

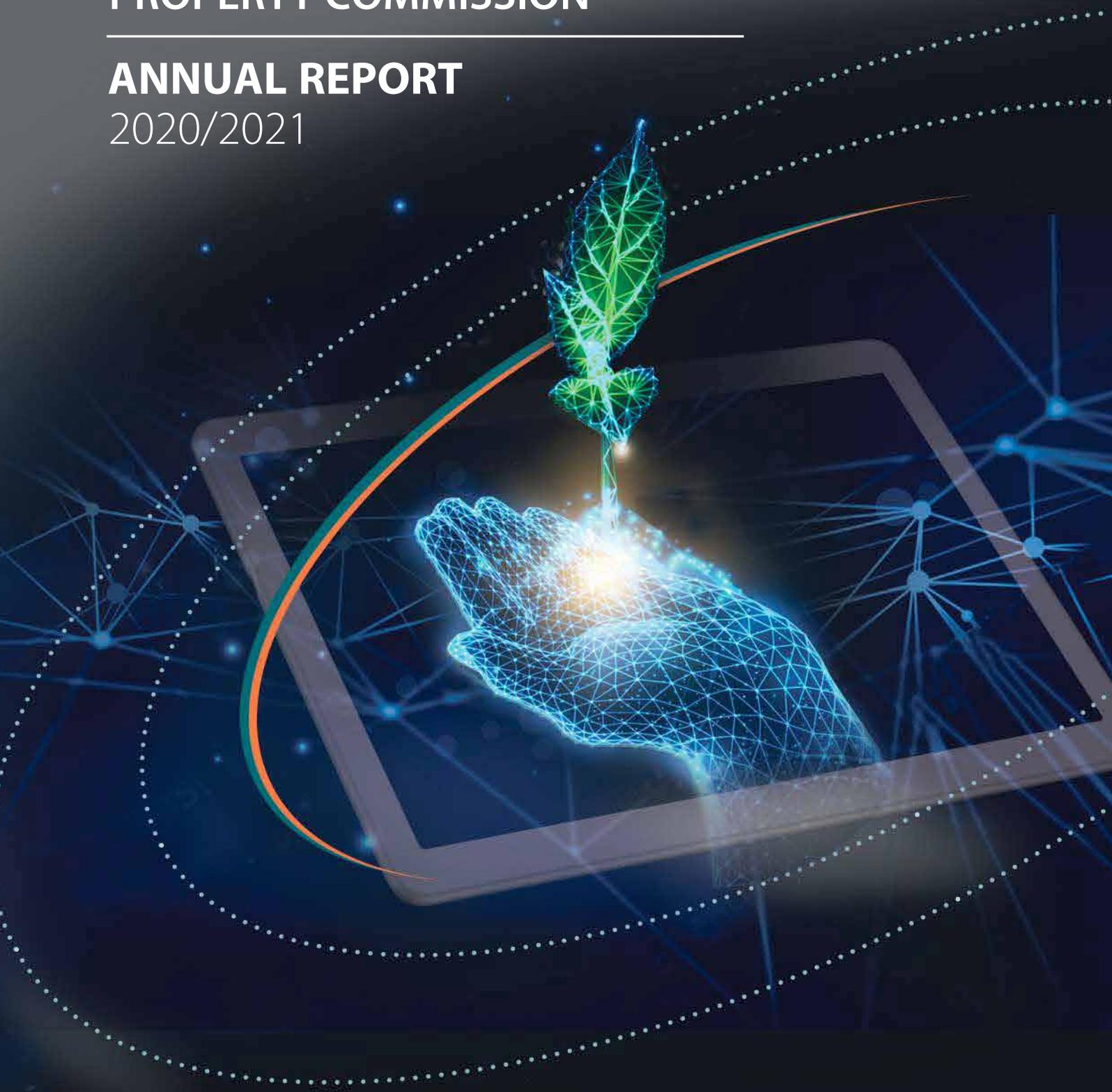


Companies and Intellectual
Property Commission

a member of **the dtic** group

COMPANIES AND INTELLECTUAL PROPERTY COMMISSION

ANNUAL REPORT 2020/2021



