



Council for Debt Collectors

**Integrated
Annual Report
2023 - 2024**

Foreword

The recovery of debts plays an integral part in the economy of South Africa. Before the emergence of the Covid 19 pandemic our economy was already under severe strain. Covid 19 added to this resulting in a weaker exchange rate, rising fuel prices, rising interest rates and a massive rise in unemployment figures. Consumers are buckling under the strain of meeting their month-to-month expenses. It is estimated that more than half the population cannot meet their financial obligations. It is therefore clear that the collection industry affects or has the potential to affect the vast majority of South Africans daily. Much has been done to improve and regulate the debt collection industry. The most important advancement has been the creation of a statutory regulator named the Council for Debt Collectors. This body came into operation in 2003, and this report deals with advances made in the regulation of the industry.

The establishment of the Council for Debt Collectors as regulator for the debt collection industry has been an important development. Much has been achieved in ensuring that the recovery of debts is done in an ethical and fair manner in accordance with the Debt Collectors Act, Regulations and Code of Conduct for which the industry should be congratulated, but there is still work that needs to be done.

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

We look forward to engaging with each stakeholder on the issues raised in this document and to strengthen the industry in the interest off all its key stakeholders to ensure the fair recovery of debts.

TABLE OF CONTENTS

PART A: GENERAL INFORMATION	5
• Strategic overview	6
○ <i>Vision</i>	6
○ <i>Mission</i>	6
○ <i>Values</i>	6
○ <i>Strategic outcome orientated goals</i>	6
• Legislative Mandate	7
• Organisational Structure	8
• Chairperson’s Report	13
• Chief Executive Officer’s Report	16
• Statement of responsibility for performance information	20
PART B: FINANCIAL INFORMATION	21
• Auditor’s Report	22
• Report Audit and Risk Committee	23
• Financial Management	26
PART C: GOVERNANCE	31
• Introduction	32
• Council	32
• IT Governance	33
• Environmental Report	34
• Risk Management	34
• Internal Control Unit	35
• Code of Conduct	35
• Social Responsibility	35
PART D: REGISTRATION	37
• Registration of Debt Collectors	38
PART E: COMPLIANCE	41
• Functioning of the Legal Section	42
• Enabling Legislation	45
PART F: PUBLIC RELATIONS	47
• Consumer Education	48
• Public Relations Activities	49
• Stakeholder Relations	50
• Corporate Social Responsibility	50
• Interactions with Consumers	51
FINANCIAL STATEMENTS	55

PART A: GENERAL INFORMATION

STRATEGIC OVERVIEW

VISION:

Regulating the debt collection industry by ensuring the fair recovery of debt.

MISSION:

To excel in the provision of accessible, sustainable, ethical, quality and independent oversight services to the debt collection industry.

VALUES:

- Passion for Justice
- Ubuntu
- Integrity
- Accountability
- Service Excellence
- Innovation

STRATEGIC OUTCOME ORIENTATED GOALS

Outcome 1: Quality oversight and regulation of the industry thereby contributing to the general NDP goal of reliable, fair and inclusive regulatory bodies.

Outcome 2: Respected, accessible, high performing and sustainable public entity impacting positively on the debt collection profession, society, the economy and the environment.

LEGISLATIVE MANDATE

The Council was established by the Debt Collectors Act, 1998 (Act 114 of 1998) which came into operation on 7 February 2003. The broad objectives of the Council are contained in the long title of the Act:

To provide for the establishment of a Council, known as the Council for Debt Collectors; to provide for the exercise of control over the occupation of debt collector; to amend the Magistrates' Courts Act, 1944, so as to legalize the recovery of fees or remuneration by registered debt collectors; and to provide for matters connected therewith.

The broad mandate is formalized in more detail in the Act as follows:

The objects of the Council

The key objectives of the Council are set out in section 2(2) of the Act: to exercise control over the occupation of debt collector. This provision in the enabling legislation is supplemented by other provisions in the Act, the Regulations and the Code of Conduct promulgated in terms of the Act. Broadly speaking the aims of the Council are to:

- regulate the occupation of debt collectors.
- regulate the recovery of fees.
- register debt collectors.
- issue registration certificates
- investigate complaints against debt collectors and
- where appropriate, institute disciplinary proceedings against debt collectors for misconduct.

In short, the Council for Debt Collectors regulates the occupation of debt collector, ensures that debt collectors are registered with the Council and protects the public by the investigation of complaints and the institution of disciplinary proceedings where necessary.

ORGANISATIONAL STRUCTURE

The constitution of the Council

In terms of section 3(1) of the Act the Council must consist of not more than 10 members appointed by the Minister. Appointments can be made for a period not exceeding three years.

In terms of section 3(2) the Minister must appoint:

- a chairperson; and
- as members
 - a magistrate
 - an attorney
 - at least two, but not more than four debt collectors
 - two persons who, in the Minister's opinion, are fit and proper persons to serve on the Council and
 - a person representing consumer interests.

Meetings of the Council

In terms of section 4(1) the Council must meet at least three times in every financial year.

The Council met on:

23 May 2023
29 August 2023
20 and 21 November 2023
27 February 2024

Committees

- ***Executive Committee***

In terms of section 4(1) of the Act the Council may appoint not less than three and not more than five of its members as an Executive Committee provided that most members of the Executive Committee must be members other than members who have been appointed by virtue of the fact that they are debt collectors.

- ***Audit Committee***

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

Secretariat of the Council

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

COUNCIL MEMBERS

In terms of the statutory framework set out previously the following Council members were appointed:

NAME	CAPACITY	DATE OF APPOINTMENT	APPOINTED UNTIL	SECTION OF THE ACT
Mr C Senzani	Chairperson	29 July 2021	28 July 2024	Section 3(2)(a)
Mr EA Makda	Member	1 July 2020	30 June 2023	Section 3(2)(b)(i)
Mr T Motloung	Member	1 July 2020	30 June 2023	Section 3(2)(b)(ii)
Ms LA Dhorie	Member	27 November 2021	26 November 2024	Section 3(2)(b)(iii)
Ms R Mare	Member	29 July 2021	28 July 2024	Section 3(2)(b)(iii)
Mr M Kuljeeth	Member	29 July 2021	28 July 2024	Section 3(2)(b)(v)
Mr N Shezi	Member	29 July 2021	28 July 2024	Section 3(2)(b)(iii)
Ms P Ravhuhali	Member	29 July 2021	28 July 2024	Section 3(2)(b)(iv)
Mr T Ramathikhithi	Vice Chairperson	29 July 2021	28 July 2024	Section 3(2)(b)(iv)



Mr C Senzani



Mr N Shezi



Ms I Dhorie



Mr T Ramathikhithi



Ms P Ravhuhali



Mr N Kuljeeth



Ms R Maré



Mr E Makda



Mr M Motloung

- **Secretariat of the Council**

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



CEO
(Adv A Cornelius)



CFO
(Mr C Mafela)

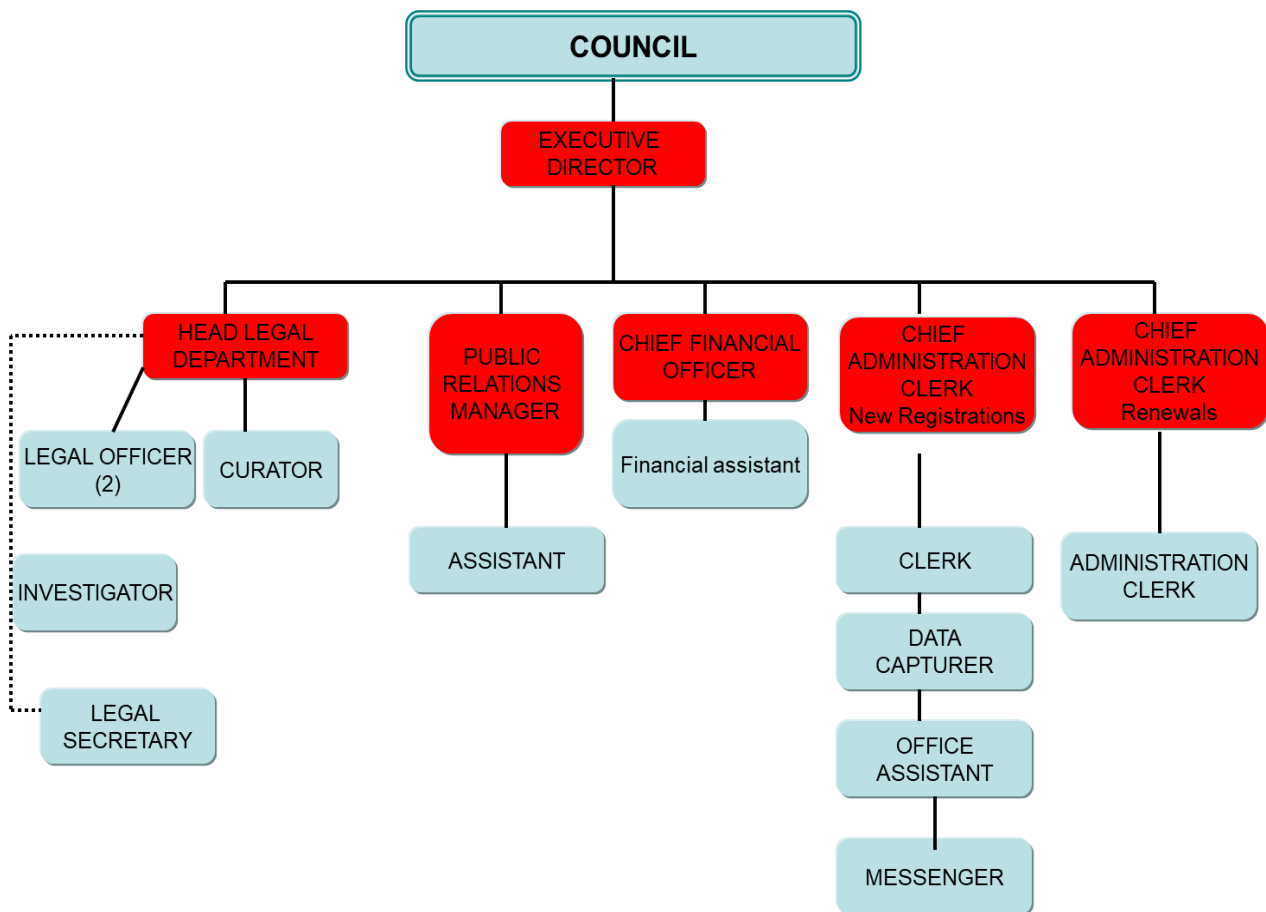


LEGAL
(Adv J Makondo)



