



Companies and Intellectual
Property Commission

a member of **the dtic** group

LEGAL REQUIREMENTS FOR CO-OPERATIVES & FUTURE AUTOMATED PROCESSES

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WEBINAR INTRODUCTION

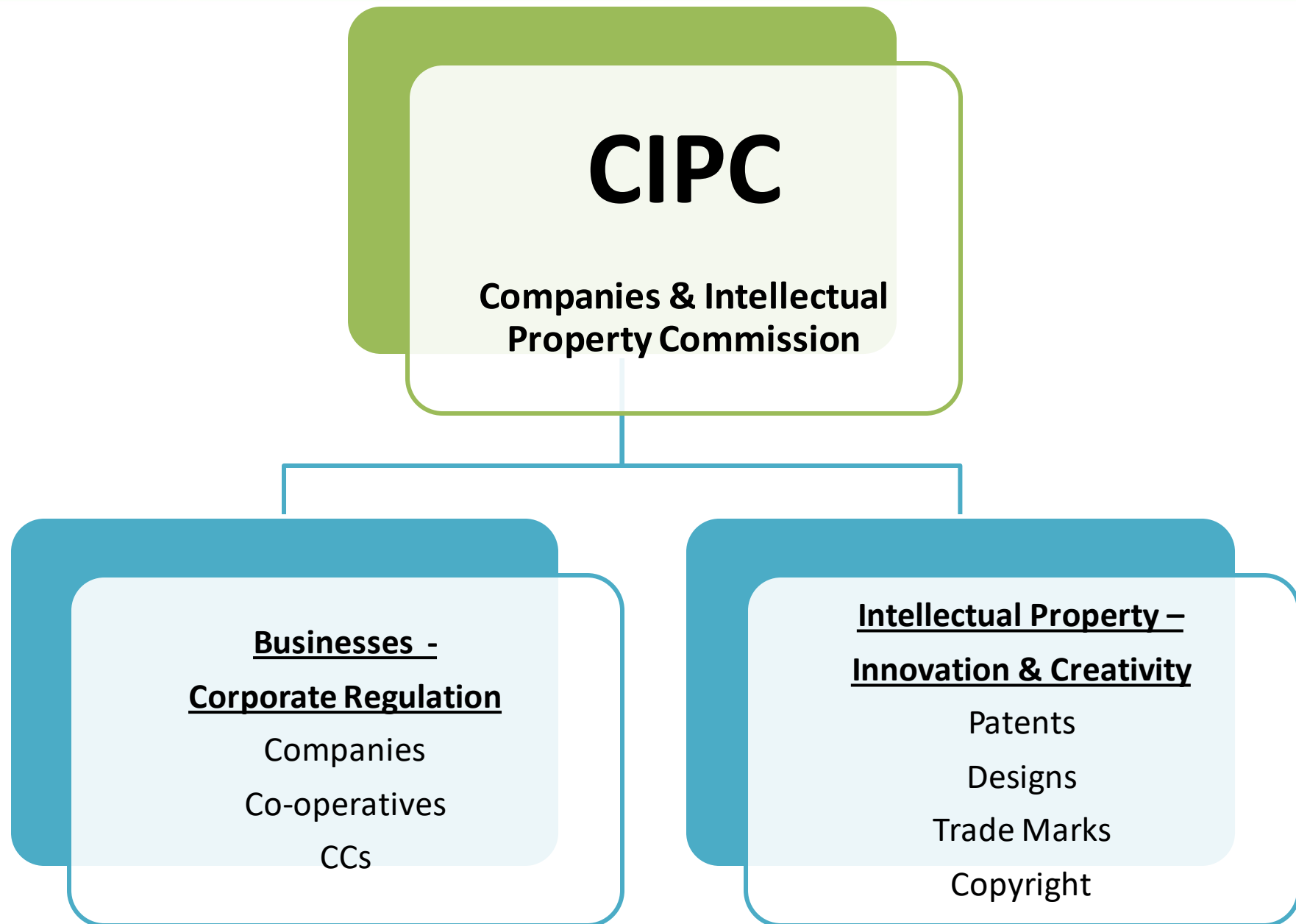
ESTABLISHMENT OF CIPC

CIPC was brought into existence By the Companies Act, 2008

In terms of Section 185(1) of the Companies Act, the Commission is established as a juristic person to function as an organ of state within the public administration, but as an institution outside the public service.