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ANNUAL REPORT 2020/21



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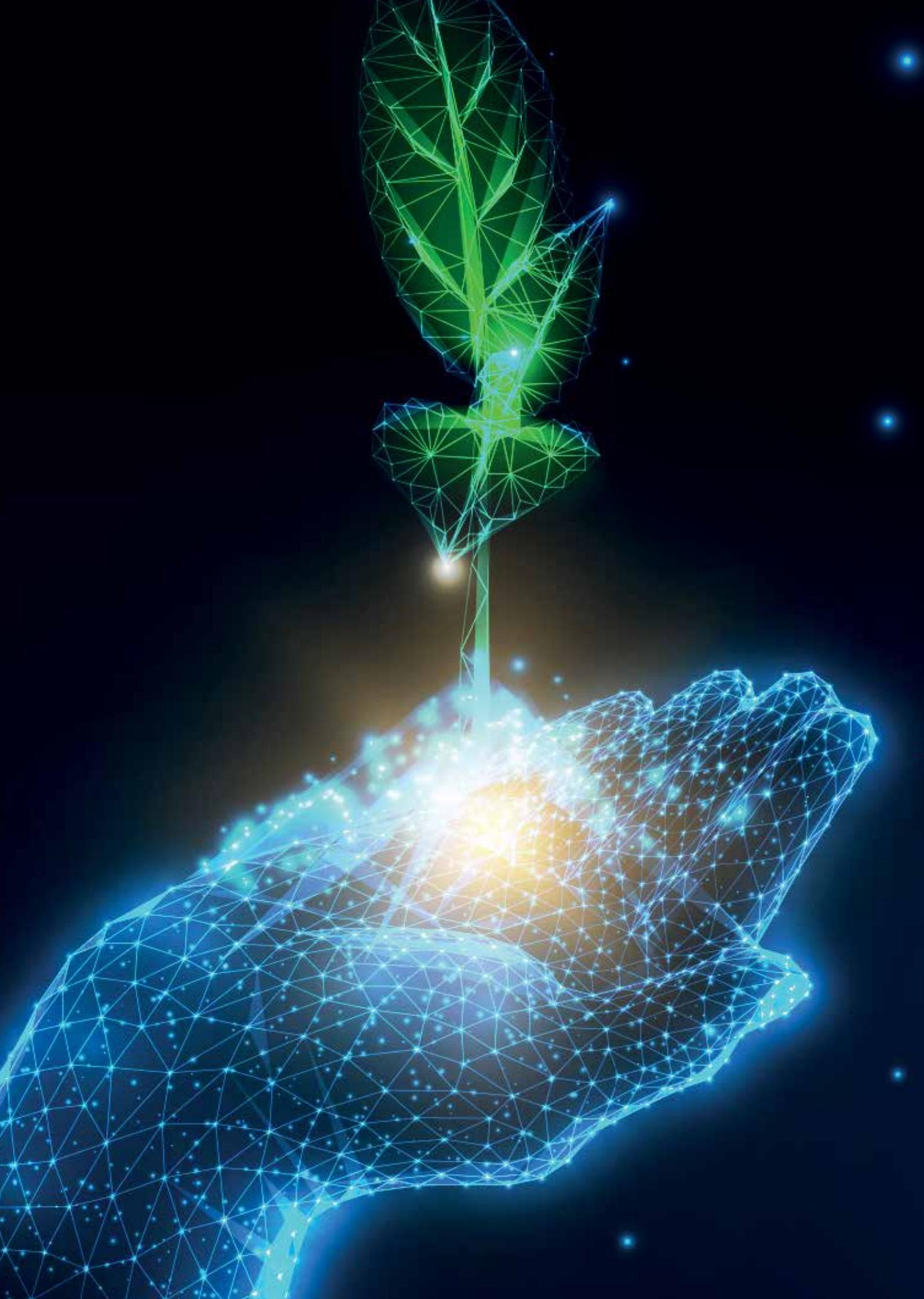


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No tables.



