>th</sup> cheque, performance bonus, reward for years of service, UIF and group life policy.

*Table D. 7: Employment changes* 

Occupational Bands	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	4	1	0	4
Senior Management	10	0	1	7
Professional qualified	64	4	3	62
Skilled	169	1	6	161
Semi-skilled	233	4	5	221
Unskilled				
Total	480	10	15	455

Table D. 8: Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	3	20.0%
Resignation	7	46.7%
Dismissal	2	13.3%
Retirement	3	20.0%
III health	0	0.0%
Expiry of contract	0	0.0%
Other	0	0.0%
Total	15	100%

Senior management posts are being filled as and when vacated or required. Positions are advertised internally and externally and the best suitable candidate is appointed. CIPC prides itself on paying its employees market-related salaries and offering service benefits like; 13<sup>th</sup> cheque, performance bonus, reward for years of service, UIF and group life policy.



Table D. 9: Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	3
Final Written warning	3
Dismissal	2

*Table D. 10: Equity Target and Employment Equity Status – Male* 

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	1	1	1	0	0	1	1
Senior Management	5	5	0	0	1	1	0	0
Professional qualified	27	34	3	3	4	4	4	4
Skilled	71	79	3	17	1	1	9	14
Semi-skilled	65	75	1	1	1	1	2	2
Unskilled								
TOTAL	168	194	8	22	7	7	16	21

Table D. 11: Equity Target and Employment Equity Status – Female

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	1	1	0	0
Senior Management	4	4	0	0	0	0	0	0
Professional qualified	17	15	3	6	2	2	11	8
Skilled	70	65	5	9	5	2	10	5
Semi-skilled	141	120	8	8	1	1	23	10
Unskilled								
TOTAL	233	205	16	23	9	6	44	23

Table D. 12: Equity Target and Employment Equity Status – Disabled staff

Levels	Disabled Staff					
	Male		Fen	nale		
	Current	Current Target		Target		
Top Management	0	0	0	0		
Senior Management	0	0	0	0		
Professional qualified	0	1	0	2		
Skilled	5	5	0	7		
Semi-skilled	2	2	2	3		
Unskilled						
TOTAL	7	8	2	12		





# 1. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON COMPANIES AND INTELLECTUAL PROPERTY COMMISSION

# REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

## Opinion

- 1. I have audited the financial statements of the Companies and Intellectual Property Commission set out on pages 98 to 134, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
- 2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Companies and Intellectual Property Commission as at 31 March 2022, as well as its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standard of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

## Basis for opinion

## Context for the opinion

- I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
- 4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Emphasis of matter**

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

# RESTATEMENT OF CORRESPONDING FIGURES

7. As disclosed in note 37 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2021.

# Responsibilities of the accounting authority for the financial statements1

- 8. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standard of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- 9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

# Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report



# Annual Financial Statements for the year ended 31 March 2022

that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

- 12. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
- 13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
- 14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the public entity for the year ended 31 March 2022.

Programme	Pages in the annual performance report
Programme 03 – Business regulation	48 - 50

- 15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 16. I did not identify any material findings on the usefulness and reliability of the reported performance information for programme:
- Programme 3 Business regulation

#### Other matters

17. I draw attention to the matters below.

#### Achievement of planned targets

18. Refer to the annual performance report on pages 58 to 76 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

## REPORT ON THE AUDIT OF **COMPLIANCE WITH LEGISLATION**

## Introduction and scope

- 19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
- 20. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

## OTHER INFORMATION

21. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements.

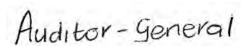


## Annual Financial Statements for the year ended 31 March 2022

- the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
- 22. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
- 23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 24. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## INTERNAL CONTROL **DEFICIENCIES**

I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.



Pretoria

30 July 2022



Auditing to build public confidence





1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programme and on the public entity's compliance with respect to the selected subject matters.

#### Financial statements

- 2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority.
- conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Companies and Intellectual Property Commission to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in

- my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# Communication with those charged with governance

- 3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- 4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



## **General Information**

## 2. ANNUAL FINANCIAL STATEMENTS

**Country of incorporation and domicile**South Africa

**Legal form of entity**Public Entity in terms of Schedule 3A of the Public Finance

Management Act

**Controlling entity** Department of Trade, Industry and Competition

Nature of business and principal activities Regulator of Companies and Intellectual Property in South Africa

**Registered office** the dtic Campus (Block F - Entfutfukweni)

77 Mentjies Street

Sunnyside Pretoria 0001

Postal address PO Box 429

Pretoria 0001

**Bankers** ABSA Corporate Banking

**Auditors** Auditor-General South Africa



## Companies and Intellectual Property Commisison

Annual Financial Statements for the year ended 31 March 2022

## Index

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

	Page
Accounting Authority's Responsibilities and Approval	98
Statement of Financial Position	99
Statement of Financial Performance	100
Statement of Changes in Net Assets	101
Cash Flow Statement	102
Statement of Comparison of Budget and Actual Amounts	103-104
Accounting Policies	105-111
Notes to the Annual Financial Statements	112-134



## **Accounting Authority's Responsibilities and Approval**

The annual financial statements for the year ended 31 March 2022, are prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) and incorporate disclosures in line with the accounting policies of the entity and the requirements of the Public Finance Management Act 1999 (Act No. 1 of 1999) (PFMA).

The Accounting Authority is responsible for the preparation and integrity of the annual financial statements and related information included in the annual report. In order for the Accounting Authority to discharge these responsibilities, as well as those imposed in terms of the PFMA and other applicable legislation, a system of internal controls has been developed, and maintained.

The internal controls include a risk-based system approach of internal auditing and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and transactions executed and recorded in accordance with generally accepted business practices, as well as the entity's policies and procedures. Trained and skilled personnel, with an appropriate segregation of duties, implement these controls. Monitoring of these controls include a regular review of their operations by the Accounting Authority and independent oversight by the Audit Committee.

The Auditor-General South Africa, as an external auditor, is responsible for expressing an opinion on the annual financial statements.

The annual financial statements which have been prepared on the going concern basis, were approved and signed by the

Accounting Authority on 31 July 2022.