WEBINAR INTRODUCTION

CIPC OFFERINGS TO ENABLE SUSTAINABLE BUSINESSES



CIPC OBJECTIVES

- Registration of Companies, Co-operatives and Intellectual Property rights and the maintenance thereof
- Disclosure of information on its registers
- Enforcement of the relevant legislation
- Promotion of education & awareness of Company and Intellectual Property Law
- Licensing of business rescue practitioners
- Monitoring compliance with and contravention of financial reporting standards, and making recommendations thereto
- Report, research and advise the Minister on matters of national policy relating to company and intellectual property law

PURPOSE & FORMAT OF THE PRESENTATION

The Co-operatives Act, 2005 (“the Act”), has been amended by the Co-operatives Amendment Act, 2013 (“Amendment Act”). The Amendment Act has to be read with the Act. New Regulations and Principles of Good Governance replaced the previous Regulations.

The purpose of this presentation is to provide basic information on matters that are related to CIPC processes and functions.

It is important that the members and management of every co-operative study the Act, Regulations and the Principles of Good Governance. These are available on the CIPC website.

This presentation will focus on:

- Changes in terms of the Act
- Forms & Fees in terms of Regulation
- Registration of Co-operatives
- Payment of Annual Fees, iXBRL & future automated processes

CO-OPERATIVES AMENDMENT ACT, 2013

AIMS OF AMENDMENT ACT
CATEGORIES OF CO-OPERATIVES
FORMS
REGISTRATION OF CO-OPERATIVES
ANNUAL SUBMISSIONS



MAIN AIMS OF THE AMENDMENTS ACT

- Provide for distinction between different sizes (Categories) of Primary co-ops in order make compliance less costly for small co-operatives.
- Different requirements (accounting / review / audit) for annual submissions for the different Categories of co-ops.
- Promote the sustainability of co-operatives.
- Make provision for one National Apex Co-op
- Provided for more requirements the constitution of a co-operative has to comply to, as well as, may comply to, e.g.:
 - May provide for Associate Members
- New Definitions added include:
 - Definition of Registrar (new meaning is Commissioner of CIPC)

ASSOCIATE MEMBERS

- A co-op may have **Associate Members**, given the constitution must make provision therefore.
- Associate members are temporary members that support a co-op or benefit from the co-op.
- Such membership is only valid for 12 months, but can be renewed or converted into full membership thereafter subject to members' approval.
- Associate Members can be appointed as **Non-Executive Directors**, but **do not have voting rights** at any Meetings.

CATEGORIES OF CO-OPS

The Act make provision for a **Primary co-ops** to be categorised as **A, B or C**. All **Secondary & Tertiary** Co-ops, and the **National Apex Co-op** are Category **C**, but have their own Annual Fees.

The Categories are used to determine:

- **Members' Voting Rights**
- **Documents to be submitted to CIPC annually**
- **Annual Fees (amounts specified in Regulations)**

VOTING RIGHTS

Category A & B Primary Co-ops

One Member, One Vote

Category C Primary, all Secondary, Tertiary Co-ops and Apex [Section 3(3)-(4)]

The Constitution may provide in its constitution that some members have additional votes, if the co-op has 3 or more member.

SERVICE FEES

Schedule 1 of the Regulations prescribe the fees for services

A few of these fees are:

- New Registration fee reduced from R215 to **R175**, that is:
 - **R50** Name Reservation and is compulsory (apply online through CIPC website – see details in this presentation)
 - **R125** Registration fee
- Divisions **R125.00**
- Conversions **R125.00**
- Transfers **R125.00**

FORM INDEX

- The Form Index and Forms are published in Schedule 3 of the Regulations.
- The **form numbers have changed from CR forms to Co-op forms**. For example an Application Form for the Registration of Primary, Secondary, Tertiary or National Apex Co-operative changed from CR1 to Co-op1.
- All the forms are available on the CIPC website.

MINIMUM MEMBERSHIP (SECTION 6)

Primary Co-op

- 5 Natural Persons OR
- 2 Juristic Persons OR
- Combination of any 5 persons

Secondary Co-op

- 2 or more Operational Primary co-ops

Tertiary Co-op

- 2 or more Operational Secondary co-ops

National Apex

- 3 Operational Sectoral Tertiary Co-ops that operate nationally, and 5 Operational Multi-sectoral Tertiary Co-ops that operates on a provincial, district or local level.

“Operational” means a co-op that has held its annual general meeting & has submitted its annual report, audited report or independent reviewed report to CIPC in the last financial year.

CO-OP APPLICATION FEE PAYMENTS

Fee payment method depends on the system utilised for the transaction.

Manual applications: Customer Code & Password

Manual (emailed) applications require a **Customer Code and Password**. The customer code also serves as a **bank reference** with payment of prescribed service fees. Before applying for a service, the fee must be deposited into the CIPC bank account. The manual system will be phased out, as services are moved from eServices to “New eServices”.