GLOSSARY OF TERMS

Annual returns – Filed by every company in the prescribed form with the prescribed fee, and within the prescribed period after the end of the anniversary of the date of its incorporation, including in that return—(a) a copy of its annual financial statements, if it is required to have such statements audited in terms of the Companies Act (Act 71 of 2008, as amended) as well as any other required information.

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

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

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

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

Non-profit company - A company— (a) incorporated for a public benefit or other object as required according to the

Companies Act (2008, as amended) and (b) the income and property of which are not distributable to its incorporators, members, directors, officers or persons related to any of them except to the extent permitted according to the Act.

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

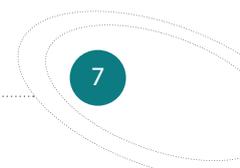
Profit company - A company incorporated for the purpose of financial gain for its shareholders.

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

Registration certificate - The certificate, or amended certificate, issued by the Commission as evidence of the incorporation and registration of that company or intellectual property (patents, designs, copyright in film, and trade marks).

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

State-owned company - Means an enterprise that is registered in terms of the Companies Act (2008, as amended) as a company, and either— (a) falls within the meaning of "State-owned enterprise" in terms of the PFMA (1999, as amended) or (b) is owned by a municipality, as contemplated in the Local Government: Municipal Systems Act (Act 32 of 2000), and is otherwise similar to an enterprise referred to in paragraph (a).