Adv. Rory Voller

Commissioner (Accounting Authority) Pretoria 30 July 2022





## **Statement of Financial Position as at 31 March 2022**

Current Assets         Receivables from exchange transactions       3       1 162       1 526         Prepayments       4       13 329       16 757         Cash and cash equivalents       5       690 359       662 134         Non-Current Assets       Property, plant and equipment       6       22 060       27 424         Intangible assets       7       42 284       31 741         Prepayments       4       2 213       8 049         66 557       67 214         Total Assets       771 407       747 631         Liabilities         Current Liabilities       9       1 202       12         Payables from exchange transactions       10       50 630       26 693         Payables from exchange transactions       10       50 630       26 693         Provisions       10       50 630       26 693         Provisions       12       49 212       48 804         Provisions       23 3405       198 700         N			2022	2021 Restated*
Current Assets         Receivables from exchange transactions       3       1 162       1 526         Prepayments       4       13 329       16 757         Cash and cash equivalents       5       690 359       662 134         Non-Current Assets       Property, plant and equipment       6       22 060       27 424         Intangible assets       7       42 284       31 741         Prepayments       4       2 213       8 049         66 557       67 214         Total Assets       771 407       747 631         Liabilities         Current Liabilities       9       1 202       12         Payables from exchange transactions       10       50 630       26 693         Payables from exchange transactions       10       50 630       26 693         Provisions       10       50 630       26 693         Provisions       12       49 212       48 804         Provisions       23 3405       198 700         N		Notes	R'000	R '000
Receivables from exchange transactions       3       1 162       1 526         Prepayments       4       13 329       16 757         Cash and cash equivalents       5       690 359       662 134         Non-Current Assets         Property, plant and equipment       6       22 060       27 424         Intangible assets       7       42 284       31 741         Prepayments       4       2 213       8 049         Prepayments       4       2 213       8 049         Intal Assets       771 407       747 631         Liabilities         Current Liabilities         Current Liabilities         Current Liabilities         Current Liabilities         Proyables from exchange transactions       10       50 630       26 693         Payables from exchange transactions       10       50 630       26 693         Payables from customer deposits received       11       1 30 583       121 374         Employee benefit obligation       25       1 778       1 887         Provisions       12       49 212       48 804         Current Liabilities       23 3405<	Assets			
Prepayments         4         13 329         16 757           Cash and cash equivalents         5         690 359         662 134           Non-Current Assets         Property, plant and equipment         6         22 060         27 424           Intangible assets         7         42 284         31 741           Prepayments         4         2 213         8 049           Frepayments         4         2 213         8 049           Intal Assets         771 407         747 631           Liabilities         Current Liabilities           Current Liabilities         9         1 202         12           Payables from exchange transactions         10         50 630         26 693           Payables from customer deposits received         11         130 583         121 374           Employee benefit obligation         25         1 778         1 887           Provisions         12         49 212         48 804           23 340s         198 770           Non-Current Liabilities         2         23 105         198 770           Non-Current Liabilities         2         23 108         21 398           Operating lease liability	Current Assets			
Cash and cash equivalents       5       690 359       662 134         Non-Current Assets         Property, plant and equipment       6       22 060       27 424         Intensible assets       7       42 284       31 741         Prepayments       4       2 213       8 049         Frepayments       4       2 213       8 049         Total Assets       771 407       747 631         Liabilities         Current Liabilities         Operating lease liability       9       1 202       12         Payables from exchange transactions       10       50 630       26 693         Payables from customer deposits received       11       130 583       121 374         Employee benefit obligation       25       1 778       1 887         Provisions       12       49 212       48 804         Provisions       2       23 405       198 70         Non-Current Liabilities       2       2 30 18       2 1 397         Provisions       9       2 8       11         Employee benefit obligation       25       23 108       2 1 397         Provisions       2       2 30 18       2 1 397 <t< td=""><td>Receivables from exchange transactions</td><td>3</td><td>1 162</td><td>1 526</td></t<>	Receivables from exchange transactions	3	1 162	1 526
Non-Current Assets         704 850         680 417           Property, plant and equipment         6         22 060         27 424           Intangible assets         7         42 284         31 741           Prepayments         4         2 213         8 049           4 Cotal Assets         66 557         67 214           Total Assets         771 407         747 631           Liabilities           Current Liabilities           Supplies from exchange transactions         9         1 202         12           Payables from exchange transactions         10         50 630         26 693           Payables from customer deposits received         11         130 583         121 374           Employee benefit obligation         25         1 778         1 880           Provisions         12         49 212         48 804           Provisions         21         49 212         48 804           Provisions         23 3 405         198 770           Non-Current Liabilities         23 3 05         21 308           Operating lease liability         9         228         111           Employee benefit obligation         25	Prepayments	4	13 329	16 757
Non-Current Assets         Property, plant and equipment       6       22 060       27 424         Intangible assets       7       42 284       31 741         Prepayments       4       2 213       8 049         66 557       67 214         Total Assets       771 407       747 631         Liabilities         Current Liabilities         Current Liabilities         Operating lease liability       9       1 202       12         Payables from exchange transactions       10       50 630       26 693         Payables from customer deposits received       11       130 583       121 374         Employee benefit obligation       25       1 778       1 887         Provisions       12       49 212       48 804         Provisions       23 3405       198 770         Non-Current Liabilities         Operating lease liability       9       228       111         Employee benefit obligation       25       23 018       21 397         Employee benefit obligation       25       23 018       21 397         Employee benefit obligation       25       23 018       21 508	Cash and cash equivalents	5	690 359	662 134
Property, plant and equipment         6         22 060         27 424           Intangible assets         7         42 284         31 741           Prepayments         4         2 213         8 049           66 557         67 214         771 407         747 631           Liabilities           Current Liabilities           Operating lease liability         9         1 202         12           Payables from exchange transactions         10         50 630         26 693           Payables from customer deposits received         11         130 583         121 374           Employee benefit obligation         25         1 778         1 887           Provisions         12         49 212         48 804           Non-Current Liabilities           Operating lease liability         9         228         111           Employee benefit obligation         25         23 018         21 307           Total Liabilities         23 246         21 508           Total Liabilities         256 651         220 278           Net Assets         514 756         527 353		_	704 850	680 417
Intangible assets       7       42 284       31 741         Prepayments       4       2 213       8 049         66 557       67 214       771 407       747 631         Liabilities         Current Liabilities         Operating lease liability       9       1 202       12         Payables from exchange transactions       10       50 630       26 693         Payables from customer deposits received       11       130 583       121 374         Employee benefit obligation       25       1 778       1 887         Provisions       12       49 212       48 804         233 405       198 770         Non-Current Liabilities       9       228       111         Employee benefit obligation       9       228       111         Employee benefit obligation       9       23 346       21 397         Total Liabilities       25       23 018       21 397         Total Liabilities       25       23 018       21 397         Reverse for the properties of th	Non-Current Assets			
Prepayments         4         2 213         8 049           66 557         67 214           Total Assets         771 407         747 631           Liabilities         Current Liabilities         Variable Season Sea	Property, plant and equipment	6	22 060	27 424
Total Assets       66 557       67 214         Total Assets       771 407       747 631         Liabilities         Current Liabilities         Operating lease liability       9       1 202       12         Payables from exchange transactions       10       50 630       26 693         Payables from customer deposits received       11       130 583       121 374         Employee benefit obligation       25       1 778       1 887         Provisions       12       49 212       48 804         Non-Current Liabilities         Operating lease liability       9       228       111         Employee benefit obligation       25       23 018       21 397         Employee benefit obligation       25       23 018       21 397         Total Liabilities       23 246       21 508         Total Liabilities       256 651       220 278         Net Assets       514 756       527 353	Intangible assets	7	42 284	31 741
Total Assets         771 407         747 631           Liabilities         Current Liabilities           Operating lease liability         9         1 202         12           Payables from exchange transactions         10         50 630         26 693           Payables from customer deposits received         11         130 583         121 374           Employee benefit obligation         25         1 778         1 887           Provisions         12         49 212         48 804           Provisions         23 3 405         198 770           Non-Current Liabilities         9         228         111           Employee benefit obligation         25         23 018         21 397           Employee benefit obligation         25         23 018         21 397           Total Liabilities         25         23 18         21 308           Total Liabilities         25         25 651         20 278           Net Assets         514 756         527 353	Prepayments	4	2 213	8 049
Liabilities         Current Liabilities         Operating lease liability       9       1 202       12         Payables from exchange transactions       10       50 630       26 693         Payables from customer deposits received       11       130 583       121 374         Employee benefit obligation       25       1 778       1 887         Provisions       12       49 212       48 804         233 405       198 770         Non-Current Liabilities         Operating lease liability       9       228       111         Employee benefit obligation       25       23 018       21 397         Employee benefit obligation       25       23 018       21 397         Total Liabilities       25 6651       220 278         Net Assets       514 756       527 353		_	66 557	67 214
Current Liabilities         Operating lease liability       9       1 202       12         Payables from exchange transactions       10       50 630       26 693         Payables from customer deposits received       11       130 583       121 374         Employee benefit obligation       25       1 778       1 887         Provisions       12       49 212       48 804         Non-Current Liabilities         Operating lease liability       9       228       111         Employee benefit obligation       25       23 018       21 397         Employee benefit obligation       25       23 246       21 508         Total Liabilities       256 651       220 278         Net Assets       514 756       527 353	Total Assets	_	771 407	747 631
Operating lease liability       9       1 202       12         Payables from exchange transactions       10       50 630       26 693         Payables from customer deposits received       11       130 583       121 374         Employee benefit obligation       25       1 778       1 887         Provisions       12       49 212       48 804         Non-Current Liabilities         Operating lease liability       9       228       111         Employee benefit obligation       25       23 018       21 397         Employee benefit obligation       25       23 246       21 508         Total Liabilities       25 6651       220 278         Net Assets       514 756       527 353	Liabilities			
Payables from exchange transactions       10       50 630       26 693         Payables from customer deposits received       11       130 583       121 374         Employee benefit obligation       25       1 778       1 887         Provisions       12       49 212       48 804         Non-Current Liabilities         Operating lease liability       9       228       111         Employee benefit obligation       25       23 018       21 397         Total Liabilities       25 651       220 278         Net Assets       514 756       527 353	Current Liabilities			
Payables from customer deposits received       11       130 583       121 374         Employee benefit obligation       25       1 778       1 887         Provisions       12       49 212       48 804         Non-Current Liabilities         Operating lease liability       9       228       111         Employee benefit obligation       25       23 018       21 397         Total Liabilities       25 651       220 278         Net Assets       514 756       527 353	Operating lease liability	9	1 202	12
Employee benefit obligation       25       1 778       1 887         Provisions       12       49 212       48 804         Non-Current Liabilities         Operating lease liability       9       228       111         Employee benefit obligation       25       23 018       21 397         Total Liabilities       25 651       220 278         Net Assets       514 756       527 353	Payables from exchange transactions	10	50 630	26 693
Provisions       12       49 212       48 804         Non-Current Liabilities         Operating lease liability       9       228       111         Employee benefit obligation       25       23 018       21 397         Total Liabilities       25 6651       220 278         Net Assets       514 756       527 353	Payables from customer deposits received	11	130 583	121 374
Non-Current Liabilities         Operating lease liability       9       228       111         Employee benefit obligation       25       23 018       21 397         Total Liabilities       256 651       220 278         Net Assets       514 756       527 353	Employee benefit obligation	25	1 778	1 887
Non-Current Liabilities         Operating lease liability       9       228       111         Employee benefit obligation       25       23 018       21 397         23 246       21 508         Total Liabilities       256 651       220 278         Net Assets       514 756       527 353	Provisions	12	49 212	48 804
Operating lease liability         9         228         111           Employee benefit obligation         25         23 018         21 397           Total Liabilities         25 651         220 278           Net Assets         514 756         527 353		_	233 405	198 770
Employee benefit obligation       25       23 018       21 397         23 246       21 508         Total Liabilities       256 651       220 278         Net Assets       514 756       527 353	Non-Current Liabilities			
23 246     21 508       Total Liabilities     256 651     220 278       Net Assets     514 756     527 353	Operating lease liability	9	228	111
Total Liabilities       256 651       220 278         Net Assets       514 756       527 353	Employee benefit obligation	25	23 018	21 397
Net Assets 514 756 527 353		_	23 246	21 508
	Total Liabilities	_	256 651	220 278
Accumulated surplus 514 756 527 353	Net Assets	_	514 756	527 353
	Accumulated surplus	_	514 756	527 353