PR
(Ms L Mengcane)

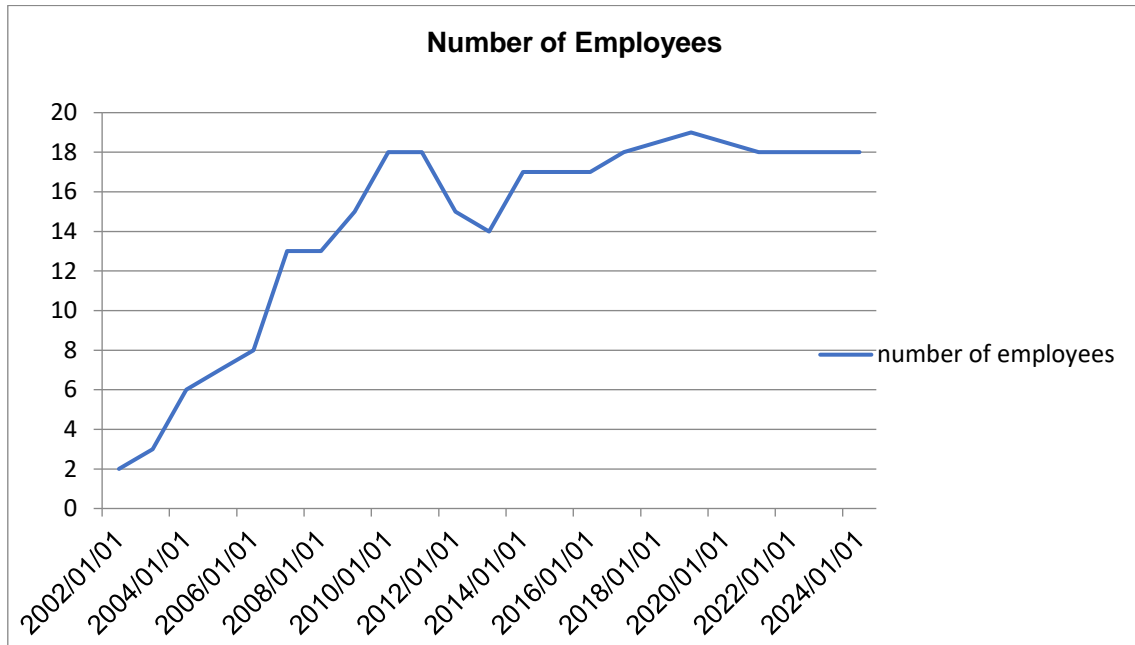
The 18 posts are represented in the organogram below:



Functionally the administrative component is divided into two departments:

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

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



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



CHAIRPERSON'S REPORT

I have pleasure in presenting the review of the Council's activities for the period from 1 March 2023 until 28 February 2024.

Introduction

I am pleased to report that the reporting period 2023/2024 was a proactive and productive year, accentuated by a period of continuing growth and stabilisation within the Council for Debt Collectors. The worsening economic situation presented very real challenges to the Council, debt collectors and the public. I am satisfied that the Council remains well positioned to act as an effective and efficient sector regulator even in these challenging times.

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

Strategic planning

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

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

Corporate governance and King IV

All recommendations contained in King IV have been implemented. The implementation of King IV added value to the Council to further enhance good corporate governance. The Council, with the assistance of the Audit, Risk and Finance Committee, reviews its policies regularly to enhance governance.

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

This is also achieved by means of the ongoing risk management process that is reviewed by the Audit, Risk and Finance Committee as well as at each Council meeting. The Committee is satisfied that the Council's top risks have received adequate attention throughout the course of the reporting year. The risks inherent to the Council and controls implemented to monitor these risks will be monitored on an ongoing basis.

The Council continuously strives to be competent and respected, and to conduct its affairs with integrity.

The Council has the following committees in place:

- Executive Committee.
- Audit, Risk and Finance Committee.
- Disciplinary Committees (to exercise its statutory oversight role)

Long term financial stability

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

Enabling legislation

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

Stakeholder management

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

Conclusion

Whilst recognizing that the Council has made great strides since its humble beginning in 2003, the Council is committed to strive towards raising the Council yet to another level. I have full confidence that the Chief Executive Officer and his team will make further strides in the year ahead in increasing the stature of the Council and exceeding the expectations of our stakeholders.

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

A handwritten signature in black ink, appearing to read 'C Senzani', with a stylized flourish extending from the bottom left.

**C SENZANI
CHAIRPERSON**



REPORT OF THE CHIEF EXECUTIVE OFFICER

Introduction

For the year under review the Council managed to maintain the high service levels and service excellence that our stakeholders have become accustomed to. Council members and managers have developed a closely-knit bond that promotes the effective functioning of the Council.

Managing and Monitoring of Administration

From an operational perspective, further strides have been made in ensuring that we run operations effectively, efficiently, and economically by updating and enforcing the necessary governance structures and processes that ensures service excellence. The profession of debt collecting is a volatile occupation as reflected in Part D, an additional burden on the industry has been the changes made to the National Credit Act, and in particular the prohibition on the recovery of prescribed debts and the Changes to the Magistrates Court Act with regards to the granting of EAO orders. The relief is welcomed as it prevents the exploitation of the most vulnerable. Unfortunately, one of the unforeseen consequences appears to be the de facto removal of EAO orders as a useful tool for the recovery of debts. The only viable legal alternative left is sales in execution which will bring challenges to consumers of a different nature.

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

For the year under review the Council has registered 18 287 debt collectors.

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

IT Governance

The Council's dedicated software program is improved and maintained on an ongoing basis. A disaster management plan is in existence and comprehensive backup procedures ensure the integrity of the Council's data. A brand-new platform has been developed and implemented to bring the registration process in line with the digital developments and advances in the world we live in.

Human Resources

The Council is committed to growing our talent and competencies to enable better quality service. For the period under review a new Financial Manager was appointed. The succession plan and vision are monitored and evaluated on an ongoing basis. During the reporting period, staff members attended various initiatives with the goal of training and empowerment.

A performance reward system has been adopted and in terms of the remuneration policy, some staff members were rewarded in accordance with their performance, during the year under review.

The annual strategic planning session and team building event allows for the opportunity to not only bring the staff of the Council together, but also to discuss and resolve any areas of concern and improvement. I am happy to report that there were no problems or major concerns. The well-being of the staff remains a priority. The number of employees who received merit awards reflects the staff's commitment to service excellence.

Market and Promote the Council

The Council once again embarked on a publicity campaign to raise the public awareness of the functions of the Council. The details of the 2023/24 campaign are set out in the report under Part F.

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

Through its website the Council strives to keep its clients informed. The website has been redesigned to provide an efficient consumer friendly basis for communication. The Council made a concerted effort to keep the public informed about their rights through public consultation, engaging the printed and electronic media as well as awareness campaigns. These matters are fully dealt with in Part F of the main report.

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

Financial Management

The Council's main source of income is the application fees for new registrations and the annual subscription fees for the renewal of existing registrations which has not been adjusted since 2003. Considering the Council's additional income on investments, its financial position is sound, and its financial reserves have grown steadily since its establishment.

The Council has again received an unqualified audit report for the year under review and has received unqualified audit reports since its inception in 2003. The Council's risk management plan is a standing item on the agenda and reviewed regularly to ensure preventative rather than retroactive solutions.

Disciplinary hearings

Comparing the number of complaints where disciplinary hearings have been instituted against the number of debt collectors, it is evident that the industry ensures a high degree of self-regulation. The fact that the Council actively ensures compliance with the Act, Regulations and Code, contributes to self-regulation.

As can be seen from the report set out in Part E, it clearly shows that this core principle of the regulation of debt collectors is being successfully implemented.

The complaint process has been automated to enable consumers to effortlessly lodge complaints against debt collectors.

Enabling legislation

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

Corporate governance

The implementation and adherence to the principles as set out in King IV is monitored on an ongoing basis. Explanations are also provided in case of non-implementation of certain principles.

Conclusion

The focus in the 2024/2025 period will be on sustainability and the continued monitoring of risk management. We also aim to actively promote the finalisation of the Amendment Bill for approval by Parliament.

Attention is to be given to the ongoing development of the current IT platform and systems to bring the Council in line with the requirements and advances currently available. This process should enable changes required by the industry to the automated process.


The Social Responsibility program will also be monitored and executed. A program to enlarge the Council footprint will also be undertaken, with this in mind it was decided to run the media campaigns in house which will enable the Council to expand its reach without incurring additional costs to do so.

There are several issues impacting on the debt collection industry which needs to be closely monitored going forward. Those issues are:

- The authenticated debit order system
- The changes to the Prescription Act
- The Financial Services Acts

The implementation of rolling blackouts sometimes lasting for more than 10 hours on stage 6 has placed considerable strain on the operations of the Council. A decision was made to switch over to Solar power and a system implemented to enable the Council to operate even in periods of extended blackouts.

Ultimately the achievements and high performance of the Council are only possible due to the commitment and contribution of our dedicated staff and Council members. It is hereby then that I express my sincere gratitude to the Council's leadership and staff members for their dedication and commitment.


A CORNELIUS
CHIEF EXECUTIVE OFFICER

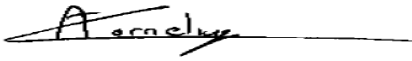
SCOPE AND BOUNDARY OF THE INTEGRATED ANNUAL REPORT

The integrated annual report covers the activities and achievements of the Council for Debt Collectors for the period 1 March 2023 to 28 February 2024. The integrated annual report has been prepared in accordance to Generally Recognized Accounting Principles (GRAP) and the recommendations of King IV.

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

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

The Annual Report is signed on their behalf by:

A handwritten signature in black ink, appearing to read 'A Cornelius', written over a horizontal line.