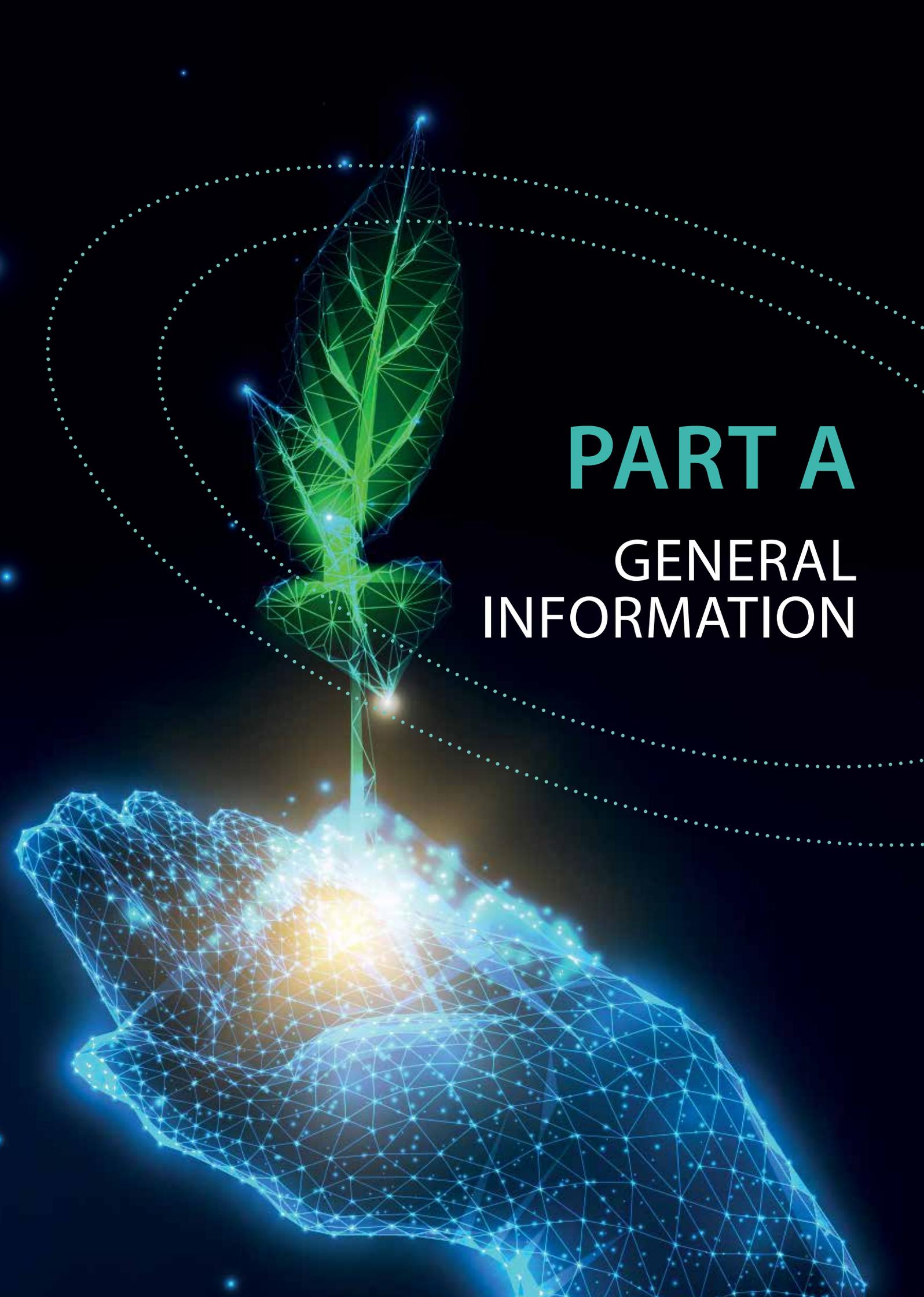


ABOUT THE ANNUAL REPORT

This document constitutes the Annual Report of the CIPC of South Africa for the 2020/21 financial year. It is premised on the Commission's Strategic Plan for 2017/18 – 2021/22. This Annual Report has been prepared in line with the Annual Report Guide for Schedule 3A and 3C Public Entities, which is published by the National Treasury. It captures the key performance outputs, outcomes and impact of the Commission during the reporting period. It also articulates how the Commission fared in the management of its resources, and in complying with corporate governance principles; as captured in parts C of this report.

This report is organised as follows:

- Part A: General information
- Part B: Performance information
- Part C: Governance
- Part D: HR management
- Part E: Financial information

A stylized, glowing green plant with a blue wireframe base, set against a dark background with dotted lines and a bright light source. The plant is composed of a central stem and several leaves, all rendered in a low-poly, wireframe style. The leaves are a vibrant green, while the stem and the base are a bright blue. The base of the plant is a large, flat, wireframe structure that resembles a piece of paper or a wide leaf, glowing with a bright yellow and orange light. The background is dark blue with several curved, dotted lines in a lighter blue color, suggesting a digital or futuristic environment. The overall aesthetic is clean, modern, and high-tech.

PART A
**GENERAL
INFORMATION**

1. Public entity's general information

Registered name of the public entity

Companies and Intellectual Property Commission (CIPC)

Registration numbers and/or other relevant numbers

Not applicable

Registered office address

the dti campus (Block F - Entfutfukweni)

77 Meintjies Street

Sunnyside

Pretoria

Postal address

PO Box 429

Pretoria

0001

Contact telephone numbers

+27 86 100 2472

Enquiries

<http://enquiries.cipc.co.za>

Website address

www.cipc.co.za

External auditor's information

Auditor-General South Africa (AGSA)

PO Box 446

Pretoria

0001

Banker's information

ABSA

PO Box 4210

Pretoria

0001

Company Secretary

Not applicable.



2. Acronyms and Abbreviations

AFS	Annual Financial Statements
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
BISG	Business Information Systems Group
BRR	Business Regulation and Reputation
CPD	Corporation for Public Deposits
CRF	Corporate Registers Forum
CIPC	Companies and Intellectual Property Commission
CPSI	Centre for Public Service Innovation
DSI	Department of Science and Innovation
the dtic	The Department of Trade, Industry and Competition
EPO	European Patent Office
FAS	Financial Accounting Supplements
GRAP	Generally Recognised Accounting Practice
I&C	Innovation and Creativity
IP	Intellectual Property
IT	Information Technology
iXBRL	inline eXtensible Business Reporting Language
NPA	National Prosecuting Authority
NT	National Treasury
PFMA	Public Finance Management Act
PPDMISA	Protection, Promotion, Development, and Management of Indigenous Knowledge
SARB	South African Reserve Bank
SDLC	Software Development Life Cycle
SEC	Social and Ethics Committee
SMMEs	Small, Medium or Micro Enterprises
SSC	Self-Service Centre
SSE	Substantive Search Examination
TVET	Technical and Vocational Education and Training (colleges)
WIPO	World Intellectual Property Office
XBRL	eXtensible Business Reporting Language



3. Foreword by the Minister

4. Commissioner's overview



I hereby present the CIPC's 2020/21 Annual Report, which outlines the CIPC's performance during this period.