# **Statement of Financial Performance**

	Notes	2022 R'000	2021 Restated* R'000
	notes	K 000	K 000
Revenue			
Revenue from exchange transactions			
Fees	13.1	190 705	194 504
Interest income	13.2	25 817	23 706
Other income	13.3	8 749	8 972
Gain on disposal of assets		-	114
Actuarial gains	25	1 051	-
Total revenue from exchange transactions		226 322	227 296
Revenue from non-exchange transactions			
Annual return fees	13.4	431 623	415 924
Total revenue	13	657 945	643 220
Even and distrus			
<b>Expenditure</b> Advertising		(880)	(808)
Advertising Audit fees	14	(5 909)	(4 401)
Bad debts	14	(76)	(77)
Bank charges		(4 915)	(4 715)
Consulting and professional fees	15	(82 807)	(68 557)
Depreciation and amortisation	16	(20 141)	(20 356)
Employee related costs	17	(365 244)	(371 915)
Impairment loss	17	(303 244)	(97)
Internet and network costs		(3 745)	(2 740)
Maintenance and repairs		(896)	(592)
Operating lease charges	18	(37 728)	(33 549)
Loss on disposal of assets and liabilities	.0	(336)	(33 3 1)
Other operating expenses	20	(19 172)	(13 684
Publications, printing and stationery	19	(986)	(1 636
Travelling and subsistence		(930)	(459
Total expenditure	_	(543 765)	(523 586)
Surplus for the year	_	114 180	119 634





# **Statement of Changes in Net Assets**

	Accumulated surplus	Total net assets
	R '000	R′000
Opening balance as previously reported	503 131	503 131
Adjustments		
Prior year adjustments	(20 612)	(20 612)
Balance at 01 April 2020 as restated*	482 519	482 519
Changes in net assets		
*Surplus for the year restated	119 634	119 634
Transfer to National Revenue Fund	(74 800)	(74 800)
Total changes	44 834	44 834
Balance at 01 April 2021 as restated*	527 353	527 353
Changes in net assets		
Surplus for the year	114 180	114 180
Transfer to National Revenue Fund	(126 777)	(126 777)
Total changes	(12 597)	(12 597)
Balance at 31 March 2022	514 756	514 756
Note	22	



# Companies and Intellectual Property Commisison Annual Financial Statements for the year ended 31 March 2022

## **Cash Flow Statement**

		2022	2021 Restated*
	Notes	R '000	R '000
Cash flows from operating activities			
Receipts			
Fees: Exchange transactions		190 705	194 527
Annual return fees		440 832	421 648
Other income		8 749	8 972
Interest income		25 817	23 706
	_	666 103	648 853
Payments			
Employee costs		(361 744)	(361 375)
Suppliers		(123 325)	(121 942)
	_	(485 069)	(483 317)
Net cash flows from operating activities	23	181 034	165 536
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(4 958)	(9 784)
Proceeds on disposal of property, plant and equipment	6	198	120
Acquisition of intangible assets	7	(21 272)	(14 434)
Net cash flows from investing activities		(26 032)	(24 098)
Cash flows from financing activities			
Transfer to National Revenue Fund	22 _	(126 777)	(74 800)
Net (decrease)/increase in cash and cash equivalents		28 225	66 638
Cash and cash equivalents at the beginning of the year		662 134	595 496
Cash and cash equivalents at the end of the year	5	690 359	662 134



# **Statement of Comparison of Budget and Actual Amounts**

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Performance Revenue						
Revenue from exchange transactions	201 314	4 817	206 131	190 705	(15 426)	N1
Revenue from non exchange transactions	356 073	78 336	434 409	431 623	(2 786)	
Other income	389	-	389	8 749	8 360	N2
Interest received from exchange transactions	23 045	-	23 045	25 817	2 772	
Total revenue	580 821	83 153	663 974	656 894	(7 080)	
Expenses						
Employee cost	(426 307)	-	(426 307)	(365 244)	61 063	N3
Operational expenditure	(212 971)	72 278	(140 693)	(139 403)	1 290	
Other administrative expenditure	(38 551)	(593)	(39 144)	(18 189)	20 955	N4
Depreciation and amortisation	(22 900)	=	(22 900)	(20 141)	2 759	
Bad debts	-	=	-	(76)	(76)	
Assets derecognised	-	-	-	(376)	(376)	
Total expenditure	(700 729)	71 685	(629 044)	(543 429)	85 615	
Operating surplus	(119 908)	154 838	34 930	113 465	78 535	
Loss on disposal of assets	-	=	-	(336)	(336)	
Actuarial gains/losses		-	-	1 051	1 051	
		-	-	715	715	
Surplus for the year	(119 908)	154 838	34 930	114 180	79 250	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement - Refer note 36	(119 908)	154 838	34 930	114 180	79 250	
Statement of Financial Position Assets						
Non-Current Assets						
Property, plant and equipment	28 200	(12 000)	16 200	4 958	(11 242)	N5
Intangible assets	37 730	(19 000)	18 730	21 272	2 542	-
Total Assets	65 930	(31 000)	34 930	26 230	(8 700)	
Net Assets		•				
Net Assets Attributable to						
Owners of Controlling Entity						
Reserves						
Accumulated surplus	65 930	(31 000)	34 930	26 230	(8 700)	

Budget on accrual Basis



#### Annual Financial Statements for the year ended 31 March 2022

## **Statement of Comparison of Budget and Actual Amounts**

Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
R '000	R '000	R '000	R '000	R '000	

Budget narrations are provided for variances above R3 million.

#### N1 - Revenue from exchange transactions

The variance of R15,4 million, translated to 7.5% below budget is primarily due to lower than anticipated company registrations occuring during the year. This accounted for R11,4 million of the total variance.

#### N2 - Other income

The variance of R8,4 million over the budgeted income relates mainly to the prescription of customer deposits balances for which no transactions have been processed against, and are older than three years. The CIPC did not budget for such income due to the uncertainty of the amount which will be unutilised by customers during each financial year.

#### N3 - Employee costs

The variance of R61 million, translated to 14.3% below the budgeted expenditure is due to conservative cost of living adjustments being implemented across certain levels at the CIPC, as well as conservative percentages being applied to the performance bonus payments resulting in the full provision not being utilised. The conservative percentages were applied taking into consideration the current economic climate of South Africa.

#### N4 - Other administrative expenditure

The variance of R21 million, translated to 53.5% savings in the budgeted expenditure is attributed mainly to the change in the way of working at CIPC, and relates to the following:

- \*Underspending of R1,6 million in budgeted advertising expenditure due to later than expected commencement of campaigns.
- \*Savings of R2,5 million in training and seminar expenditure as a result of training costing less due to virtual platforms being utilised, as well as lower than anticipated training being requested by staff.
- \*Savings of R1,2 million in maintenance expenditure due to less maintenance being required.
- \*Savings of R1,7 million in bursary expenditure resulting from lower than expected bursary uptake. This is also partially due to self funding of studies by staff when repeating modules.
- \*Savings of R2,7 million in postage and courier services due to services not being required.
- \*Savings of R1,5 million in travel expenditure due to less travel being required. This is a result of the utilisation of virtual platforms where possible.
- \*Savings of R1,2 million in special events, venues and facilities expense due to more events occurring via virtual platforms.
- \*Savings of approximately R3,5 million in budgeted legal fees as the Department of Justice commenced legal services late in the financial year.

#### N5 - Property, plant and equipment

The variance of R9,5 million translated to 73% below budgeted capital expenditure is attributed to the planned implementation of a new telephony system not being finalised during the year.



## **Accounting Policies**

## 1. BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. All figures are rounded to the nearest thousand rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

## 1.1 Presentation currency

These annual financial statements are presented in South African Rand (R), which is the functional currency of the entity.

## 1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

### 1.3 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Subsequent expenditure incurred on items of property, plant and equipment is only capitalised to the extent that such expenditure enhances the value or previous capacity of those assets. Repairs and maintenance not deemed to enhance the economic benefits or the service potential of items of property, plant and equipment are expensed as incurred.

Depreciation commences when the assets are available for use. Management expects to dispose assets at the end of their useful lives and therefore the residual values are estimated to be negligable. The useful lives and residual values are assessed on an annual basis. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

Item	Depreciation method	Average useful life
Computer equipment	Straight line Straight line Straight line	3 - 10 years
Office furniture and equipment		5 - 15 years
Leasehold improvements		Lease period

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit 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 of the item.



## **Accounting Policies**

## 1.4 Intangible assets

Intangible assets represent directly attributable costs associated with the acquisition, development and installation of computer software. Software which is not an intergral part of related computer hardware, is classified as intangible assets.

An intangible asset is recognised when:

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

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

The CIPC assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Item	Depreciation method	Average useful life
Capitalised Computer software (Intangible assets)	Straight line	5 - 12 years

Impairment losses are determined as the excess of the carrying amount of intangible assets over the recoverable service amount and are charged to surplus or deficit.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised.