A CORNELIUS
CHIEF EXECUTIVE OFFICER

PART B: FINANCIAL INFORMATION

AUDITOR'S REPORT, APPROVAL AND STATEMENT OF RESPONSIBILITY

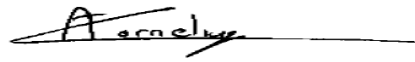
- The Auditor's report
- Approval and statement of responsibility

The auditor's report and the financial statements which appear in Annexure 1 to the report were approved by Council on 30 July 2024 and signed on their behalf by:



Mr C Senzani: Chairperson

30/07/2024
Date



Adv A Cornelius: Chief Executive Officer

30/07/2024
Date



REPORT OF THE AUDIT, RISK AND FINANCE COMMITTEE

Introduction

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

Audit, Risk and Finance Committee Members and Attendance

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

Chairperson	:	Ms P Ravhuhali
Members	:	Mr N Shezi
Member	:	Ms L Dhorie
Invited Member	:	Mr C Senzani (Chairperson)

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

Mr C Senzani (Chairperson of the Council) served on the Audit, Risk and Finance Committee in an advisory capacity for the duration of the year under review.

The Audit, Risk and Finance Committee met on four occasions during the year under review:

12 February 2024

15 May 2023

21 August 2023

23 October 2023

Audit, Risk and Finance Committee

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

Audit, Risk and Finance Committee Responsibility

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

The effectiveness of internal control

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

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

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

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

The quality of the year's management and monthly quarterly reports

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

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

The effectiveness of risk management and compliance

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are effectively managed. In line with the Act and King IV Report on Corporate Governance requirements the Audit, Risk and Finance Committee (in the absence of internal audit) and external audit provide the Council with assurance that internal controls are appropriate and effective. This is achieved by means of the ongoing risk management process. A risk assessment workshop was conducted during the year where the top risks and corresponding controls were identified, as part of ongoing risk management. The Committee is satisfied that the Council's top risks have received adequate attention throughout the reporting period. The risks inherent to the Council and controls implemented to monitor these risks were evaluated on an ongoing basis.

External Audit

The committee is responsible for recommending the appointment of the independent auditors. The committee has satisfied itself that the auditors of the Council are independent as defined by the Act. The committee, in consultation with executive management, agreed to the audit plan and audit fee for the 2023/2024 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time.

Budget

Procedures were reviewed and it was decided to accommodate the reporting of income and expenditures on a monthly basis as and when expenditure is incurred, or income received.

It was also decided to review the budget on a six-monthly basis to make provision for any changes due to the volatility of the industry and the current global financial crisis.

Evaluation of Financial Statements

The Audit, Risk and Finance Committee has

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



MS P RAVHUHALI
CA (SA), RA

THE FINANCIAL MANAGEMENT OF THE COUNCIL

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

External audit and financial statements

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

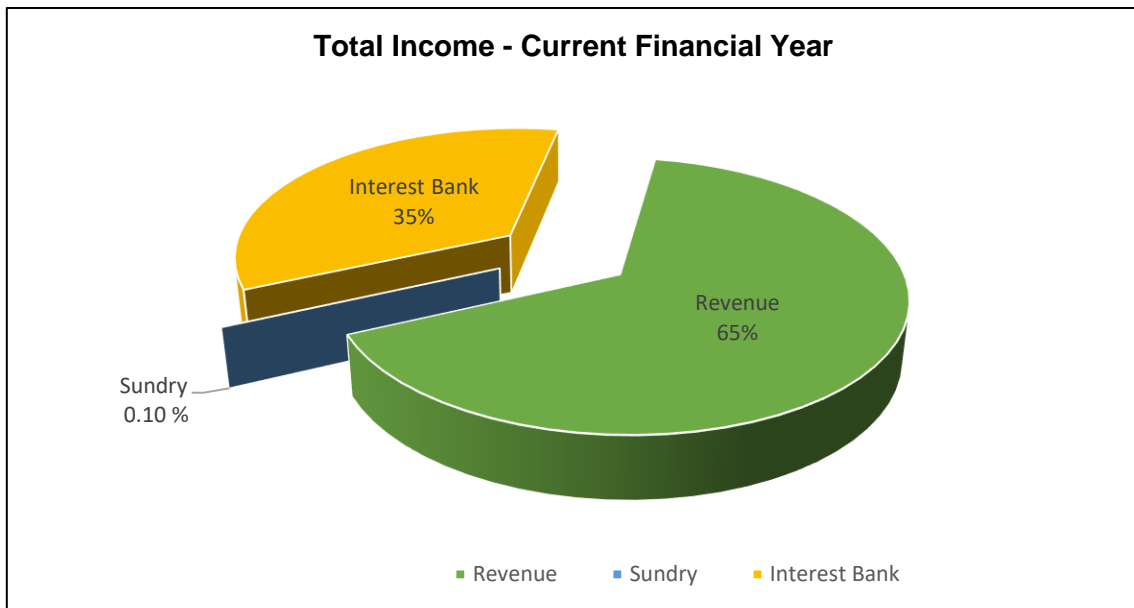
- **Income and expenditure**

- **Income**

The gross revenue for the year under review totals R 18 407 897 and is made up as follows:

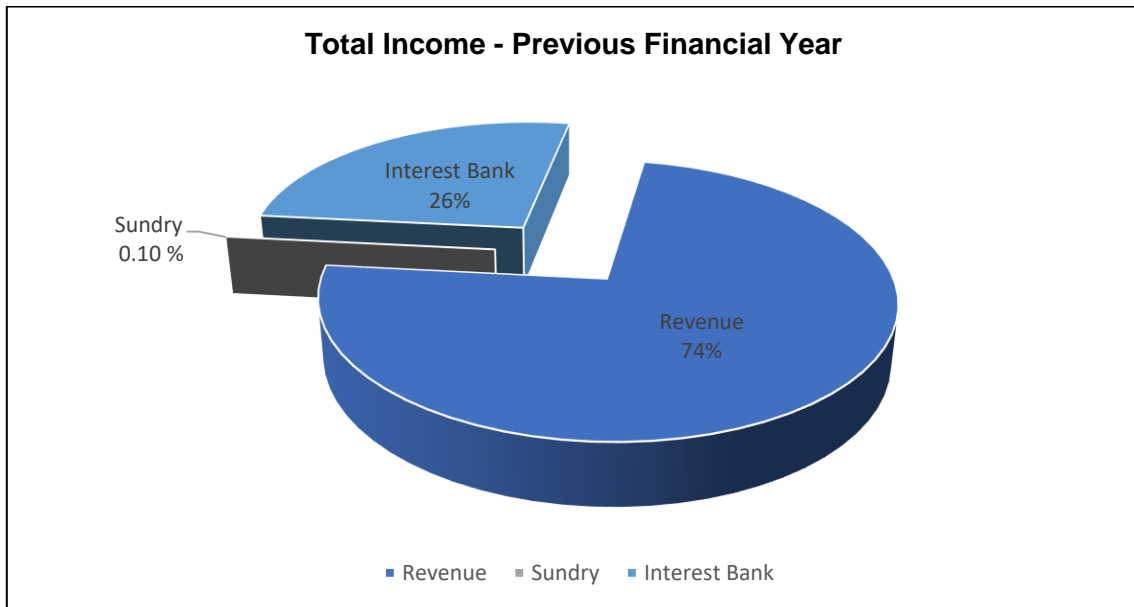
Fees received	:	R 12 040 475
Interest received	:	R 6 367 422

Total income illustrated:



Gross revenue for the previous financial year totalled R17 333 813 and made up as follows:

Fees received	:	R 12 518 598
Sundry Income	:	R 25 000
Interest received	:	R 4 432 178



The Council’s total income in the current financial year increased by R1 074 084. The increase in income is attributed to an increase in interest rates.

- **Expenditure**

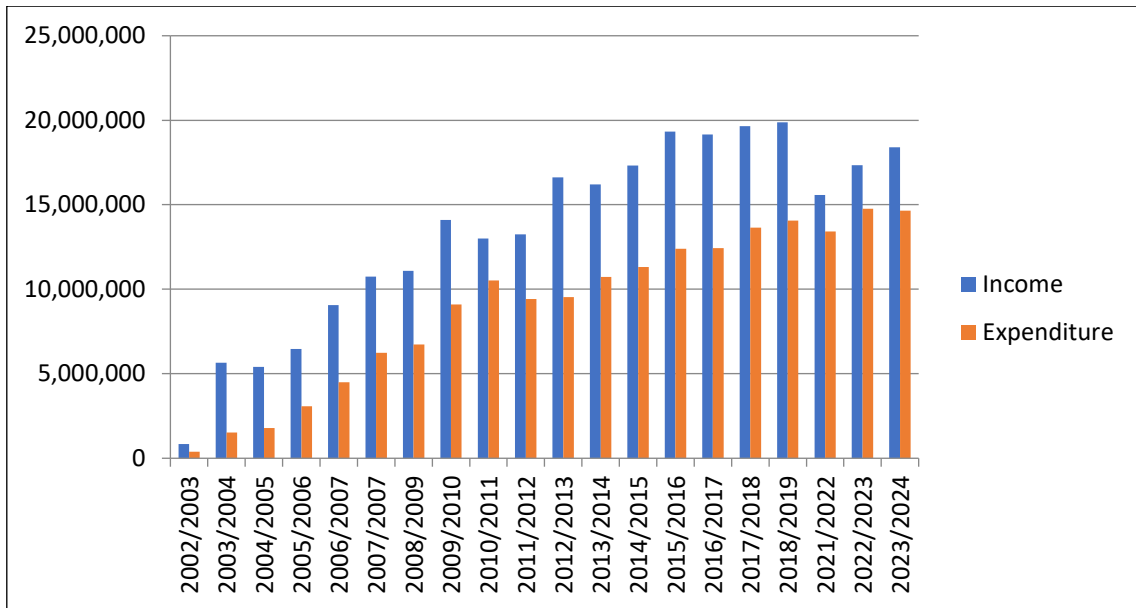
The Council’s expenditure during the year under review totalled R 14 763 929 while the expenditure in respect of the previous financial year totalled R 13 423 533. This represents an increase in expenditure of R 1 340 096. The increase is mainly due to the development of a new IT platform.