The CIPC played an integral part in the functioning of the economy despite the challenges presented by the Covid-19 pandemic. The organisation was responsive and met new business requirements, *inter alia* the building of a registration platform for the issuing of essential services certificates, because of the conditions created by the pandemic. It also achieved 100% of its Annual Performance Plan (APP) targets set for the period under review.

An indication of the organisational excellence is the external customer and stakeholder rating which was 80% in 2020 compared to 74% in 2017.

In February 2021, the CIPC won the Centre for Public Service Innovation (CPSI) Innovation Award in the category Technology for Service Delivery Improvement. Mr Tando Luyaba, Solutions Architect in the Innovation and Collaboration Unit won the prize for Trailblazer of the Year. These two awards were because of the *BizPortal* that had revolutionised the virtual one-stop shop for businesses.

The CIPC also won an Innovation Award from the Corporate Registers Forum (CRF) on its eXtensible Business Reporting Language (XBRL) Programme and the award ceremony was held on 31 March 2021, during which the CIPC was also congratulated on the success of XBRL.

4.1 General financial review of the public entity

For the year under review, the CIPC received revenue totalling R 643 million, of which R 416 million was from annual returns filed by businesses.

R 610 million was generated from business activities related to submission of annual returns, fees received for the registration and maintenance of companies, intellectual property and cooperatives as well as from data sales and disclosure.

Revenue generated from other income amounted to R 9 million. This comprised mainly of recognition of customer deposit balances older than three years as revenue, amounting to R 8.2 million, and other sundry income. Interest of R 23.7 million was earned on the Corporation for Public Deposits (CPD) investment at the South Africa Reserve Bank (SARB) and other bank accounts.

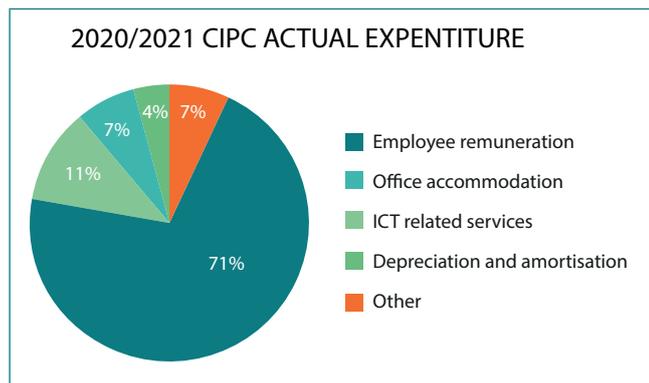
Figure A. 1: The CIPC's 2020/21 revenue



4.2 Spending trends of the public entity

The CIPC continued with the stabilisation of its Information Technology (IT) systems through investment in improved IT infrastructure, which led to improved functionality and greater security. As a service delivery organisation, the main cost drivers for the CIPC relate to employee remuneration, IT-related services, office accommodation and depreciation and amortisation. As shown in **Figure A.2** hereunder the remuneration of staff remains the most substantial expense, amounting to R348 million of total operating expenditure during the period under review.

Figure A. 2: The CIPC's 2019/20 expenditure



4.3 Capacity constraints and challenges facing the public entity

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

4.4 Discontinued activities/activities to be discontinued

There were no discontinued activities or to be discontinued.

4.5 New or proposed activities

New services

The Covid-19 pandemic called for the CIPC to develop services to meet new business requirements, namely:

- An additional functionality to register and issue certificates for businesses to operate as essential businesses during the national lockdown in the BizPortal platform.
- A booking service, which seeks to reduce congestion at the CIPC's Self-Service Centres (SSCs) by allowing the CIPC's clients to book visits to SSCs in advance on the CIPC mobile app.

4.6 Requests for roll over of funds

No roll over of funds was reported or requested during this period. The entity is self-funded and applies zero-based budgeting.