## 1.5 Financial instruments

### Classification

The classification of financial instruments depends on the purpose for which the financial instruments were obtained and is determined by management at initial recognition.

#### **Financial assets**

### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits with original maturities of three months or less.

### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They comprise prepayments and receivables from exchange transactions. Subsequent to initial recognition, these are measured at amortised cost using the effective interest rate method, less any impairment loss. The entity classifies it's financial assets as reflected on the face of the statement of financial position as follows:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Loans and receivables	Financial asset measured at amortised cost

### Financial liabilities

#### **Payables: Customer deposits**

Customer deposits represent payments received from customers for future transactions. Customer deposit balances which have not been utilised for a period of 36 months from the date of the last transaction in that customer account, is recognised as revenue.

#### Trade and other payables

Trade and other payables are non-derivative financial liabilities. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

The entity classifies its financial liabilities as reflected on the face of the statement of financial position as follows:



## **Accounting Policies**

## 1.5 Financial instruments (continued)

Class	Category
Payables from customer deposits	Financial liability measured at amortised cost
Trade and other payables	Financial liability measured at amortised cost

# Initial measurement of financial assets and financial liabilities

The entity recognises a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### Fair value measurement considerations

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

• Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

### Impairment of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

#### Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount

of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

## Derecognition

#### **Financial assets**

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

#### **Financial liabilities**

The entity removes a financial liability from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

#### 1.6 Leases

## **Operating leases**

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.



# **Accounting Policies**

### 1.7 Impairment of cash-generating assets

The carrying amounts of the entity's non-financial (cash generating) assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use, and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time, value for money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU, exceeds its estimated recoverable amount. Impairment losses are recognised in surplus and deficit.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

# 1.8 Impairment of non-cash-generating assets

The carrying amounts of the entity's non-financial (non-cash generating) assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the entity will estimate the recoverable service amount of the asset. The recoverable service amount of an asset is the greater of its value in use, and its fair value less costs to sell. In assessing value in use, the present value of the asset's remaining service potential must be determined. The present value of the remaining service potential of the asset is determined by using the depreciated replacement cost approach. Under this approach, the present value of the

remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition.

When the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss and is recognised in surplus and deficit. An impairment loss recognised in prior years for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. That increase is a reversal of an impairment loss.

### 1.9 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event:
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate used reflects current market assessments of the time value of money and the risks specific to the liability. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

### 1.10 Revenue from exchange transactions

An exchange transaction is one in which the one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.



# **Accounting Policies**

# 1.10 Revenue from exchange transactions (continued)

#### Interest income

Interest income comprises interest income on funds invested. Interest income is recognised on a time proportion basis using the effective interest rate method.

#### Revenue from fees

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- a. the amount of revenue can be measured reliably;
- b. it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- c. the stage of completion of the transaction at the reporting date can be measured reliably; and
- d. the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue from fees is measured at the fair value of the consideration received or receivable.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed, taking into consideration the total time that the transaction has been in process and the probability of the customer continuing with the application.

Advance payments on customer accounts are only recognised as revenue on the rendering of services. Customer accounts that have insufficient funds are raised as receivables.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable.

#### Trade receivables from exchange transactions

Exchange revenue is measured at the fair value of the consideration received or receivable. Exchange revenue comprises finance income and other operating income, and is recognised when it is probable that future economic benefits will flow to the CIPC, and these benefits can be measured reliably. Accounts receivable arising from these transactions are categorised as financial instruments at amortised cost.

# 1.10 Revenue from exchange transactions (continued) Interest income

Interest is recognised, in surplus or deficit, using the effective interest rate method.

# 1.11 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Non-exchange revenue comprises annual return revenue.

### Revenue from annual return fees

Non-exchange revenue comprises annual return revenue. Revenue from annual return fees is measured at fair value. Fair value is deemed to be the transaction cost and is based on the annual return fee as prescribed in the annual return table as set out in annexure 2 of the Companies Regulations, 2011.

#### Trade receivables from non-exchange transactions

Annual return fees are recognised only when an entity has filed an annual return, since this is when the initial recognition criteria are met. The filing and payment of the annual return constitutes a single transaction, as these transactions must happen simultaneously to file a successful annual return and is measured at fair value.



# **Accounting Policies**

### 1.12 Employee benefits

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

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as salaries, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

A liability is recognised for the amount expected to be paid under performance bonus, if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### Post-employment benefit: Defined contribution plan

The entity makes contributions to the Government Employees' Pension Fund along with its employees to provide for retirement benefits. The obligation of the entity for any shortfall in the fund is limited to the contributions already made. Contributions are charged to surplus or deficit when made.

# 1.12 Employee benefits (continued) Other employee benefit obligations

The entity provides long service awards to current employees as well as post-retirement medical aid benefits to retirees.

### Long service awards

The entitlement to long service awards is based on the employee remaining in uninterrupted service of the entity and is payable upon the completion of each five year anniversary of employment at the entity. The expected costs of these benefits are accrued over the period of each five year anniversary.

A Long Service Award cannot be awarded to an individual who has not reached his/her anniversary date yet, unless the employee is about to retire at the age of 65. A pro-rata payment will be paid to retiring employees who are 65 years of age.

Independent qualified actuaries carry out valuations of these obligations.

#### Post-retirement medical aid beneift

The entitlement to post-retirement medical aid benefits is based on the employee remaining in service up to retirement age and

the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

In-service members employed after 01 July 2013 are not eligible for a post-employment benefit. Independent qualified actuaries carry out valuations of these obligations.

An annual charge to income is made to cover both these liabilities

The amount recognised as a liability for other long-term employee benefits is the present value of the defined benefit obligation at the reporting date.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another

Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

### 1.13 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.14 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation.



Annual Financial Statements for the year ended 31 March 2022

# **Accounting Policies**

### 1.14 Irregular expenditure (continued)

Irregular expenditure is accounted for as expenditure in the statement of financial performance and where relevant a receivable is raised in the statement of financial position.

1.15 Budget information

The approved and final budget amounts and variances between the actual and budget amounts are presented and explained. The approved budget is prepared on a cash basis and is presented by functional classification.

1.16 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

### 1.17 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material nonadjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.



Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

2022	2021
R '000	R '000

# 2. NEW STANDARDS AND INTERPRETATIONS

# 2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods:

•	GRAP 104 (amended): Financial Instruments	01 April 2025	Impact is currently being assessed
•	GRAP 25 (revised): Employee benefits	No date	Impact is currently being assessed
•	iGRAP21: The effect of past decisions on materiality	01 April 2023	Impact is currently being assessed
•	GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

# 3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	1 162	1 526
Provision for doubtful debts	(112)	(100)
Other receivables	284	430
Patent Corporation Treaty (PCT) receivables	118	64
Staff receivables	493	639
Trade receivables	379	493

# 4. PREPAYMENTS

### Prepaid expenses:

Insurance	3	4
Renewal of software licence	15 075	24 355
Subscriptions	-	85
Rental expense	-	63
Software maintenance agreement	464	299
	15 542	24 806

Reconciliation of prepayments

March 2022	Less than one year		
Prepayments	13 329	13 329 2 213	
March 2021	Less than one year		
Prepayments	16 757	16 757 8 049	



Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

2022	2021
R '000	R′000

# 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	690 359	662 134
Call account-Corporation for Public Deposits (CPD)	599 815	618 959
Collection accounts	13 485	32 990
Bank balances	77 059	10 185

Call account: Interest was earned at an average rate of 3.7% (2021: 3.8%) during the financial year.

# 6. PROPERTY, PLANT AND EQUIPMENT

		2022		2021		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Computer equipment	88 658	(68 302)	20 356	84 889	(60 519)	24 370
Office furniture and equipment	8 512	(6 839)	1 673	10 489	(7 500)	2 989
Leasehold improvements	519	(488)	31	519	(454)	65
Total	97 689	(75 629)	22 060	95 897	(68 473)	27 424

### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Derecognition	Depreciation	Total
Computer equipment	24 370	4 889	(60)	(1)	(8 842)	20 356
Office furniture and equipment	2 989	69	(474)	-	(911)	1 673
Leasehold improvements	65	-	=	_	(34)	31
	27 424	4 958	(534)	(1)	(9 787)	22 060

### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Derecognition	Depreciation	Impairment loss	Total
Computer equipment	24 798	9 565	(6)	(47)	(9 862)	(78)	24 370
Office furniture and equipment	3 779	219	-	-	(990)	(19)	2 989
Leasehold improvements	162	-	=	(5)	(92)	-	65
	28 739	9 784	(6)	(52)	(10 944)	(97)	27 424

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

General expenses 896 592



Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

2022	2021
R ′000	R '000

### 7. INTANGIBLE ASSETS

	2022				2021	
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Capitalised computer software	83 589	(41 305)	42 284	68 733	(36 992)	31 741

### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Derecognition	Amortisation	Total
Capitalised computer software	31 741	21 272	(375)	(10 354)	42 284

### Reconciliation of intangible assets - 2021

	Opening balance	Additions	Derecognition	Amortisation	Total
Capitalised computer software	26 725	14 434	(6)	(9 412)	31 741

# 8. CHANGES IN ACCOUNTING ESTIMATES

### Property, plant and equipment

Management reviewed the estimated useful lives of property, plant and equipment at the end of the annual reporting year as required by GRAP 17. The useful lives of certain assets were deemed to be longer and the effect of the reassessment, assuming the assets are held until the end of their useful lives, was to decrease the depreciation expense by:

Reassessment of property plant and equipment useful lives

1 057 1 921

### **Intangible assets**

Management reviewed the estimated useful lives of intangible assets at the end of the annual reporting year as required per GRAP 31. The useful lives of certain assets were deemed to be longer and the effect of the reassessment, assuming the assets are held until the end of their useful lives is a decrease in the amortisation expense by:

Reassessment of intangible assets useful lives

1 664 157

# 9. OPERATING LEASE ASSET (ACCRUAL)

Current liability	(1 202)	(12)
Non-current liability	(228) (1 <b>430</b> )	(111)
	(1 <del>4</del> 30)	(123)

Lease accruals arise due to the straight lining of operating lease expenditure over the term of the lease. Refer to note 18 for details of operating lease expenditure and note 26 for operating lease commitments.



Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

2022	2021	
R′000	R '000	

# 10. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	35 454	14 823
Accruals: Remuneration related	6 545	6 304
Accruals: Trade payables	8 631	5 566
	50 630	26 693

# 11. PAYABLES FROM CUSTOMER DEPOSITS RECEIVED

Customer balances 130 583 121 374

Deposits are received from customers for future transactions. These are non-interest bearing and are recognised as revenue when the customer transacts with the CIPC.

Deposits received that have not been utilised for a period of 3 years from receipt date, are recognised as other income.

# 12. PROVISIONS

### Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Utilised or forfeited during the year	Total
Leave pay benefits	30 715	22 944	-	(23 215)	30 444
Performance bonuses	18 089	15 123	(14 444)	-	18 768
	48 804	38 067	(14 444)	(23 215)	49 212

### Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Utilised or forfeited during the year	Total
Leave pay benefits	22 456	21 215	=	(12 956)	30 715
Performance bonuses	18 687	13 795	(14 393)	-	18 089
	41 143	35 010	(14 393)	(12 956)	48 804

#### Leave pay benefits

In terms of the CIPC leave pay policy, employees are entitled to accumulated leave pay benefits not taken within a leave cycle, provided that any leave benefits, excluding capped leave amounting to R7,8 million (2021: R7,5 million) which accrued before 01 July 2000, not taken within a period of six months after the end of the leave cycle are forfeited.

#### **Performance bonuses**

Merit awards are based on the results of staff performance evaluations and may be adjusted based on the actual audited percentage of organisational performance against key performance indicators.

The actual expense paid during the 2021/2022 financial year relating to the 2021 provision amounted to R14,4 million. The difference was accepted as immaterial and therefore the comparatives were not restated.



# **Notes to the Annual Financial Statements**

	2022	2021
	R'000	R '000
13. REVENUE		
Fees	190 705	194 504
Other income	8 749	8 972
Interest income	25 817	23 706
Actuarial gains	1 051	
Annual return fees	431 623	415 924
Gain on disposal of assets		114
	657 945	643 220
The amount included in revenue arising from exchanges of goods or services are as follows:		
Fees	190 705	194 504
Other income	8 749	8 972
Interest income	25 817	23 706
Gain on disposal of assets	=	114
	225 271	227 296
13.1 Fees		
	00.504	
Corporate information	23 586	23 730
Company registration and maintenance  Data sales	106 184 1 927	114 662 2 429
Intellectual property registration and maintenance	58 272	52 898
Cooperatives registration and maintenance	736	785
cooperatives registration and maintenance	190 705	194 504
13.2 Interest income		
Interest received	25 817	23 706
13.3 Other income		
Other exchange transactions	110	109
	46	52
Patent Corporation Treaty (PCT) income		
Patent Corporation Treaty (PCT) income Recognition of customer balances	8 593	8 811

### 13.4 Annual return fees

Annual return fees\* 431 623 415 924

\*Included in annual return fees are penalties levied for returns submitted more than 30 days after the due date.





# **Notes to the Annual Financial Statements**

	2022	2021
	R′000	R '000
4. AUDIT FEES		
External audit fees - Regulatory audit	5 438	3 89
nternal audit fees (Co-sourced portion)	471	51
memaradan rees (eo sourcea portion)	5 909	4 40
5. CONSULTING AND PROFESSIONAL FEES		
Specialist information technology consultants, licences and services	68 669	56 30
Management consultants	14 138	12 25
	82 807	68 557
6. DEPRECIATION AND AMORTISATION		
Computer equipment	8 842	9 862
Office furniture and equipment	911	99
Leasehold Improvements	34	9.
Amortisation of intangible assets	10 354	9 41
7. EMPLOYEE COSTS	20 141	20 356
Salary	270 986	269 77
Pension contributions	26 023	26 57
Medical contributions	13 778	13 24
Service bonus	12 126	12 24
	15 123 11 457	13 79:
Performance bonus	1145/	
Performance bonus Other benefits		
Performance bonus Other benefits Skills Development Levy	3 065	20 508 2 082
Performance bonus Other benefits Skills Development Levy Group life cover	3 065 1 718	2 082 1 77
Performance bonus Other benefits Skills Development Levy Group life cover Overtime and production allowances	3 065 1 718 352	2 082 1 777 153
Performance bonus Other benefits Skills Development Levy Group life cover	3 065 1 718	2 082 1 77



Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

	2022 R′000	2021 R'000
	11 000	11 000
19. PUBLICATIONS, PRINTING AND STATIONE	RY	
Publications and printing	7	266
Stationery	979	1 370
	986	1 636
20. OTHER OPERATING EXPENSES		
Agency support staff	34	2
Audit and risk committee fees	1 042	945
Bursaries	1 294	1 893
Communication and postage	10 073	7 725
Conferences and venues	1 130	127
Derecognition of assets - Refer note 21	376	58
Entertainment and refreshments	39	10
Flowers	5	3
Insurance and courier services	3	1
Legal fees	2 396	-
Membership fees	135	178
Resettlement costs	21	78
Security and cleaning	1 911	1 760
Training	713	478
Translations and transcriptions	-	290
Uniforms		136
	19 172	13 684
21. DERECOGNITION OF ASSETS		
Computer equipment	1	47
Computer software	375	
Leasehold improvements	-	5

### **Computer equipment**

#### 2022

Relates to the book value of two PC's which were stolen due to a burglary at the Bloemfontein service centre, and one stolen from the CIPC head office.

#### 2021

Relates to three laptops which were stolen whilst in the possession of employees.

### **Computer software**

### 2022

Software with a net book value of R375 thousand and an original cost of R6,4 million were derecognised as no future economic benefits or service potential were expected from its use.



376

58

Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

2022 2021
R'000 R'000

### 21. Derecognition of assets (continued)

Included in the amount is software with a net book value of R357 thousand at year-end which was replaced for new versions.

### 2021

Software with a net book value of R6 thousand and an original cost of R747 thousand were derecognised as no future economic benefits or service potential were expected from its use.

### **Leasehold improvements**

#### 2021

Relates to derecognition of leasehold improvements due to expiry of the Johannesburg Stock Exchange building lease.

### 22. TRANSFER TO NATIONAL REVENUE FUND

Transfers to the National Revenue Fund declared (126 777) (74 800)

#### March 2022

#### 2020/21 surplus

The CIPC submitted an application to the National Treasury to retain its surplus for the 2020/2021 financial year in terms of section 53(3) of the PFMA and section 6 of the National Treasury Instruction No. 6 of 2017/2018.

Instruction by National Treasury to surrender funds

Subsequent to year-end, the CIPC transferred R126,8 million of its accumulated surplus to the National Treasury as per instruction received from it. The transfer was declared and payment was effected during the 2021/22 financial year.

#### March 2021

### 2019/20 surplus

The CIPC submitted an application to the National Treasury to retain its surplus for the 2019/2020 financial year in terms of section 53(3) of the PFMA and section 6 of the National Treasury Instruction No. 6 of 2017/2018.

#### Instruction by National Treasury to surrender funds

Subsequent to year-end, the CIPC transferred R74,8 million of its accumulated surplus to the National Treasury as per instruction received from it. The transfer was declared and payment was effected during the 2020/21 financial year.



Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

2022	2021
R '000	R '000

# 23. CASH GENERATED FROM OPERATIONS

Surplus	114 180	119 634
Adjustments for:		
Depreciation and amortisation	20 141	20 356
Loss / (Gain) on disposal of assets	336	(114)
Impairment loss on property, plant and equipment	-	97
Bad debts written off	76	77
Movements in operating lease assets and accruals	1 307	334
Movements in retirement benefit assets and liabilities	1 512	2 672
Movements in provisions - Employee costs	408	7 661
Derecognition of assets	376	58
Changes in working capital:		
Consumables on hand	-	86
Receivables from exchange transactions	288	155
Prepayments	9 264	(2 348)
Payables from exchange transactions	23 937	11 144
Payables from customer deposits - Annual returns	9 209	5 724
	181 034	165 536

# 24. KEY MANAGEMENT EMOLUMENTS

# **Executive**

### 2022

Name	Designation	Emoluments	Long service	Travel	Performance	Total
Adv Rory Voller	Commissioner	2 403	-	4	-	2 407
Ms Hamida Fakira-du Toit	Executive Manager: Corporate Services	1 963	=	-	74	2 037
Mr Lungile Dukwana	Chief Strategy Executive	1 898	-	-	98	1 996
Mr Muhammed Jasat	Chief Financial Officer	1 613	-	-	83	1 696
Mr Andre Kritzinger *	Executive Manager: Business Intelligence - contract ended 18 January 2021	-	-	-	63	63
Mr Phineas Mogale	Executive Manager: Business Intelligence; Appointed 01 April 2021	1 872	-	-	-	1 872
Mr Mpho Mathose	Chief Audit Executive	1 483	5	-	55	1 543
Ms Nomonde Maimela	Executive Manager: Innovation and creativity	2 188	-	-	83	2 271
Ms Bathabile Kapumha	Divisional Manager: Risk, Governance and Compliance	1 686	5	-	87	1 778
		15 106	10	4	543	15 663



Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

2022	2021
R '000	R '000

# 24. Key Management emoluments (continued)

#### 2021

Name	Designation	Emoluments	Long service award	Travel	Performance	Total
Adv Rory Voller	Commissioner	2 347	-	1	-	2 348
Ms Hamida Fakira-du Toit	Executive Manager: Corporate Services	1 879	5	-	71	1 955
Mr Lungile Dukwana	Chief Strategy Executive	1 844	-	-	68	1 912
Mr Muhammed Jasat	Chief Financial Officer	1 566	-	-	78	1 644
Mr Andre Kritzinger*	Executive Manager: Business Intelligence - contract ended 18 January 2021	1 869	-	-	80	1 949
Mr Mpho Mathose	Chief Audit Executive	1 433	-	-	53	1 486
Ms Nomonde Maimela	Executive Manager: Innovation and creativity	2 137	=	-	80	2 217
Ms Bathabile Kapumha	Divisional Manager: Risk, Governance and Compliance	1 637	-	-	81	1 718
Mr Phineas Mogale	Mr Phineas Mogale	610	-	-	71	681
		15 322	5	1	582	15 910

<sup>\* -</sup> Mr Andre Kritzinger was seconded to the dtic for the period 01 November 2020 - 18 Janury 2021, refer note 32.

# 25. EMPLOYEE BENEFIT OBLIGATIONS

### Defined benefit plan

#### Post-retirement medical aid benefit

The CIPC offers in-service members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

Members must have belonged to a medical aid scheme for at least one year and must achieve at least 15 years of service to be eligible. For retirement on ill-health grounds, the minimum service period is 10 years. The benefit is forfeited on resignation and other withdrawals.

In-service members employed prior to 01 July 2013 will receive a post-employment subsidy of 75% of the contribution payable should they be a member of a medical scheme at retirement.

All continuation members and their eligible dependants receive a 75% subsidy. Upon a member's death-in-service or death-in-retirement the surviving dependants will continue to receive the same subsidy.

Post-employment subsidies are subject to a maximum of R 925 per member per month for a single member and R 1 850 for a member with dependents, for the year ending 31 March 2022.

In-service members employed after 01 July 2013 are not eligible for a post-employment subsidy.



Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

2022	2021
R'000	R′000

# 25. Employee benefit obligations (continued)

### Other long-term benefit

### Long service awards

Employees qualify for a long service award in the month following each five year anniversary date of uninterupted service to the CIPC.

Long service awards are paid out as follows:

Years of service	Amount
5	R5 000
10	R10 000
15	R15 000
20	R20 000
25	R25 000
30	R30 000
35	R35 000
40	R40 000

A Long Service Award cannot be awarded to an individual who has not reached his/her anniversary date yet, unless the employee is about to retire at the age of 65. A pro-rata payment will be paid to retiring employees who are 65 years of age.

### The amounts recognised in the statement of financial position are as follows:

Carrying value		
Post-retirement medical aid benefit: Present value of the defined benefit obligation- wholly unfunded	(12 142)	(10 010)
Long service awards: Present value of the other long-term benefit obligation - wholly unfunded	(12 654)	(13 274)
	(24 796)	(23 284)
	/===	( <u>)</u>
Non-current liabilities: Post-retirement medical aid benefit	(11 702)	(9 637)
Current liabilties: Post-retirement medical aid benefit	(440)	(373)
Non-current liabilities: Long service awards	(11 316)	(11 760)
Current liabilities: Long service awrds	(1 338)	(1 514)
	(24 796)	(23 284)
Changes in the present value of the employee benefit obligation are as follows:		
Opening balance	23 284	20 612
Benefits paid - Post-retirement medical aid benefit	(369)	(241)
Benefits paid - Long service awards	(1 531)	(1 797)
Net expense recognised in the statement of financial performance	3 412	4 710
	24 796	23 284



# **Notes to the Annual Financial Statements**

	2022	2021
	R'000	R'000
25. Employee benefit obligations (continued)		
Net expense recognised in the statement of financial performance		
Current service cost - Post-retirement medical aid benefit	350	316
Current service cost - Long service awards	865	799
Interest cost - Post-retirement medical aid benefit	1 211	1 092
Interest cost - Long service awards	1 097	1 226
Actuarial (gains) losses - Post-retirement medical aid benefit	940	234
Actuarial (gains) losses - Long service awards	(1 051)	1 043
	3 412	4 710
Calculation of actuarial gains and losses		
Actuarial (gains) losses – Obligation	(111)	1 277
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used - Post-retirement medical aid benefit	11.10 %	11.90 %
Discount rates used - Long service awards	9.30 %	8.20 %
Medical cost trend rates	8.20 %	9.00 %
Inflation rate - Post-retirement medical aid benefit	6.20 %	7.00 %
Inflation rate - Long service awards	5.80 %	4.40 %

The basis on which the discount rate has been determined is as follows:

### Post-retirement medical aid benefit

The basis of the assumption used is the Nominal Bond Curve, as compiled by the Johannesburg Stock Exchange of South Africa and obtained from Inet Bridge, at the duration of the liabilities of 11 years.

### Long service awards

The basis of the assumption used is the Nominal Bond Curve, as compiled by the Johannesburg Stock Exchange of South Africa, at the duration of the liabilities of 6 years.

#### Other

GRAP 25 requires the amount for the current year and the previous four years to be disclosed.

However, as this is the first year that the enitity is disclosing the employee benefit obligation the information relating to 2019 and 2018 are not available.

Amounts for the current and previous two years are as follows:

	2022	2021	2020
	R '000	R '000	R '000
Defined benefit obligation - Post-retirement medical aid benefit	12 142	10 010	8 609
Other long-term benefits - Long service awards	12 654	13 274	12 003



Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

2022	2021
R '000	R′000

# 25. Employee benefit obligations (continued)

### Defined contribution plan: pension fund

The CIPC provides a defined benefit scheme for its employees which is the Government Employees Pension Fund (GEPF). Contributions to the pension plan in respect of service in a particular year are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate, as part of the cost of employment.

The CIPC has no legal or constructive obligation in respect of normal retirements to pay further contributions if the GEPF does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not the financial statements of CIPC.

The total economic entity contribution to such schemes

26 023

26 574

## 26. OPERATING LEASE COMMITMENTS

March 2022	0-1 Years	2-5 Years	5 years plus	Total
The dtic Campus - Office	24 522	-	-	24 522
The dtic Campus - Parking	74	-	-	74
Hollard Street: Johannesburg	606	937	-	1 543
Norton Rose House: Cape Town	358	377	-	736
Suncardia Mall: Pretoria	388	345	-	733
AGS Records Management - Offsite file storage	6 695	26 780	27 826	61 301
Iron mountain - Backup storage facility	63	=	-	63
Dido - Printers	1 365	2 032	-	3 397
	34 071	30 471	27 826	92 369

March 2021	0-1 Years	2-5 Years	Total
The dtic Campus - Office	22 293	24 522	46 815
The dtic Campus - Parking	111	-	111
Hollard Street: Johannesburg	223	-	223
Norton Rose House: Cape town	336	729	1 065
Suncardia Mall: Pretoria	360	733	1 093
Iron Mountain - Offsite file storage	4 173	-	4 173
Iron Mountain - Backup storage facility	65	63	128
Bytes - Printers	311	-	311
	27 872	26 047	53 919

#### The dtic Campus - Office

The offices are based at 77 Mentjies street, in Sunnyside, Pretoria. The lease term is two years from 01 April 2021 to 31 March 2023. The lease rental escalates at 10% per annum.

### The dtic Campus - Parking

Relates to the lease of parking bays at the dtic campus. The lease term is 12 months from 01 August 2021 to 31 July 2022. There is no annual escalation applicable.



Annual Financial Statements for the year ended 31 March 2022

# Notes to the Annual Financial Statements

2022 2021
R'000 R'000

# 26. Operating lease commitments (continued)

### **Hollard Street: Johannesburg - Offices**

The offices are based in Hollard street, Johannesburg. The lease term is three years from 01 September 2021 to 31 August 2024. The lease rental escalates at 8% per annum.