- **Income and expenditure since 2003**

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

FINANCIAL YEAR	INCOME	EXPENDITURE
2002/2003	844 557	390 779
2003/2004	5 651 370	1 531 498
2004/2005	5 412 853	1 787 242
2005/2006	6 469 187	3 075 829
2006/2007	9 061 202	4 505 784
2007/2008	10 744 349	6 245 142
2008/2009	11 095 175	6 725 308
2009/2010	14 095 980	9 102 218
2010/2011	12 994 406	10 519 841
2011/2012	13 256 230	9 427 913
2012/2013	16 609 877	9 539 002
2013/2014	16 207 925	10 728 664
2014/2015	17 326 306	11 319 946
2015/2016	19 324 240	12 397 130
2016/2017	19 149 484	12 432 338
2017/2018	19 642 659	13 651 760
2018/2019	19 876 222	14 052 824
2021/2022	15 585 902	13 423 533
2022/2023	17 333 813	14 763 929
2023/2024	18 407 897	14 646 622

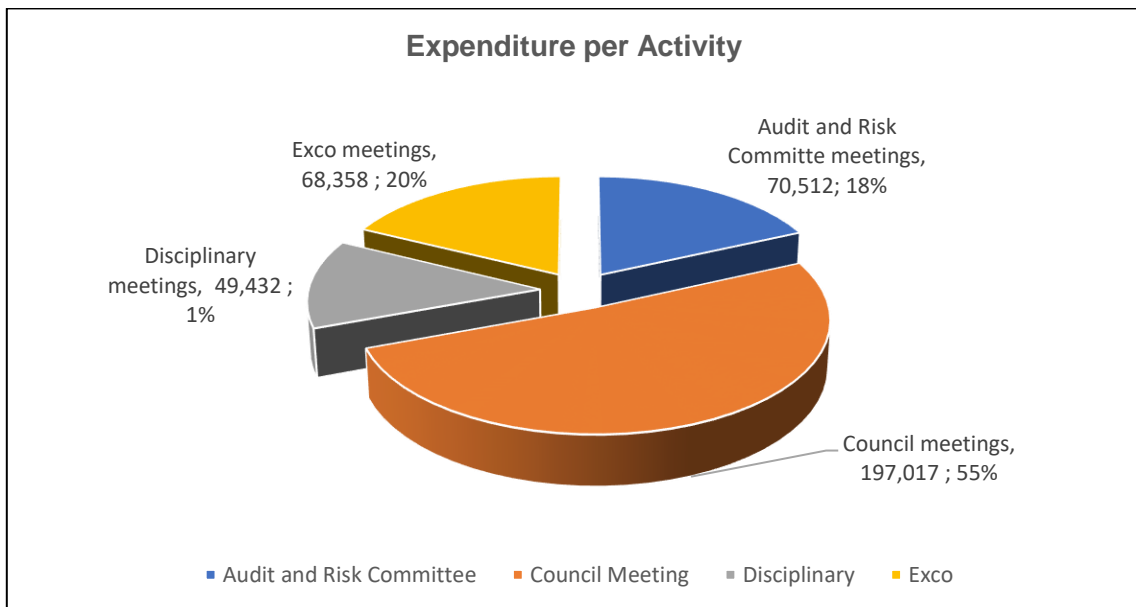
The above information is illustrated as follows:



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

Expenditure in respect of Council related activities

The following expenditure was incurred in respect of Council meetings:



- **Emoluments of Council members and management**

- **Council members**

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

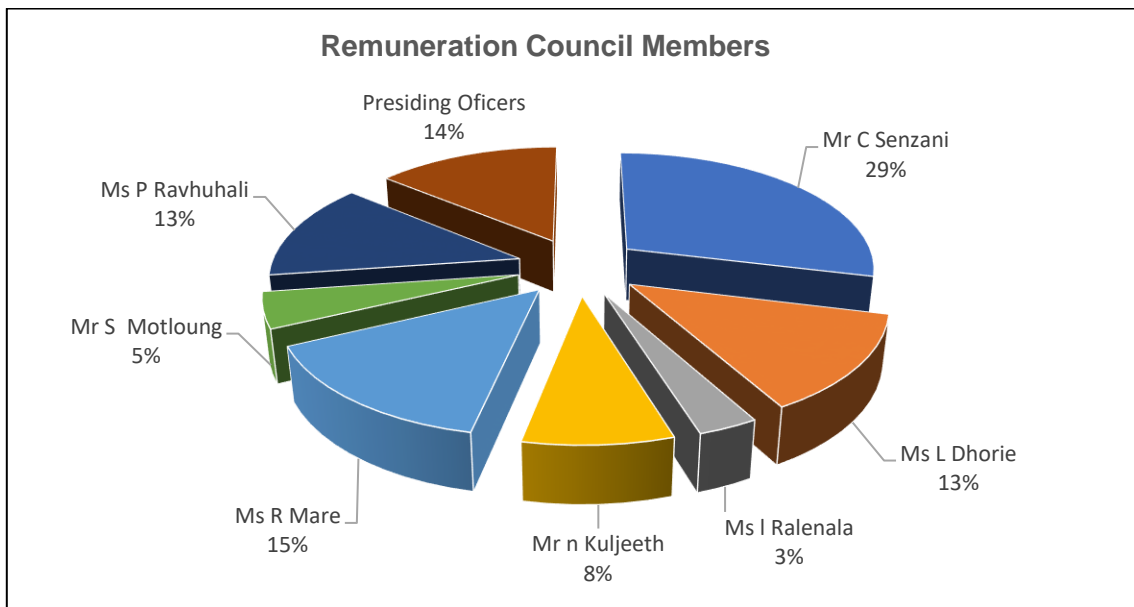
Chairperson	:	R 5 230 per day
Vice chairperson	:	R 4 445 per day
Members	:	R 3 888 per day

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

COUNCIL MEMBER	PERIOD	GROSS REMUNERATION
Mr C Senzani – Chairperson	1/1/2023- 28/2/2024	R 101 805
Mr L Ralenala	1/1/2023- 28/2/2024	R 11 482
Mrs L Dhorie – Member	1/1/2023- 28/2/2024	R 46 071
Mr M Shezi – Member	1/1/2023- 28/2/2024	R 32 334
Mr N Kuljeeth – Member	1/1/2023- 28/2/2024	R 28 528
Ms R Mare – Member	1/1/2023- 28/2/2024	R 51 935
Ms P Ravhuhali	1/1/2023- 28/2/2024	R 46 714
Presiding Officers – Disciplinary Hearings	1/1/2023- 28/2/2024	R 49 432
TOTAL		R 385 318

Mr Ramathikhithi and Mr Makda are excluded in lieu of their appointment status.

The gross remuneration for 2018/2019 as a percentage of the total expenditure:

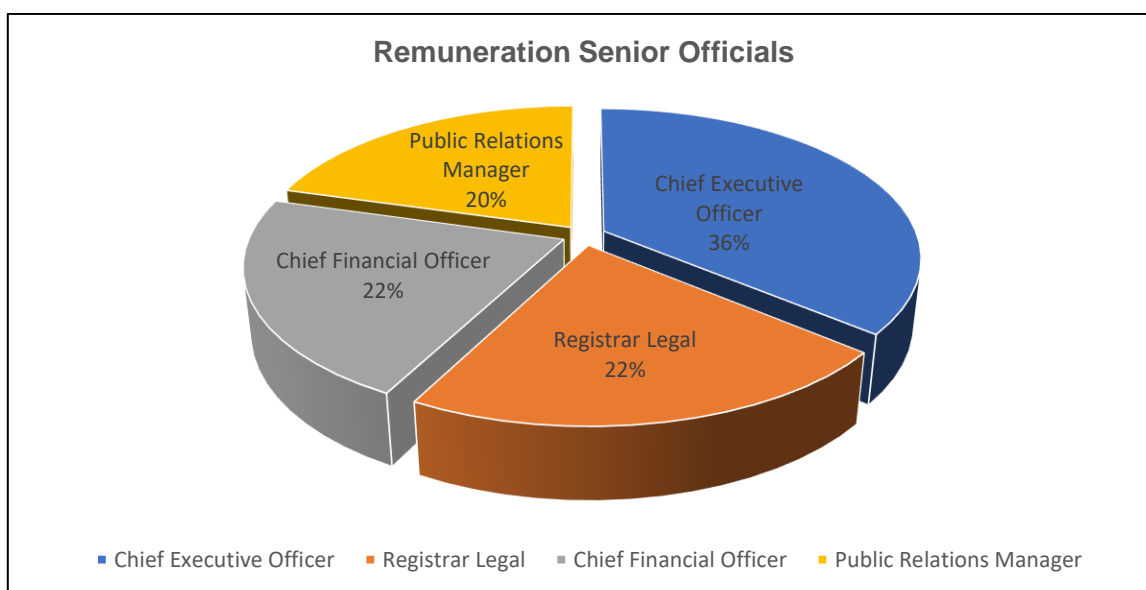


- o **Management**

OFFICIAL	Salary	Annual 13 th Cheque	Gross remuneration
Chief Executive Officer	R 1 116 603	R 97 176	R 1 418 623
Head Legal Department	R 700 000	R 59 000	R 851 574
Chief Financial Officer	R 663 384	R 57 733	R 854 443
Public relations manager	R 642 504	R 55 525	R 810 581
TOTAL			R 3 935 220

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

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



PART C: GOVERNANCE

GOVERNANCE

1. Introduction

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

2. Council

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

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

23 May 2023

29 August 2023

20 and 21 November 2023

27 February 2024

The Council for Debt Collectors has two committees which assist the Council to discharge its responsibilities and are accountable to the Council:

- **Executive Committee**

In terms of section 4(1) of the Act the Council may appoint not less than three and not more than five of its members as an Executive Committee provided that the majority of members of the Executive Committee must be members other than members who have been appointed by virtue of the fact that they are debt collectors.