4.7 Supply Chain Management (SCM)

The SCM Unit is located within the Office of the Chief Financial Officer (CFO), in line with Treasury Regulations and the PFMA (1999, as amended). It is responsible for procurement of goods and services for the CIPC in a fair, equitable, transparent, cost-effective and competitive manner.

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

4.8 All concluded unsolicited bid proposals for the year under review

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

4.9 SCM processes and systems in place

The SCM processes and systems are in place. These are reviewed as and when necessary, as per the PFMA (1999, as amended) and Treasury Regulations.

4.10 Challenges experienced and how these are resolved

Covid-19 pandemic and the digital divide

The CIPC has adapted well to conditions presented by the Covid-19 pandemic by using its existing IT capabilities and competencies to develop systems to provide Covid-19 specific services, and to implement new ways of working. Telecommuting and offering services through virtual channels have been adopted as new ways of working. There are members of the public who are not able to access the CIPC's virtual services because of no access to internet services. Although the self-service terminals in partner sites and banks aim to complement access to virtual channels for the CIPC's products and services, the CIPC is exploring other ways to close this gap.

Patents system

The CIPC is in the process of deploying a fully-automated Intellectual Property (IP) Administration System with the assistance of the World Intellectual Property Organization (WIPO) for the filing and processing of patent applications to replace the current manual systems. However, the process is tedious and was, somewhat, delayed by the Covid-19 pandemic. This end-to-end automated system will make the patent system seamless and encourage particularly local applications.

Substantive Search Examination (SSE)

The SSE for patents is a process that the CIPC is eager to introduce, once the relevant legislation has been put in place. The necessary software will be acquired to prepare for this new way of examining patent applications.

Domain name registration

The uptake of domain name registrations through the CIPC's platforms has been quite low. This is evident of the need to embark on more focused education and awareness on the benefit of a digital presence and the ease through which it can be obtained using the CIPC's multiple channels.

Annual returns

Apart from a low-annual return filing rate, there is an issue of incorrect information being provided. A process is underway to address such issues through integrating annual returns filing with the iXBRL process to confirm turnover indicated on AFS before submitting finalising the process.

Director removal

There is an increase in complaints by directors on their removal without their consent. The CIPC is exploring mitigation controls to prevent this conduct. It should be noted that the unlawful removal of directors are often the result of internal disputes within organisations and, therefore, education and awareness around roles and responsibilities of directors is vital.

AFS filings

Covid-19 affected many companies' liquidity status and their inability to finalise the preparation of AFS and general legal compliance as prescribed in the Companies Act (2008, as amended) such as through holding Annual General Meetings (AGMs).

Companies whose non-compliance arose from financial years prior the Covid-19 pandemic, incorrectly attribute their non-compliance to the pandemic economic situation. This is addressed through investigations, and issuing of compliance notices where it is warranted.

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

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

4.12 Outlook/plans for the future to address financial challenges

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

4.13 Events after the reporting date

The Executive Manager: Business Information Systems (commonly referred to as the Chief Information Officer), Mr Phineas Mogale was appointed as from 1 April 2021.

4.14 Economic viability

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

4.15 Acknowledgement/s or appreciation

I appreciate the commitment and dedication of the CIPC's executive, senior management and staff who perform their jobs admirably, thereby contributing to the realisation of our APP, and the delivery of services to the CIPC's clients. I would also like to thank organised labour for their contribution to the organisation's effectiveness. Appreciation also goes to the Audit and Risk and IT Committees for their value-add and commitment to governance within the organisation. I thank other committees like the Client Liaison Committee (CLC), IP lawyers' fraternity, the Specialist Committee on Company Law (SCCL), and all collaboration partners for their contribution to the CIPC. Finally, let me extend my appreciation to the Minister of Trade, Industry and Competition, Mr Ebrahim Patel; the Deputy Minister of Trade, Industry and Competition, Ms Nomalungelo Gina; the Deputy Minister of Trade and Industry and Competition, Mr Fikile Majola, and the outgoing Director-General of **the dtic**, Mr Lionel October, together with all of **the dtic** for their support.