New eService applications: Bank Card

Payment is by debit / credit bank card.

PRIMARY CO-OPERATIVE REGISTRATION

Lodgement: Primary Co-operatives

New eServices

CIPC has introduced a new registration system. It applies to **Name Reservation** and **Registration of Primary Co-operatives**. It simplifies and fast-tracks the registration process. These applications must be submitted online by customers by using New eServices on our website. The service is available **24/7**.

Manual registration of Primary Co-operative was phased out.

SECONDARY AND TERTIARY CO-OPERATIVE REGISTRATION

Lodgement: Secondary and Tertiary Co-operatives

Email / Manual Applications*

Required Forms & Documents

1. **Co-op 1** (previously CR1)
2. **Constitution**
3. **Certified ID copies** of Applicants (certification not older than three months)
4. **Name Reservation** confirmation (**CoR 9.4**)

*** Not applicable to Primary Co-op registration.**

ONLINE PRIMARY CO-OPERATIVE REGISTRATION

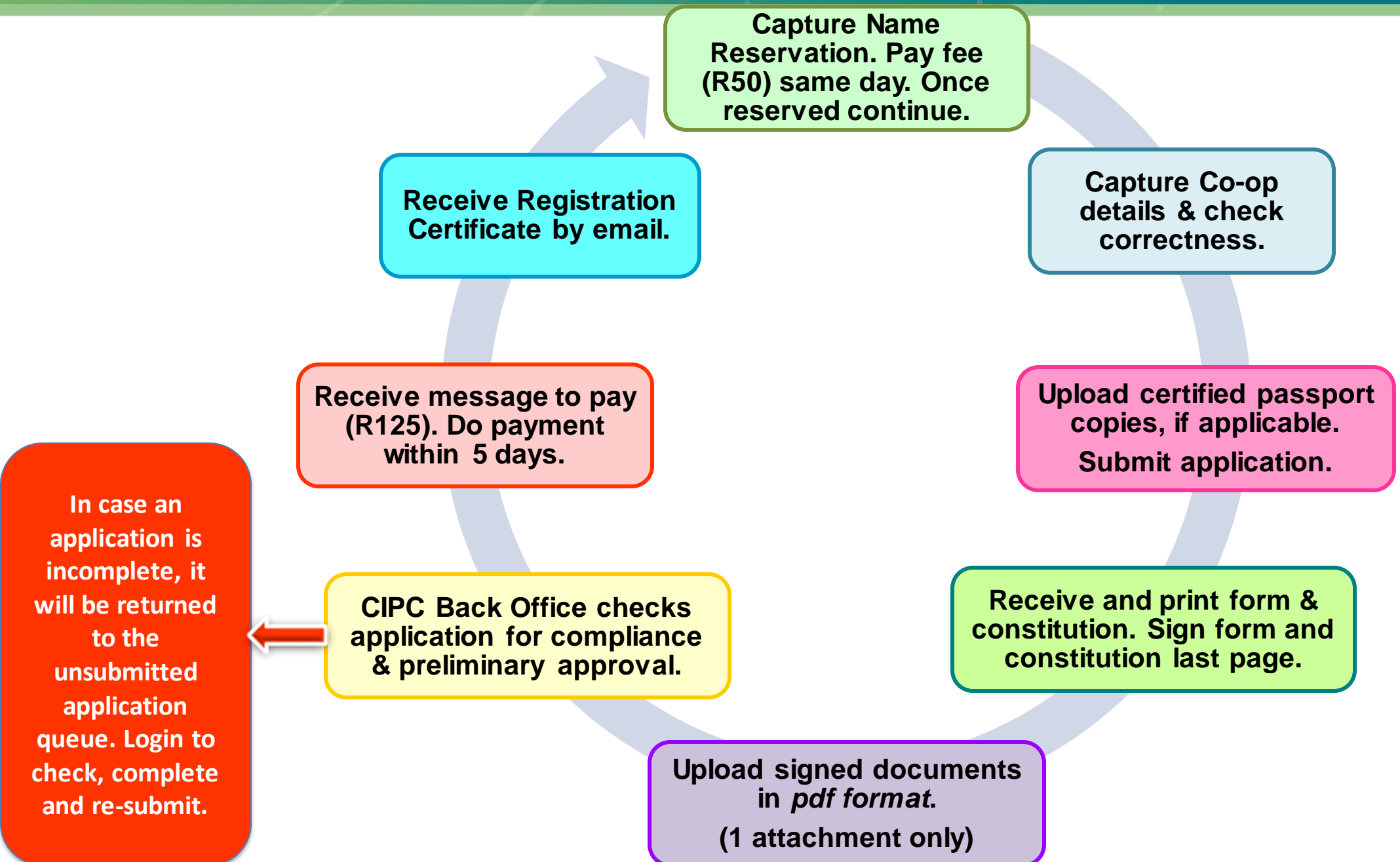
New eServices

- **Customers Must Complete A Primary Co-op Registration Application & Name Reservation Online.**
- To do so go to “**New e-Services**” under **Online Transacting** on the CIPC website. When *New e-Services* are used, **both** **Name Reservation** and **Co-op Registration applications must** be done on *New e-Services*.
- **Step by Step Guides are available on the CIPC website** to assist customers with the processes.
- When using *New e-Services* for the first time:
 - **If you have a Customer Code**: Login with your email address from your Customer Code profile and Password to log in.
 - **If you do not have a Customer Code**: register as a **User**. Your username will be your email address and create a Password.

ONLINE PRIMARY CO-OPERATIVE REGISTRATION (continue)

- **Payment is done by bank card (debit and credit) only.**
- Members' ID details is verified by the system. Uploading of certified passport copies are required for foreigners. Certification not older than 3 months. **Every member must have their own email address.**
- **Keep the constitution safe with the other co-op records for reference.**

STEPS TO REGISTER CO-OP ON NEW E-SERVICES



CO-OPERATIVE NAME [SECTION 10]

- A proposed name must not be:
 - The same or so similar to an existing co-op name that it may be misleading;
 - Undesirable, prohibited, deceivable or mislead.
- The name of Co-ops registered **before** the commencement of Co-operatives Amendments Act, 2013, must:
 - Contain the word “co-operative” or “co-op” ;
 - End with regard to “Limited” or “Ltd” as the last word, unless the constitution does not limit the liability of its members.