During the year under review, the Executive Committee was constituted as follows:

Chairperson : Mr C Senzani

Members : Mr Ramathikhithi, and Ms R Maré

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

31 January 2023

23 March 2023

21 April 2023

22 June 2023

28 July 2023

21 September 2023

19 October 2023

9 February 2024

- **Audit, Risk and Finance Committee**

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

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

Chairperson : Ms P Ravhuhali
Members : Ms L Ralenala
 : Ms L Dhorie
Advisor : Mr C Senzani

Mr C Senzani (Chairperson of the Council) serves on the Audit, Risk and Finance Committee in an advisory capacity since 22 November 2021. Council resolved that in compliance with King IV principles, her skills are required on the Audit, Risk and Finance Committee.

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

15 May 2023
21 August 2023
25 October 2022
12 February 2024

3. IT Governance

A new automated software management system has been developed. The software allows electronic importing of all documents, resulting in a more efficient registration process. A concomitant benefit is the elimination of the risk of the possible loss of original documents leaving the premises of the Council.

Numerous refinements were incorporated in the new software system, enhancing productivity enabling the Council to render improved service delivery to its clients. The most important refinements include the following:

- Live updates of the register as registration transactions occur including any other register-related updates are captured on the system.
- The submission of the prescribed audit certificates has been computerized.
- New reports facilitating the administration of registrations.
- The generation of revised and additional statistics.
- Refinement of the financial system.
- Electronically generated certificates.
- Management of a debt collectors' details and employees in the hands of the employer.
- In addition, the system has been safe guarded by limiting the access of the various users.
- In respect of the legal section several refinements were developed to facilitate the administration including the upgrading of statistical reports.
- An online compliant system to assist the public with the lodging of complaints.
- Automatic emailing of control lists to save on printing and paper expenses.

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

The management of the IT system constitutes a considerable risk to the organisation since the smooth running of the registration process and related matters is dependent on proper maintenance of the system and the protection of the integrity of the data on the system. Consequently, several measures have been taken to reduce the risks. The Information Technology policy of the Council has been revised, amongst others, with the inclusion of a detailed backup policy; always ensuring the integrity of the Council's data. In addition, a hardware firewall has been installed to provide an additional layer of protection against hackers. A full IT penetration test is conducted regularly to identify potential risks and implement measures to protect the system.

Telephone system

The entire telephone system has been converted to a VOIP system. The VOIP system has a significant reduction in operating expenditure.

To reach all our members, a bulk SMS system was also implemented, enabling the Council to effectively reach all registered debt collectors.

4. Environmental Report

The Council's operations are mainly of a regulatory and administrative nature. Consequently, the environmental impact is mostly restricted to the use of paper, saving of electricity and its carbon footprint.

The Council uses its wastepaper for internal printing of draft documents and wastepaper not suitable for this purpose is made available for recycling. In addition, electronic means of communication is used instead of paper-based communication wherever possible.

Travelling is restricted as far as possible.

Measures are in place to ensure that no electricity is used after hours except in the case of the server and cut out relays have been installed to ensure the automatic shutdown of any air-conditioning units.

A contractor has been approved to furnish the Council with live plants in all common areas to further reduce the carbon footprint.

A system making use of paperless meetings has been implemented with the acquisition of tablets for all Council members. All meetings are conducted making use of this technology and as a result the objective of paperless meetings has been achieved successfully.

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

5. Risk Management

The Council's Risk Management policy is a standing item on each Agenda. The Council, through the Audit and Risk Committee, provided oversight of risk management by reviewing management reports and providing guidance on a quarterly basis. Management is accountable for providing assurance to the Board that the risk management process is in place and is integrated into the day-to-day activities.

6. Internal Control Unit

The Council, due to its size, does not have an internal control unit. However, management is responsible for this function and a system of matrix management is in place. This provides management with sufficient oversight over all the activities of the Council.

The Council has established a framework for internal controls, including an effective procurement and provisioning system. The controls implemented focus on those areas identified by management, confirmed by the Council and assessed by the auditors. The controls ensure the protection of Council assets, and that liabilities and capital are efficiently managed.

Council policies, procedures and approval frameworks provide direction, accountability, and a division of responsibilities. Management closely monitors these controls and acts to correct any deficiencies identified. All policies were reviewed in 2019.

7. Code of Conduct

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

8. Social Responsibility

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

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

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

PART D: THE REGISTRATION OF DEBT COLLECTORS

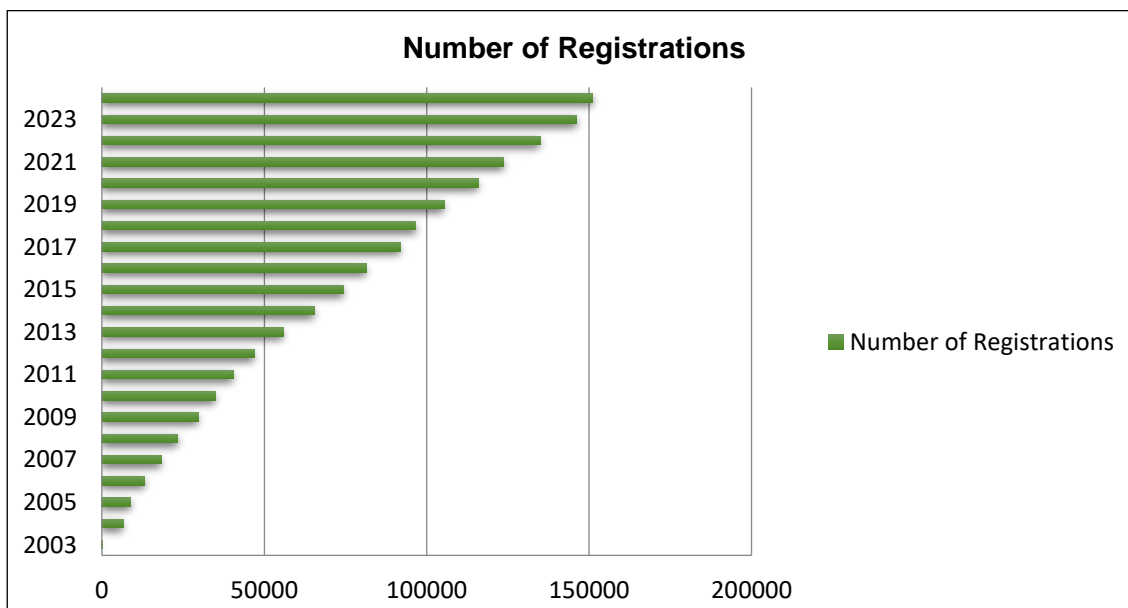
In this Chapter attention is devoted to registration trends while the procedural requirements for registration, transfers and the fee structure are also referred to.

- **Registration trends**

The total number of approved applications since the inception of the Council reached the number of 157 251 on 28 February 2024. The table below reflects the increase in the accumulated number of applications received since 2003:

28 February 2003	8
28 February 2004	6 580
28 February 2005	8 945
28 February 2006	13 251
28 February 2007	18 233
28 February 2008	23 326
29 February 2009	29 683
28 February 2010	34 912
28 February 2011	40 521
28 February 2012	46 881
28 February 2013	55 903
28 February 2014	65 458
28 February 2015	74 434
29 February 2016	81 347
28 February 2017	91 826
28 February 2018	96 602
28 February 2019	107 328
28 February 2023	151 061
28 February 2024	157 251

Graphically displayed the information can be presented as follows:

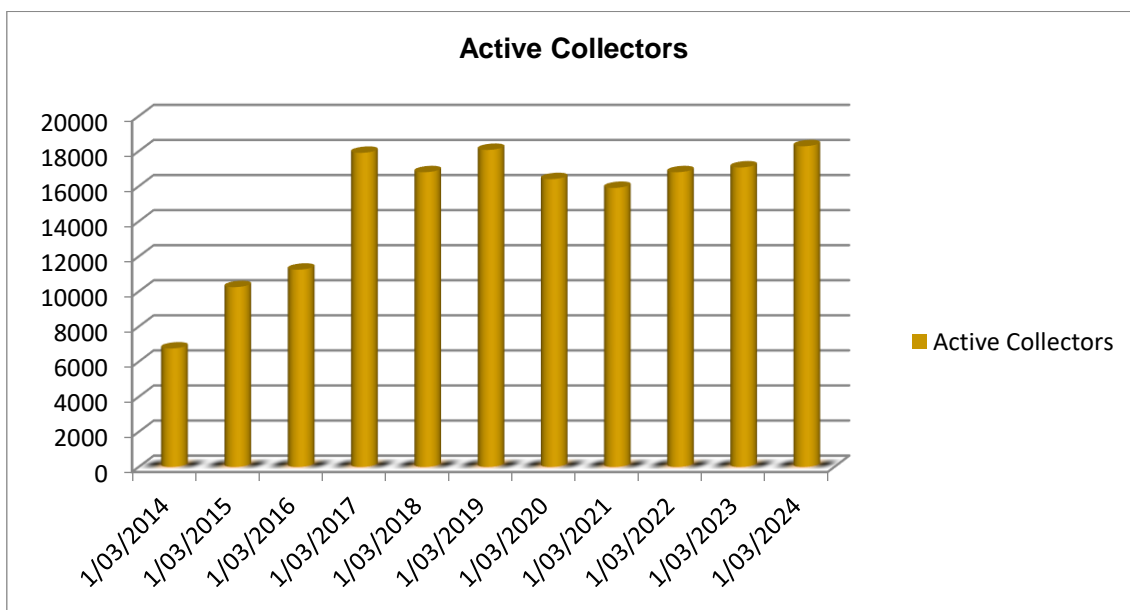


From the available information it appears that since 2005 the total number of new applications received has increased to more than 6 000 per year.

The occupation of debt collector is a volatile one which reflects a high turnover. At the end of the year under review there was a total number of 18 287 active debt collectors as opposed to 17 079 in 2023 and 16 808 in 2022.

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

This can be seen from the following graph:



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

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

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

- **Procedural requirements**

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

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

- R 3 450.00 in respect of a company or close corporation.
- R 1380.00 in respect of each director or member of the company or close corporation.
- R 920.00 in respect of every officer of the company or close corporation who is involved in debt collecting.
- R 920.00 in the case of a natural person.

- **Transfers**

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

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

- **Fee structure**

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

PART E: COMPLIANCE

THE FUNCTIONING OF THE LEGAL SECTION

The Legal Department is charged with the primary responsibilities of receiving, investigating, and in appropriate instances prosecuting cases of unprofessional conduct by all debt collectors (registered or unregistered). The Legal Department also provides legal support to the Council, Administration Department and Stakeholders.