### Norton Rose House: Cape Town - Offices

The office is based at Norton Rose House, Cape Town. The lease term is three years from 01 April 2021 to 31 March 2024 and escalates at 5.5% per annum.

#### Suncardia Mall: Pretoria - Offices

The offices are based at Suncardia Mall, Pretoria. The lease term is five years from 01 February 2019 to 31 January 2024. The lease rental escalates at 8% per annum

#### **AGS Records Management - Offsite file storage**

The lease is for an off-site file storage facility. The lease term is ten years from 21 July 2021 to 20 July 2031. The commitment is based on the maximum estimated storage space which may be utilised by the CIPC, with the expense based on the actual storage space utilised and which results in differing monthly costs.

#### Iron Mountain - Backup storage facility

The lease is for a backup storage facility. The lease term is three years from 01 March 2020 to 28 February 2023. The lease rental escalates at 7.4% per annum.

### **Dido - Printers**

Relates to a lease for printers at the CIPC offices in Pretoria. The lease term is three years from 01 September 2021 to 31 August 2024. The lease rental escalates at 4.5% per annum.

## 27. TAXATION

#### Income tax

The entity is not liable for income tax in terms of section 10(1)(a) of the Income Tax Act, as amended.

#### Value-added tax

The entity is exempt from value-added taxation in terms of a Tax Authorities' directive.

### 28. CONTINGENCIES

### **Contingent liabilities**

**Accumulated surplus** 510 308 515 593

In terms of section 53(3) of the PFMA the entity at the end of the financial year needs to declare any surplus to the National Treasury. The National Treasury may apply such surplus to reduce any proposed allocation to the entity; or require that all or part of it be deposited in the Exchequer bank account.

### Surplus for 2021/22

A declaration of the cash surplus as at 31 March 2022 will be submitted to the National Treasury, together with an application to retain such surpluses in terms of section 53(3) of the PFMA and National Treasury instruction No 12 of 2020/2021.



Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

2022	2021
R'000	R′000

### 28. Contingencies (continued)

### Surplus for 2020/21

A declaration of the cash surplus as at 31 March 2021 was submitted to the National Treasury on 31 July 2021. An application to retain such surplus was also submitted in terms of section 53(3) of the PFMA and National Treasury instruction No 6 of 2017/2018.

### Enterprise Content Management System (ECM)

10 090

Legal proceedings were instituted by the service provider challenging the legal validity of the termination of the contract, and seeking payment of certain fees rendered in terms of the contract prior to its termination.

After year-end, correspondence received from the Office of the State Attorney indicated that the matter will not continue. The value of the contingent liability was reassessed based on the latest correspondence received.

# 29. PLANNED CAPITAL PROGRAMMES

The following capital programmes were approved and contracted:

н	دم	ч	Of	fice
	ca	u	VI.	116

Computer equipment	4 614	323
Software investment	20 348	271
	24 962	594
The following capital programmes were approved but not yet contracted:		
Head Office and Self service centres		
Furniture and equipment	690	2 200
Leasehold improvements - Head office and Self service centres	500	1 000
Investment in ICT systems for improved service delivery: Hardware and Software	8 450	62 136
	9 640	65 336

# 30. PATENT CORPORATION TREATY (PCT) TRUST ACCOUNT

Funds held in trust to which the entity is not entitled, are accounted for separately and deposited into a separate bank account.

PCT creditors	252	1 091
Funds received from South African clients to be paid to the World Intellectual Property Organizational Searching Authority (ISA).	ganisation (WIPO) and the	
Balance in the PCT bank account	252	1 091



Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

	2022	2021
F	R'000	R′000

### 31. RISK MANAGEMENT

### Financial risk management

The main risks arising from the CIPC's financial instruments are credit risk, market risk and liquidity risk.

Financial assets which potentially subject the CIPC to concentrations of credit risk consist mainly of cash and cash equivalents. The entity's cash and short-term deposits are placed with high quality financial institutions as well as the South African Reserve Bank. Credit risk with respect to trade receivables is limited, due to the fact that most of the entity's revenue transactions are carried out on a pre-paid basis. The entity's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of the receivables. Accordingly the entity has no significant concentration of credit risk.

#### Liquidity risk

The CIPC's risk to liquidity is a result of the funds available to cover future commitments. Taking into consideration the CIPC's current funding structures and availability of cash resources, the CIPC regards this risk to be low.

March 2022	Carrying amount	Total cash flow	Contracted cash flow within 1 year	Contractual cash flow 2-5 years
Payables from exchange transactions	50 630	50 630	50 630	-
Payables from customer deposits received	130 583	130 583	130 583	-
	181 213	181 213	181 213	-

March 2021	Carrying amount	Total cash flow	Contracted cash flow within 1 year	Contractual cash flow 2-5 years
Payables from exchange transactions	26 693	26 693	26 693	-
Payables from customer deposits received	121 374	121 374	121 374	
	148 067	148 067	148 067	-

#### **Credit risk**

Reputable financial institutions are used for investing and cash handling purposes. At reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after taking into account that receivable services payable advance.

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

### Exposure to credit risk

	707 003	000 +00
	707 063	688 466
Receivables from exchange transactions	16 704	26 332
Cash and cash equivalents	690 359	662 134

<sup>\*</sup> Included is an amount of R600 million (2021: R619 million) invested in a call account at the South African Reserve Bank.



Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

2022	2021
R′000	R '000

### 31. Risk management (continued)

### **Concentration of credit risk**

The maximum exposure to credit risk for financial assets at the reporting date by credit rating category was as follows:

March 2022	*Ba2 and Government	Unrated
Cash and cash equivalents	690 359	-
Prepayments	-	15 542
Receivables from exchange transactions	-	1 162
	690 359	16 704

March 2021	*Ba2 and Government	Unrated
Cash and cash equivalents	662 134	-
Prepayments	-	24 806
Receivables from exchange transactions	-	1 526
	662 134	26 332

### Ageing of financial assets

The following table provides information regarding the credit quality of assets, which may expose the CIPC to credit risk:

March 2022	Neither past due nor impaired	Past due but not impaired less than 12 months	Past due but not impaired more than 12 months	Carrying value
Cash and cash equivalents	690 359	-	-	690 359
Prepayments	15 542	-	-	15 542
Receivables from exchange transactions	-	1 162	-	1 162
	705 901	1 162	-	707 063

March 2021	Neither past due nor impaired	Past due but not impaired less than 12 months	Past due but not impaired more than 12 months	Carrying value
Cash and cash equivalents	662 134	-	-	662 134
Prepayments	24 806	-	-	24 806
Receivables from exchange transactions	-	1 526	-	1 526
	686 940	1 526	-	688 466

#### Market risk

Market risk is the risk that changes in market prices, such as the interest rate, will affect the value of the financial assets of the entity.

### Interest rate risk

The CIPC's exposure to interest risk is managed by investing, on a short term basis, in current accounts and the Corporation for Public Deposits (CPD), to ensure maximum interest on surplus funds within the prescribed legislation. The risk arises when there are interest rate changes downward, as this will reduce the interest income on invested funds. The entity manages its interest rate risk by only investing its funds in accounts at financial institutions wherein the accounts accrue interest at market related interest rates. In terms of National Treasury Regulation (section 31.3.3), all surplus funds are deposited in the call account – Corporation for Public Deposits (CPD).



Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

### 31. Risk management (continued)

The CIPC is exposed to interest rate changes in respect of returns on its investments with financial institutions.

A change in the market interest rate would have increased / (decreased) the surplus for the year by the amounts below:

March 2022	Change in interest rate	Increase in the surplus for the year upward change	Decrease in the surplus for the year downward change
Cash and cash equivalents	1 %	6 555	(6 495)
March 2021	Change in interest rate	Increase in the surplus for the year upward change	Decrease in the surplus for the year downward change
Cash and cash equivalents	1 %	5 929	(5 875)

# 32. RELATED PARTY TRANSACTIONS

Related parties are identified as being those parties that control or have significant influence over the CIPC and those parties that are controlled or significantly influenced by the CIPC.

Department of Trade, Industry and Competition (the dtic)	Transactions 31 March 2022	Balance due as at 31 March 2022	Transactions 31 March 2021	Balance due as at 31 March 2021
Expenses				
Lease of building	22 293	1 857	20 266	1 689
Telephone costs	1 150	264	745	251
Internet costs	1	-	1	
Subtotal	23 444	2 121	21 012	1 940
	23 444	2 121	21 012	1 940

#### The dtic

#### 2021

The Executive Manager: BISG was seconded to the DTIC for the period 01 November 2020 to 18 January 2021.

The remuneration relating to the secondment preiod amounting to R460 thousand was borne in full by the CIPC. This constituted a non-arms length transaction.

### The dtic group

The CIPC forms part of the dtic portfolio and the related entities are included in the table below. The CIPC did not transact with any of the dtic group entities during the current year.



Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

2022 2021	
R'000 R'000	

# 32. Related party transactions (continued)

### **Income (Dislosure of information)**

The CIPC registry services are rendered free of charge to other National and Provincial government departments and entities. The total amount for such services cannot be quantified.