- The name of Co-ops registered **after** the commencement of Co-operatives Amendments Act, 2013 must end with “co-op Limited” or co-op Ltd”.
- Only the National Apex co-op may use the word ‘apex’ as part of the name.
- **The co-op name must be displayed in legible letters on all contracts, invoices, letters, place of business, etc.**

**ANNUAL FEE PAYMENTS
&
ANNUAL SUBMISSION
REQUIREMENTS**



ANNUAL SUBMISSIONS & ANNUAL FEE PAYMENTS

(SECTION 26A)

- Included in the Regulations are Annual Fee amounts payable to CIPC by different categories of co-ops. The fees will be implemented at a later stage.
- Before implementation CIPC will notify customers on its website of the date.
- Fees amounts differ from the amounts paid by Companies and Close Corporations.
- Reference to **Annual Revenue** (turnover) means the gross value of the economic benefits received by a co-op as a result of its ordinary activities in a financial year.

ANNUAL FEES

Remember to visit CIPC website regularly for Notices with new developments, e.g. Implementation of Annual Fee payments.

Category A1: Primary (Very small co-op)

ANNUAL REVENUE	Lodged within 30 days of due date	Lodged more than 30 days after due date
Less than R1 million	R50	R100

Category A2: Primary

ANNUAL REVENUE	Lodged within 30 days of due date	Lodged more than 30 days after due date
≥ R1 million but less than R10 million	R50	R100

Category B: Primary

ANNUAL REVENUE	Lodged within 30 days of due date	Lodged more than 30 days after due date
≥ R10 million but < R25 million	R450	R600

ANNUAL FEES

Category C: Primary

ANNUAL REVENUE	Lodged within 30 days of due date	Lodged more than 30 days after due date
≥ R25 million	R3 000	R4 000

ANNUAL FEES

(TO BE IMPLEMENT AT A LATER STAGE)

Category C: Secondary, Tertiary and National Apex co-operatives

ANNUAL REVENUE	Lodged within 30 days of due date	Lodged more than 30 days after due date
< R25 million	R450	R600
≥ R25 million	R3 000	R4 000

RECORD KEEPING

- **A co-op must keep the following Records at its office:**
 - Accounting Records, which must include all business transactions with members and non-members.
 - Constitution and rules and amendments thereto
 - Minutes of General Meetings and Directors Meetings
 - If the co-op has a Supervisory Committee, keep Minutes of Meetings
 - List of Members
 - Register of Directors
 - Register of Directors' and Employees' Interest in contracts or undertakings
- **Accounting Records and Financial Statements** must be kept for 5 years or a longer period determined by the Minister.
- A co-op or director who fails to comply with record keeping requirements, is guilty of an offence.