The Department is also responsible to provide support to the society and debt collectors on all queries regarding debt collection or the Debt Collectors Act 114 of 1998, its Code of Conduct and Regulations.

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

- **Disciplinary procedure**

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

Broadly speaking the following disciplinary procedure is followed:

- On receipt of a complaint that meets the requirements outlined above, the complaint is brought to the attention of the debt collector concerned within 14 days.
- The investigation process is then started. The investigation is done by way of correspondence between the parties and correspondence received from the debt collector is forwarded to the complainant for comment.
- Once all aspects have been canvassed and the investigation completed, the matter is referred to the Chief Executive Officer (CEO) for a decision whether disciplinary proceedings should be instituted.
- Once a decision has been taken both parties are informed of the decision.
- Should the decision be to proceed with disciplinary proceedings, the debt collector is informed of the charges to be answered and of the date and time to attend the inquiry. This inquiry is heard by members of the Council other than those members who made the initial decision to have the debt collector charged or by a person or persons appointed by the Council to conduct such an inquiry. The complainant is also instructed to attend the proceedings and give evidence when necessary.
- Should the result of the inquiry be a guilty verdict, the committee determines a suitable sentence as provided for in section 15(3) of the Debt Collectors Act 114 of 1998.

The Council has no jurisdiction over the actions or fees charged by attorneys, micro lenders, banks, or furniture stores. These institutions are controlled by their respective regulatory bodies or applicable legislations. In the case of attorneys, Legal Practice Council (LPC) has jurisdiction, banks

shall be dealt with by Banking Ombudsman whilst Micro Lenders and Furniture Stores by the National Credit Regulator (NCR).

E-mail queries are not regarded as formal complaints and cannot be investigated since they do not meet the requirements laid down by the Regulations relating to Debt Collectors in terms of the Debt Collectors Act 114 of 1998. They are not under oath and all complaints shall be in our prescribed complaint form which shall be under oath or by an affidavit.

- **Statistics on disciplinary hearings**

For the year under review 1 March 2023 - 29 February 2024 the statistics in respect of complaints and disciplinary hearings are as follows:

○	Complaints received complying with Regulations	:	949
○	Investigations finalised (no disciplinary action taken)	:	633
○	Number of disciplinary hearings	:	14
○	Number of disciplinary matters finalised	:	13
○	Number of partly heard disciplinary hearings	:	1
○	Complaints still under investigation	:	295
○	Admissions of guilt fines paid	:	8
○	Cases opened with the police	:	0
○	Cases older than six months	:	0
○	Telephonic complaints	:	7200
○	Email enquiries complaints	:	12 000

The number of formal complaints received during the year under review has decreased from 980 to 949. The number of disciplinary hearings finalised decreased from 106 to 13. The number of investigations finalised where no disciplinary action was taken has decreased from 1100 to 633 for the corresponding period.

The relatively high number of complaints where no disciplinary action was taken in relation to the number of complaints received can be attributed to the following:

- The Council is by statute compelled to commence an investigation even where it is evident from the facts submitted in the complaint that no transgression has been committed.
- The complaint received does not constitute a contravention of the Act, Regulations, or the Code of Conduct.
- On submission of the complaint to the debt collector involved, an acceptable explanation is received.

The Council for the year under review received and attended to high volumes of telephonic queries and email enquiries complaints. Approximately 19 200 such complaints were entertained. Prescription in terms of Prescription Act 68 of 1969 and Section 126B of the National Credit Act, emolument attachment orders (EAO), administration orders, credit amnesty, debt review, who regulates attorney's debt collectors or attorneys conduct and buying of debt books made up the bulk of the queries received by the Legal Division during the period under review.

- **Outcome of disciplinary hearings**

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

During the period November 2005 (the date on which the imposition of fines was computerized) until 28 February 2012 fines totalling an amount of R 4 310 491 have been imposed of which a total amount of R 1 129 000 was suspended. Consequently, the total amount of fines payable amounted to R 3 210 891.

During this period a reprimand in terms of section 15(3)(d) of the Debt Collectors Act 114 of 1998 was considered an appropriate sentence in seven disciplinary hearings.

No orders were made in terms of section 15(3)(e) of the Debt Collectors Act 114 1998 for the repayment of the costs incurred by the Council during the year under review.

Three orders for re-imbursement in terms of Section 15(3) (f) of the Debt Collectors Act 114 1998 to persons prejudiced by the conduct of debt collectors were made where necessary.

- **Unregistered debt collectors**

The Council is aware of some debt collectors which failed to register as prescribed by section 8 of the Act. This constitutes a criminal offence in terms of section 25(a) of the Act. The Council has where possible, facilitated the lodging of criminal steps against those unregistered collectors and where possible instituted disciplinary steps against them as well. The Council has entered into a memorandum of understanding with the Department of Justice, National Credit Regulator (NCR), Legal Practice Council (LPC) and South African Police (SAPS) with intent to deal with all criminal activities in debt collection which includes court processes and fraudulent emolument attachment orders. The Council's legal division also plays a role with the stakeholder's legal departments on complaints referrals and information sharing sessions.

The police are encouraged to accept and assist the public whenever there is an alleged criminal offence in terms of the Debt Collectors Act 114 of 1998 its Code of Conduct and Regulations instead of referring them as civil cases.

- **Pending Litigation**

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

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

ENABLING LEGISLATION

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

- **Amendments to the enabling legislation**

- ***Amendments to the Act***

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

- ***Amendment of the Regulations***

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

- ***Amendments to the Code of Conduct***

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

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

- ***Amendments to the Act***

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

- ***Trainee debt collectors***

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

- ***Admission of guilt***

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

- ***Inspectors***

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

➤ ***Trust accounts***

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

➤ ***Delegation of powers by Council***

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

➤ ***Exemptions from the provisions of the Act***

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

➤ ***Inclusion of attorneys***

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

○ ***Amendments to the Regulations***

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

○ ***Amendments to the Code of Conduct***

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

PART F: PUBLIC RELATIONS

CONSUMER EDUCATION

Consumer education is an integral part of communicating the Council's mandate to the public. Continuous awareness about the existence of the Council as well as the services it renders is prioritised. Messages relating to consumer rights and responsibilities in the debt collection sphere have been spread by means of various platforms and activities suitable to different audiences. Covid-19 pandemic forced change within the consumer education landscape. Virtual workshops were introduced to limit face-to-face interactions and digital options became prevalent. The Council has always been mindful of those who do not have access to online facilities and considers hybrid means to ensure that they are also reached. Radio and television advertising assisted in increasing awareness about consumer rights and responsibilities. Social media platforms such as Facebook, X (Twitter) and WhatsApp have been utilised to effectively interact with debt collectors and consumers.

One of the messages the Council aimed at consumers is that debt collectors who are registered with the Council for Debt Collectors are allowed to recover outstanding debts from them. Unregistered debt collectors are illegal and must be reported to the Council.

Debt collectors are encouraged to comply with the legislation and report unscrupulous operators to the Council. This will be instrumental in restoring dignity within the debt collection industry. In its operation, the Council condemns harassment, intimidation and threatening of consumers in the process of debt collection. It ensures fair recovery of debts by registered debt collectors.

The Council embarked on consumer financial wellness events in collaboration with provincial offices of Consumer Protector as well as relevant regulatory bodies that also enforce their legislative mandates. We also participated in Money Smart Week SA 2023, an annual campaign that seeks to empower consumers nationally.

Below is a table of consumer education activities that were conducted nationally during the year under review.

PUBLIC RELATIONS ACTIVITIES FROM MARCH 2023 TO FEBRUARY 2024

EVENT / MEDIA TYPE	NUMBER CONDUCTED	REACH
Radio: You FM, Umhlobo Wenene FM, Motsweding FM, Zibonele FM, Radio Teemaneng, Botlokwa FM, Radio 702, Ligwa FM, Vukani FM, Kurara FM, Qwaqwa FM, Mala FM and Impact Radio 103.	13 Radio stations Live interviews and 10 advertisements **2x Outside Broadcasts with Mala FM	Total: 10 million listeners
Television: SABC 1 Yilungelo Lakhi – <i>It's Your Right</i> , and The Chair SABC News	2 – Shows (<i>8 x Squeeze-back advertisements for a week</i>) 1 x live interview with the CEO during <i>World Consumer Rights Day 2023 celebration</i>	Total: 876 225 17million viewers
Print media: Imali Matters	1 publication	300 000 readership
Consumer education workshops	23	825
Exhibitions	31	6015
Roadshows	8	1209
Community outreach	6	1440
Social media: Facebook X (Twitter)	46 posts 46 posts	2.6k with 2.5k followers 1 166k with 363 followers

STAKEHOLDER RELATIONS

During the year under review, the Council worked closely with the following stakeholders:

- Bushveld Vaschem (Mining in Emalahleni)
- Consumer Goods & Services Ombud (CGSO)
- Council for Medical Schemes (CMS)
- Credit Ombud
- Department of Education (Limpopo)
- Department of Forestry, Fisheries and the Environment (Pretoria)
- Department of Labour – Pretoria
- Greater Giyani municipality
- Independent Communications Authority of South Africa (ICASA)
- Information Regulator
- Lekwa Local municipality (Standerton)
- Mmametlhake African Catholic Church
- Motor Industry Ombudsman of South Africa (MIOSA)
- National Consumer Commission (NCC)
- National Credit Regulator (NCR)
- National Regulator for Compulsory Specifications (NRCS)
- Office of Chief Justice
- PIKITUP – Johannesburg
- Provincial Offices of the Consumer Protector
- SANPARKS – Garden Route (Western Cape)
- SASSA – Pretoria
- The dtic
- UNISA – Pretoria
- University of Johannesburg

CORPORATE SOCIAL RESPONSIBILITY

Council continues providing support to 13 child-headed families with 25 beneficiaries since July 2022. The project is meant to alleviate poverty in children who found themselves orphaned after Covid-19. The children receive food vouchers monthly from the Council. SALGA member municipalities that participate in this project have been of great assistance in encouraging development to the identified beneficiaries. Those who become financially stable exit the project and are independent.