Name	Relationship
Department of Trade, Industry and Competition (dtic) BBBEE Commission	Member of the dtic group
Companies Tribunal	Member of the dtic group
Competition Commission	Member of the dtic group
Export Credit Insurance Corporation of South Africa	Member of the dtic group
Industrial Development Corporation	Member of the dtic group
International Trade Administration Commission	Member of the dtic group
National Consumer Commission (NCC)	Member of the dtic group
National Consumer Tribunal (NCT)	Member of the dtic group
National Credit Regulator (NCR)	Member of the dtic group
National Empowerment Fund (NEF)	Member of the dtic group
National Gambling Board (NGB)	Member of the dtic group
National Lotteries Commission (NLC)	Member of the dtic group
National Metrology Institute of South Africa	Member of the dtic group
National Regulator for Compulsory Specifications (NRCS)	Member of the dtic group
South African Bureau of Standards (SABS)	Member of the dtic group
South African National Accreditation System (SANAS)	Member of the dtic group
Name	Relationship
Department of Agriculture, Land Reform and Rural Development	National sphere of government
Department of International Relations and Co-operation - DIRCO	National sphere of government
Department of Justice (national and provincial Departments)	National sphere of government
Department of Public Enterprise (Eskom under)	National sphere of government
Department of Science and Technology (DST) / National Intelligence	National sphere of government
Property Management Office (NIPMO)	National sphere of government
Department of Sport, Arts and Culture - DSAC	National sphere of government
Department of the Premier – Free State province	National sphere of government
Department of Co-operative Governance	National sphere of government
Department of Economic Development	National sphere of government
Department of Environmental Affairs	National sphere of government
Department of Home Affairs	National sphere of government
Department of Human Settlements	National sphere of government
Department of Labour	National sphere of government
Department of Mineral Resources - DMR	National sphere of government
Department of Public Service and Administration	National sphere of government
Department of Public Works and Infrastructure	National sphere of government
Department of Rural Development and Land Reform	National sphere of government
Department of Small Business Development - DSBD	National sphere of government
Department of Jinaii business Development - Dobb	riational spriete of government



Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

2022	2021
R '000	R '000

# 32. Related party transactions (continued)

Name	Relationship
Department of Social Development	National sphere of government
Department of Tourism	National sphere of government
Department of Traditional Affairs	National sphere of government
Department of Transport	National sphere of government
Department: National Treasury	National sphere of government
City of Johannesburg Metropolitan Municipality	National sphere of government
Community Schemes Ombud Service (CSOS)	National sphere of government
Compensation Fund	National sphere of government
Co-operative Bank Development Agency (CBDA)	National sphere of government
Directorate for Priority Crime investigations	National sphere of government
Durban Chamber of Commerce and Industry (DCCI)	National sphere of government
E-Government	National sphere of government
Export Credit Insurance Corporation of South Africa	National sphere of government
Film & Publication Board	National sphere of government
Financial Sector Conduct Authority	National sphere of government
Free State Development Corporation (FDC)	National sphere of government
Gauteng Growth and Development Agency (GGDA)	National sphere of government
Gauteng Provincial Legislature	National sphere of government
InvestSA – Western Cape	National sphere of government
Judicial Commission of Inquiry into Allegations of State Capture	National sphere of government
KwaZulu-Natal Provincial Legislature	National sphere of government
Limpopo Provincial Legislature	National sphere of government
Medicines Patent Pool Foundation (MPP)	National sphere of government
National Nuclear Regulator (NNR)	National sphere of government
National Prosecuting Authority (NPA)	National sphere of government
Office of the President	National sphere of government
Parliament of the Republic of South Africa	National sphere of government
Payment Association of South Africa (PASA)	National sphere of government
Pension Fund Adjudicator - PFA	National sphere of government
Private Security Industry Regulatory Authority (PSIRA)	National sphere of government
Proudly South African	National sphere of government
Road Accident Fund (RAF)	National sphere of government
Road Traffic Management Corporation (RTMC)	National sphere of government
South African Reserve Bank (SARB)	National sphere of government
South African Revenue Services (SARS)	National sphere of government
South African Social Security Agency (SASSA)	National sphere of government
South African Police Service (SAPS)	National sphere of government
South African Post Office (SAPO)	National sphere of government
State Information Technology Agency (SITA)	National sphere of government



Annual Financial Statements for the year ended 31 March 2022

# Notes to the Annual Financial Statements

2022 2021
R'000 R'000

# 32. Related party transactions (continued)

Name	Relationship
State Security Agency (SSA)	National sphere of government
Statistics South Africa	National sphere of government
Trade and Investment KwaZulu Natal - TIKZN	National sphere of government
Transnet Enterprise Development Hub	National sphere of government
Transnet Mega Hub – Richards Bay (Empangeni)	National sphere of government
Unemployment Insurance Fund	National sphere of government
West Coast Business Development Centre (WCBDC)	National sphere of government
Western Cape Provincial Parliament	National sphere of government

### Transactions with key management

The total remuneration of key management is included in employees' remuneration (refer to note 24 for Executive Management's remuneration).

# 33. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance	51	51
Less: Amounts not recoverable (written off)	(51)	-
	-	51

No losses have occurred during the current and previous financial year due to fruitless or wasteful expenditure.

Two items fruitless expenditure relating to prior years and amounting to R51 thousand were assessed as irrecoverable and were written off in the current year.

### 34. IRREGULAR EXPENDITURE

### 2021/22

No irregular expenditure was incurred in the current financial year.

#### 2020/21

### Website support services: Delia Risk Management

Expenditure incurred where the prescribed procurement process was not fully adhered to. Confirmation that value for money was received, was performed.

The quotatuon was incorrectly accepted after the advertised closing date. This was as a result of the advertised closing date being a Sunday, the SCM official incorrectly accepted the quote submitted on the Monday morning due to Sunday not being a workday.

### Stationery supplies: Great W arrior and Bidvest W altons

Expenditure was incurred over and above the ceiling value of the contract amount. Confirmation that value for money was received, was performed.

In both instances, purchase orders were issued and deliveries accepted even though the ceiling amount of the contract was exceeded. This was as a result of the contract still being active as the end date was in the future, resulting in the SLA manager assuming the contract still had funds available.



Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

	2022	2021
	R '000	R′000
34. Irregular expenditure (continued)		
Website support services: Delia Risk Management	-	104
Stationery supplies: Great Warrior	-	59
Stationery supplies: Bidvest Waltons	-	44
	-	207
Opening balance	98 788	98 581
Add: Irregular Expenditure - current year	-	207
	98 788	98 788
Analysis of expenditure awaiting condonation per age classification  Current year  Prior years	- 98 788	207 98 581
Prior years	98 788	98 581
	98 788	98 788
Details of irregular expenditure not yet condoned		
ncurred in prior years		
Nebsite support services: Delia Risk Management		104
Stationery supplies: Great Warrior		59
Stationery supplies: Bidvest Waltons		44
Security services		220
Dismantling and removal services		120
Accounting services		5
Enterprise Content Management System		98 236
	_	98 788

A request for condonement of all instances of reported irregular expenditure, except for the Enterprise Content Management System, was submitted to National Treasury during the current financial year.

The Enterprise Content Management System cannot be condoned as litigation is still in process. Refer to note 28 for details on the contingent liability disclosure.

# 35. GIFTS AND DONATIONS

The acceptance or granting of a gift, donation or sponsorship is managed in terms of Section 76 of the Public Finance Management Act, 1999 (Act 1of 1999). Gifts and donations received by employees during the year under review were:

No gifts or donations were received by employees during the current and previous financial year.

No gifts or donations were granted by CIPC to external parties during the current and previous financial year.



Annual Financial Statements for the year ended 31 March 2022

# **Notes to the Annual Financial Statements**

2022 2021	
R'000 R'000	

# 36. RECONCILIATION BETWEEN BUDGET AND CASH FLOW STATEMENT

Reconciliation of budget surplus with the net cash generated from operating, investing and financing activities:

Operating activities		
Actual amount as presented in the budget statement	114 180	122 308
Basis differences	66 854	43 228
Net cash flows from operating activities	181 034	165 536
Investing activities		
Actual amount as presented in the budget statement	(26 230)	(24 218)
Proceeds on sale of Property, Plant and Equipment	198	120
Net cash flows from investing activities	(26 032)	(24 098)
Financing activities		
Transfer to National revenue fund	(126 777)	(74 800)
Net cash generated from operating, investing and financing activities	28 225	66 638

### 37. PRIOR PERIOD ERROR

During the current financial year, it was identified that the entity did not account for actuarial valuation obligations relating to long service awards and post-retirement medical aid benefits.

Subsequent to the acturial valuation being performed, the comparative figures and opening accumulated surplus were adjusted to account for the liability and expense in the prior years as follows:

#### Statement of financial position - extract

	Comparative figures previously reported	Adjustment	After adjustment
Current liabilities: Employee benefit obligation	-	(1 887)	(1 887)
Non current liabilities: Employee benefit obligation	-	(21 397)	(21 397)
Opening accumulated surplus	(503 131)	20 612	(482 519)
Total	(503 131)	(2 672)	(505 803)

### Statement of financial performance - extract

	Comparative figures previously reported	Adjustment	After adjustment
Employee related costs	369 243	2 672	371 915

# 38. 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 settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.





Notes:	



Notes:	





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