ANNUAL SUBMISSIONS: DOCUMENTATION REQUIREMENTS

Category	Forms	Financial Statements	Report	Completed by
A1	Co-op 7 Co-op 8	Co-op15.1	Annual Report	Directors
A2	Co-op 7 Co-op 8	Co-op 15.2	Annual Report	Directors
B	Co-op 4 Co-op 7 Co-op 8	Independently Reviewed Financial Statements	Independent Reviewed Report	Independent Reviewer
C	Co-op 4 Co-op 7 Co-op 8	Audited Financial Statements	Audited Report	Auditor
Secondary Tertiary Apex	Co-op 4 Co-op 7 Co-op 8	Audited Financial Statements	Audited Report	Auditor

DEFINITIONS OF DIFFERENT REPORTS

Annual Report (Category A primary co-op):

- A document **prepared by the Board** containing **Financial Statements (drafted by the Board)**, a **Social Report** and a **Management Decisions Report**.
- **Social Report:** a report that assesses the social impact and ethical performance of the co-op in relation to the stated vision, mission and goals stated in the constitution.
- **Management Decisions Report:** a report that assesses the co-op's compliance with all legal requirements and requirements in its constitution.

Independent Reviewed Report (Category B primary co-op):

- A report by an **Independent Reviewer** that examined and evaluated the **Financial Statements, Social Report and Management Decision Report**. An **Independent Reviewer** means an Accounting Officer in terms of the Close Corporations Act, a registered Auditor or member in good standing in terms of section 33 of Auditing Profession Act

Audited Report (Category C Primary co-op, Secondary co-ops, Tertiary Co-ops and the National Apex co-op):

- A report by an **Auditor** after he has examined and evaluated the **Financial Statements, Social Report and Management Decision Report**.

ANNUAL SUBMISSIONS & iXBRL

- Some Co-operatives will in the near future be required to submit annual financial statements via the **iXBRL programme** on CIPC's website.
- We anticipate to launch the pilot filing project by **1 April 2022** and monitor how the system works and challenges experienced. Filing will be voluntary for all willing co-operatives. Implementation for mandatory filing will follow at a later date.
- Customer notice will be issued stating when the requirement shall be applicable.

SUBMISSION OF FINANCIAL STATEMENTS BY iXBRL

To which Co-operatives will submission of Annual Financial Statements by iXBRL apply?

- Only co-operatives that are required to be **Audited (i.e. Category C Primary, Secondary, Tertiary and National Apex)** will have to submit annual financial statements to the CIPC in electronic format via iXBRL format.
- iXBRL usage will be available for **Independently Reviewed** annual financial statements **(i.e. Category B Primary Co-ops)**, however, it shall not be mandatory.

FINANCIAL COMPLIANCE IN THE DIGITAL ERA & iXBRL

- CIPC embraces international financial best practices and the impact of the use of iXBRL when submitting Annual Financial Statements online.
- **iXBRL** is an Inline eXtensible Business Reporting Language for electronic communication of business information which was developed to improve the communication of financial data online and is used in a number of countries.
- iXBRL simplifies how people use, share and analyse financial data. Its a computer language that will be required to transfer the audited Annual Financial Statements of Category C co-operatives to CIPC. iXBRL allows XBRL documents to be presented in a format that is readable by both computers and humans.
- Digital reporting in the iXBRL format assist businesses to file their Annual Financial Statements, while moving from paper or PDF reporting to a more structured format.
- For more information consult our website FAQs (see iXBRL programme). **Email queries: XBRL@cipc.co.za**

APPLICATION QUERIES

All Co-operative Queries to be logged via www.cipc.co.za. Find the Query Resolution System (QRS) under “**Enquiries**”.

Email Co-operatives Applications to:

Co-op 2 (previously CR2) Director changes: Co-op2@cipc.co.za

All Co-op 6 (previously CR6) Special resolutions, such as Amendment of Constitution: Co-op6@cipc.co.za

Co-op 3 (previously CR3) & **Co-op 4** (previously CR4) change Business address & Appointment or Change of Auditor / Independent Reviewer: Co-op3an4@cipc.co.za

Applications not mentioned above: Cooperativesonline@cipc.co.za

MORE APPLICATIONS PHASED INTO NEW eSERVICES

- More types of applications will be made available on New eServices in phases over time.
- Please check our website for Notices in this regard, as it will d fast-track the registration process.

CIPC NOTICES

Remember to regularly visit the CIPC website to view Notices with new developments and requirements, such as.



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QUESTIONS & ANSWERS



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