Mandela Day 2023 was celebrated by Council's personnel who cooked and served a warm meal to elderly people at Rose Happy Times Elderly Care in Atteridgeville. We also donated essentials to the elderly and to Abraham Kriel "Kinderhuis", an orphanage in Modimolle.

INTERACTIONS WITH CONSUMERS



Exhibition in Krugersdorp with Gauteng Liquor Board- Gauteng Premier's Summit



Roadshow at the Boldta Mahikeng Taxi Rank in NW



Information sharing with Grade 11 & 12 learners of different schools at Mantjedi Special School in Hammanskraal



Rural engagement in Thaba Bosiu village in Phuthaditjhaba, Qwaqwa



Mall exhibition in Denlyn Mall in Mamelodi West



World Consumer Rights 2023 exhibitions in North-West, Moruleng Mall & Brits, Shoprite Madibeng municipality



Employee Financial wellness at Great Giyani municipality, with officials from Council for Debt Collectors, Council for Medical Schemes, National Credit Regulator and Giyani municipality



Mandela Day 2023: Council's personnel preparing a meal for the elderly people at Happy Rose Elderly Centre in Atteridgeville in Pretoria

FINANCIAL STATEMENTS

Council for Debt Collectors

**Annual Financial Statements
for the year ended 29 February 2024**

Audited Financial Statements

in compliance with the Debt Collectors Act, 1998 (Act 114 of 1998).

Prepared by: SC Mafela

Professional designation: Professional Accountant (SA)

Title: Chief Financial Officer

Council for Debt Collectors

Annual Financial Statements for the year ended 29 February 2024

Index

	Page
General Information	2
Chief Executive Officer's Responsibilities and Approval	3
Chief Executive Officer's Report	4 - 5
Independent Auditor's Report	6 - 7
Statement of Financial Position	8
Statement of Comprehensive Income	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Accounting Policies	12 - 14
Notes to the Financial Statements	15 - 20
The supplementary information presented does not form part of the Financial Statements and is unaudited: Detailed Income Statement	21 - 22

Council for Debt Collectors

Annual Financial Statements for the year ended 29 February 2024

General Information

Country of Incorporation and Domicile	South Africa
Nature of Business and Principal Activities	The council is engaged in exercising control over the occupation of the debt collectors.
Registered Office	310 Brooks Street Menlo Park Brooklyn Pretoria 0081
Business Address	310 Brooks Street Menlo Park Brooklyn Pretoria 0081
Bankers	ABSA Bank Limited Investec Bank
Level of Assurance	These financial statements have been audited in compliance with the applicable requirements of the Debt Collectors Act, 1998 (Act 114 of 1998).
Auditors	Mrwebi Auditors and Accountants Unit 9 Leogem Business Park 44 Richards Drive Halfway House Midrand 1685

Council for Debt Collectors

Annual Financial Statements for the year ended 29 February 2024

Chief Executive Officer's Responsibilities and Approval

The chief executive officer is required by the Debt Collectors Act, 1998 (Act 114 of 1998), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the council, and explain the transactions and financial position of the business of the council at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the council and supported by reasonable and prudent judgements and estimates.

The chief executive officer acknowledges that they are ultimately responsible for the system of internal financial control established by the council and places considerable importance on maintaining a strong control environment. To enable the chief executive officer to meet these responsibilities, the chief executive officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the council and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

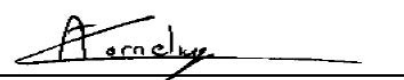
The focus of risk management in the council is on identifying, assessing, managing and monitoring all known forms of risk across the council. While operating risk cannot be fully eliminated, the council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The chief executive officer is of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the chief executive officer has no reason to believe that the council will not be a going concern in the foreseeable future. The annual financial statements support the viability of the council.

The annual financial statements have been audited by the independent auditing firm, Mrwebi Auditors and Accountants, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the council, the chief executive officer and committees of the chief executive officer. The chief executive officer believes that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 6 to 7.

The external auditors are responsible for independently auditing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the company's external auditors and their unqualified audit report is presented on pages 6 to 7.

The annual financial statements set out on pages 8 to 20, and the supplementary information set out on pages 21 to 22 which have been prepared on the going concern basis, were approved by the chief executive officer and were signed on 16 April 2024.



Adv A Cornelius



Mr C Senzani

Council for Debt Collectors

Annual Financial Statements for the year ended 29 February 2024

Chief Executive Officer Report

The chief executive officer presents their report for the year ended 29 February 2024.

1. Review of activities

Main business and operations

The council is engaged in exercising control over the occupation of the debt collectors. There were no major changes herein during the year.

The operating results and statement of financial position of the council are fully set out in the attached financial statements and do not in my opinion require any further comment.

2. Going concern

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

The chief executive officer has given due consideration to the entity's ability to continue as a going concern. The chief executive officer believes that the pandemic will have a temporary impact on the business activities. Notwithstanding these short-term challenges the chief executive officer is of the view that the council has sufficient resources to continue as a going concern.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The chief executive officer is not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the council.

Impact of COVID-19

Management will continue to assess the financial impact of COVID-19 and its impact on the company's financial condition, liquidity, operations, suppliers, industry and workforce, while placing the health and safety of employees first.

Except for the above, the chief executive officer is not aware of any other material reportable event which occurred after the reporting date and up to the date of this report.

Independent Auditor's Report

To the Council of Council for Debt Collectors

Opinion

We have audited the financial statements of Council for Debt Collectors set out on pages 7 to 12, which comprise the statement of financial position as at 29 February 2024, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Council for Debt Collectors as at 29 February 2024, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Debt Collectors Act, 1998 (Act 114 of 1998).

Basis for Opinion

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

Other Information

The council is responsible for the other information. The other information comprises the information included in the document titled "Council for Debt Collectors Financial Statements for the year ended 29 February 2024", which includes the Chief Executive Officer's Report, and the statement of Chief Executive Officer's Responsibilities and Approval as required by the Debt Collectors Act, 1998 (Act 114 of 1998), which we obtained prior to the date of this report, and the supplementary information set out on pages 21 to 22. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Council for the Financial Statements

The council is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Debt Collectors Act, 1998 (Act 114 of 1998), and for such internal control as the council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Mrwebi Auditors and Accountants Inc

2 May 2024

**Per: Masixole Mrwebi CA(SA), RA
Director / Partner
Registered Auditor**

**Unit9 Leogem Business Park
44 Richards Drive
Halfway house, Midrand
Gauteng
1685**

Council for Debt Collectors

Financial Statements for the year ended 29 February 2024

Statement of Financial Position

Figures in R

	Notes	2024	2023
Assets			
Non-current assets			
Property, plant and equipment	3	<u>13,675,368</u>	<u>13,922,380</u>
Current assets			
Trade and other receivables	4	29,414	12,164
Cash and cash equivalents	5	<u>79,649,513</u>	<u>75,822,932</u>
Total current assets		<u>79,678,927</u>	<u>75,835,096</u>
Total assets		<u>93,354,295</u>	<u>89,757,476</u>
Equity and liabilities			
Equity			
Retained income		<u>91,771,792</u>	<u>88,226,177</u>
Liabilities			
Current liabilities			
Trade and other payables	6	<u>1,582,503</u>	<u>1,531,299</u>
Total equity and liabilities		<u>93,354,295</u>	<u>89,757,476</u>

Council for Debt Collectors

Financial Statements for the year ended 29 February 2024

Statement of Comprehensive Income

Figures in R

	Notes	2024	2023
Revenue	7	12,040,475	12,518,598
Other income	8	-	25,413
Administrative expenses		(267,825)	(243,755)
Other expenses		(14,646,622)	(14,763,929)
Profit on sale of non-current asset	9	52,803	-
Loss from operating activities	10	(2,821,169)	(2,463,673)
Finance income	11	6,367,422	4,432,178
Finance costs	12	(638)	(68)
Profit for the year		3,545,615	1,968,437

Council for Debt Collectors

Financial Statements for the year ended 29 February 2024

Statement of Changes in Equity

Figures in R	Retained income	Total
Balance at 1 March 2022	85,877,295	85,877,295
Increase (decrease) due to changes in accounting policy required by IFRSs	586,156	586,156
Balance at 1 March 2022 as restated	<u>86,257,740</u>	<u>86,257,740</u>
Changes in equity		
Profit for the year	1,968,437	1,968,437
Total comprehensive income for the year	<u>1,968,437</u>	<u>1,968,437</u>
Balance at 28 February 2023	<u>88,226,177</u>	<u>88,226,177</u>
Balance at 1 March 2023	88,226,177	88,226,177
Changes in equity		
Profit for the year	3,545,615	3,545,615
Total comprehensive income for the year	<u>3,545,615</u>	<u>3,545,615</u>
Balance at 29 February 2024	<u>91,771,792</u>	<u>91,771,792</u>

Council for Debt Collectors

Financial Statements for the year ended 29 February 2024

Statement of Cash Flows

Figures in R

	Notes	2024	2023
Cash flows from operations			
Cash receipts from customers		11,289,636	11,912,950
Cash paid to suppliers and employees		(14,020,582)	(14,008,304)
Net cash flows used in operations	13	(2,730,946)	(2,095,354)
Interest received		922,504	348,075
Interest and penalties - Value Added Tax paid		-	(342)
Net cash flows used in operating activities		(1,808,442)	(1,747,621)
Cash flows from investing activities			
Proceeds from sales of property, plant and equipment		100,000	-
Purchase of property, plant and equipment		(831,765)	(98,944)
Interest received		6,367,422	4,432,178
Cash flows from investing activities		5,635,657	4,333,234
Cash flows used in financing activities			
Interest paid		(638)	(68)
Cash flows used in financing activities		(638)	(68)
Net increase in cash and cash equivalents		3,826,577	2,585,545
Cash and cash equivalents at beginning of the year		75,822,932	73,237,386
Cash and cash equivalents at end of the year	5	79,649,509	75,822,931

Council for Debt Collectors

Financial Statements for the year ended 29 February 2024

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires the chief executive officer to exercise their judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the chief executive officer.