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

The AFS for the year ending 31 March 2021 are prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and incorporate disclosures in line with the accounting policies of the entity and the requirements of the PFMA (1999, as amended).



Rory Voller (Adv.)

CIPC Commissioner

Date: 5 August 2021

5. Statement of Responsibility

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

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

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

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

The AFS (Part E) have been prepared in accordance with the South African GRAP standards applicable to the public entity.

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

The Accounting Authority is responsible for establishing, and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity

and reliability of the performance information, the HR information and the AFS.

The external auditors are engaged to express an independent opinion on the AFS.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2021.

Yours faithfully,



Rory Voller (Adv.)

CIPC Commissioner

Date: 5 August 2021



6. Strategic overview

6.1. Vision

To be a reputable, world-class regulator of business entities and intellectual property.

6.2. Mission

In partnership with others, we make it easy and attractive to do business in South Africa.

6.3. Values

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

Table A. 1: The CIPC's values

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

7. Legislative and other mandates

The CIPC is listed as a Schedule 3A entity in the PFMA, (1999, as amended).

As shown in **Table A.2: The PFMA's provisions for public entities**, Chapter 1, 6, and Schedule 3A of the PFMA (1999, as amended) has provisions for public entities such as the CIPC.

Table A. 2: PFMA Provisions for Public Entities

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

The CIPC must abide by the Constitution of the Republic of South Africa Act, 1996 (Act 108 of 1996, as amended). **Table A.3: The CIPC's constitutional mandate** highlights sections of more relevance to the CIPC.

Table A. 3: Constitutional mandate

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

As a national public entity, the CIPC is established by a national legislation, the Companies Act (2008). As shown in **Table A.4: Legislative mandate**, the CIPC is legislated by a number of Acts of Parliament.