The council adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the council. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Asset class	Useful life / depreciation rate
Buildings	20 Years
Motor vehicles	5 Years
Fixtures and fittings	6 Years
Office equipment	6 Years
Computer equipment	3 Years
Computer software	7 years
Books	5 Years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains / (losses)' in the statement of comprehensive income.

Basis of preparation and summary of significant accounting policies continued...

1.2 Financial instruments

Loan to (from) chief executive officer or employee

The loan to chief executive officer or employee is classified as a debt instrument, and is initially measured at transaction price including transaction costs and subsequently measured at amortised cost using the effective interest method.

Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the council will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of six months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

Trade and other payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts.

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

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

Interest income is recognised using the effective interest method.

1.4 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Basis of preparation and summary of significant accounting policies continued...

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Short-term employee benefits

Compensation paid to employees for the rendering of services are recognised at the undiscounted amount paid or expected to be paid in the accounting period in which the services were rendered.

Where employees accumulate entitlement for paid absences, an expense is recognised as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In the case of non-accumulating paid absences, the expense is recognised only when the absences occur.

The expected cost of profit-sharing and bonus payments are recognised when there is a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when there is no realistic alternative but to make the payments.

1.5 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Council for Debt Collectors

Financial Statements for the year ended 29 February 2024

Notes to the Financial Statements

Figures in R

3. Property, plant and equipment

3.1 Balances at year end and movements for the year

	Buildings	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Computer software	Books	Solar Equipment	Total
Reconciliation for the year ended 29 February 2024									
Balance at 1 March 2023									
At cost	12,064,611	364,058	813,272	155,831	235,324	4,641,741	145,219	-	18,420,056
Accumulated depreciation	(1,813,185)	(280,218)	(669,590)	(87,597)	(157,576)	(1,391,845)	(97,665)	-	(4,497,676)
Carrying amount	10,251,426	83,840	143,682	68,234	77,748	3,249,896	47,554	-	13,922,380
Additions from acquisitions	-	259,691	-	14,857	22,806	-	24,658	509,753	831,765
Depreciation	-	(75,708)	(118,878)	(21,330)	(44,330)	(647,996)	(17,135)	(106,199)	(1,031,576)
Disposals	-	(47,197)	-	-	-	-	-	-	(47,197)
Closing balance at 29 February 2024									
At cost	12,064,611	408,180	813,272	170,688	258,130	4,641,741	169,874	509,753	19,036,249
Accumulated depreciation	(1,813,185)	(187,554)	(788,468)	(108,927)	(201,906)	(2,039,842)	(114,800)	(106,199)	(5,360,881)
Carrying amount	10,251,426	220,626	24,804	61,761	56,224	2,601,899	55,074	403,554	13,675,368

Council for Debt Collectors

Financial Statements for the year ended 29 February 2024

Notes to the Financial Statements

Figures in R

Property, plant and equipment continued...

Reconciliation for the year ended 28 February 2023

	Buildings	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Computer software	Books	Solar Equipment	Total
Balance at 1 March 2022									
At cost	12,064,611	364,058	807,352	130,879	193,328	4,637,541	123,343	-	18,321,112
Accumulated depreciation	(1,813,185)	(244,936)	(534,700)	(64,138)	(98,457)	(744,299)	(81,387)	-	(3,581,102)
Carrying amount	10,251,426	119,122	272,652	66,741	94,871	3,893,242	41,956	-	14,740,010
Additions from acquisitions	-	-	5,920	24,952	41,996	4,200	21,876	-	98,944
Depreciation	-	(35,282)	(134,890)	(23,459)	(59,118)	(647,546)	(16,278)	-	(916,573)
Closing balance at 28 February 2023									
At cost	12,064,611	364,058	813,272	155,831	235,324	4,641,741	145,219	-	18,420,056
Accumulated depreciation	(1,813,185)	(280,218)	(669,590)	(87,597)	(157,576)	(1,391,845)	(97,665)	-	(4,497,676)
Carrying amount	10,251,426	83,840	143,682	68,234	77,748	3,249,896	47,554	-	13,922,380

Council for Debt Collectors

Financial Statements for the year ended 29 February 2024

Notes to the Financial Statements

Figures in R

2024

2023

Property, plant and equipment continued...

3.2 Property details

3.2.1 Property 1

310 Brooks Street, Menlo Park, Brooklyn, 0081

Purchase price

12,064,611

12,064,611

4. Trade and other receivables

Trade and other receivables comprise:

Sundry debtors

29,414

12,164

5. Cash and cash equivalents

5.1 Cash and cash equivalents included in current assets:

Cash

Cash on hand

-

2,924

Balances with banks

426,743

723,762

426,743

726,686

Other Cash and cash equivalents - Monies invested

79,222,770

75,096,246

79,649,513

75,822,932

5.2 Net cash and cash equivalents

Current assets

79,649,513

75,822,932

5.3 Detail of cash and cash equivalent balances

Other cash and cash equivalents

Other cash and cash equivalents - ABSA

5,136,457

6,826,708

Other cash and cash equivalents - Investec

74,086,313

68,269,538

Total

79,222,770

75,096,246

Investments held with Investec Bank and ABSA Bank are fixed deposit accounts over fixed periods at interest rates linked to lending rates.

Council for Debt Collectors

Financial Statements for the year ended 29 February 2024

Notes to the Financial Statements

Figures in R

2024

2023

6. Trade and other payables

Trade and other payables comprise:

Members fees received in advance	374,904	185,989
Accrued leave pay	436,110	662,177
Accrued liabilities	33,212	73,871
Accrued liabilities - Bonus	122,202	125,013
Members for registration and application	454,952	389,717
Other payables	(9,015)	(9,015)
Value added tax	170,138	103,547
Total trade and other payables	1,582,503	1,531,299
Members received in advance	(407,119)	
Members debit balances	221,130	
Net members fees	(185,989)	

Members for registration and application

Relate to fees received for registration and annual fees which have not yet been processed because of insufficient information supplied by the depositor, and or overpayments.

7. Revenue

Revenue comprises:

Rendering of services	11,117,971	12,170,523
Interest received	922,504	348,075
Total revenue	12,040,475	12,518,598

8. Other income

Other income comprises:

Sundry income	-	25,413
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9. Other gains and (losses)

Other gains and (losses) comprise:

Gain on disposal of assets	52,803	-
----------------------------	--------	---

Council for Debt Collectors

Financial Statements for the year ended 29 February 2024

Notes to the Financial Statements

Figures in R

2024

2023

10. Loss from operating activities

Loss from operating activities includes the following separately disclosable items

Other operating expenses

Property plant and equipment

- depreciation

1,031,576

916,573

Post-employment benefits

- Defined contribution plans

1,696,685

1,523,792

11. Finance income

Finance income comprises:

Interest received and accrued - Banks

6,367,422

4,432,178

Total finance income

6,367,422

4,432,178

12. Finance costs

Finance costs included in profit or loss:

Bank overdraft

638

68

13. Cash flows from operating activities

Profit for the year

3,545,615

1,968,436

Adjustments for:

Finance income

(7,289,926)

(4,780,253)

Finance costs

638

68

Depreciation and amortisation expense

1,031,576

916,573

Gains on disposal of non-current assets

(52,803)

-

Penalties and interest - Value Added Tax

-

342

Change in operating assets and liabilities:

Adjustments for (increase) / decrease in other operating receivables

(17,250)

4,585

Adjustments for increase / (decrease) in other operating payables

51,204

(205,105)

Net cash flows from operations

(2,730,946)

(2,095,354)

Taxation

No provision has been made for income tax as the Council is exempt from Income tax in terms of the provisions of Section 10(1)(cA) (10) of the Income Tax Act.

Council for Debt Collectors

Financial Statements for the year ended 29 February 2024

Notes to the Financial Statements

Figures in R

2024

2023

Cash flows from operating activities continued...

Income Tax paid

Interest and penalties - Value Added Tax

-

(342)

Council for Debt Collectors

Annual Financial Statements for the year ended 29 February 2024

Detailed Income Statement

Figures in R	Notes	2024	2023
Revenue	7		
Interest received		922,504	348,075
Rendering of services		11,117,971	12,170,523
		12,040,475	12,518,598
Other income	8		
Sundry income		-	25,413
Administrative expenses			
Auditors remuneration - Fees		(86,087)	(110,000)
Bank charges		(19,225)	(21,232)
Computer expenses		(32,995)	(14,818)
Subscriptions		-	(555)
Telecommunication		(129,518)	(97,151)
		(267,825)	(243,756)
Other expenses			
Awareness campaigns		(366,390)	(460,652)
Bereau calls		(46,694)	(60,423)
Cleaning		(6,107)	(20,977)
Consulting fees		(216,540)	(20,847)
Depreciation and amortisation - property, plant and equipment		(1,031,576)	(916,573)
Employee costs - salaries		(10,904,556)	(10,955,009)
Entertainment		-	(2,817)
Fines and penalties		-	(342)
Hosting expenses		(108,374)	(119,880)
Insurance		(191,518)	(150,085)
License fees		(51,866)	(83,178)
Meeting fees		(552,658)	(667,867)
Motor vehicle expense		(22,075)	(36,337)
Municipal charges		(560,612)	(479,565)
Office expenses		-	(1,677)
Printing and stationery		(32,377)	(45,254)
Recruitment fees		(46,412)	(91,000)
Repairs and maintenance		(105,052)	(63,205)
Security		(7,136)	(14,052)
Social Responsibility		(130,523)	(89,788)
Software expenses		(129,662)	(335,651)
Staff and member refreshments		(33,449)	(39,492)
Teambuilding		(43,893)	(39,759)
Training		(9,355)	(1,461)
Travel and accomodation		(1,030)	(32,405)
Workmans Compensation		(48,767)	(35,633)
		(14,646,622)	(14,763,929)

Council for Debt Collectors

Annual Financial Statements for the year ended 29 February 2024

Detailed Income Statement

Figures in R

	Notes	2024	2023
Other gains and losses	9		
Gain on sale - property, plant and equip.		52,803	-
Loss from operating activities	10	(2,821,169)	(2,463,674)
Finance income	11		
Bank		6,367,422	4,432,178
Finance costs	12		
Bank overdraft		(638)	(68)
Profit for the year		3,545,615	1,968,436



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