Table A. 4: The CIPC’s legislative mandate

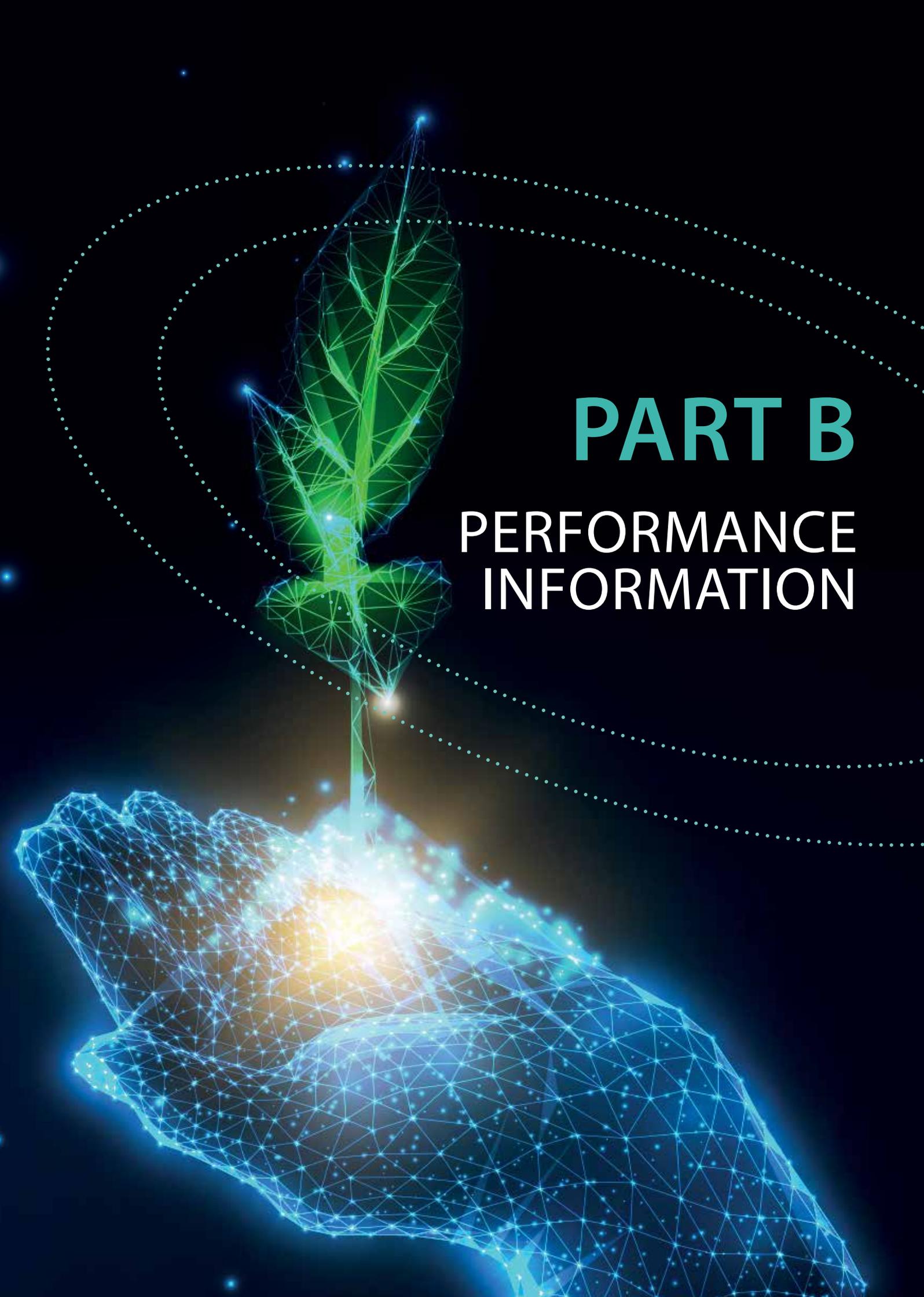
Legislation	Mandate
Companies Act (2008, as amended)	Register companies, business rescue practitioners and corporate names; maintain data; regulate governance of and disclosure by companies; accredit dispute resolution agents; educate and inform about all laws; give non-binding opinions and circulars, policy and legislative advice. Enforce the Companies Act (2008, as amended) to promote voluntary resolution of disputes arising in this Act between companies and directors or shareholders as contemplated in Part C of Chapter 7, monitor proper compliance with the Act, receiving or initiating complaints concerning alleged contravention of this Act, evaluating such complaints, and initiating investigations into complaints.
Close Corporations Act (Act 69 of 1984)	Maintain data, regulate governance of and disclosure by close corporations.
Co-operatives Act (Act 14 of 2005)	Register co-operatives, maintain data, regulate governance of and disclosure by co-operatives.
Co-operatives Amendment Act (Act 6 of 2013)	Annual submission of information by co-operatives, audit and independent review of co-operatives, voluntary winding-up of co-operatives by special resolution, liquidation process of co-operatives.
Share Block Control Act (Act 59 of 1980)	Regulate conduct and disclosure by share block schemes.
Consumer Protection Act (Act 68 of 2008)	Register business names.
Trade Marks Act (Act 194 of 1993)	Register trade marks, maintain data, resolve disputes.
Merchandise Marks Act (Act 17 of 1941) Unauthorised Use of State Emblems Act, (Act 37 of 1961)	Prevent and enforce the unauthorized use of State emblems.
Patents Act (Act 57 of 1978)	Register patents, maintain data, publish patent journal, administer Court of Commissioner of Patents.
Designs Act (Act 195 of 1993)	Register designs, maintain data, resolve disputes.
Copyright Act (Act 98 of 1978)	Provide non-binding advice to the public.
Registration of Cinematography Films Act (Act 62 of 1977)	Register films, maintain data.
Performers Protection Act (Act 11 of 1967)	Accredit collecting societies; regulate their governance, conduct and disclosure.
Counterfeit Goods Act (Act 37 of 1997)	Conduct and co-ordinate search and seizure operations, oversee depots.

8. Organisational structure

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

Figure A. 3: The CIPC's organisational structure



The image features a central graphic of a plant. The upper portion is a green wireframe plant with three leaves and a stem, set against a dark background with glowing blue and white dots and lines. The lower portion is a large, blue wireframe leaf or base, also glowing with blue and white dots and lines. The overall aesthetic is futuristic and digital.

PART B

PERFORMANCE INFORMATION

1. Situational analysis

Despite the challenges brought about by the Covid-19 pandemic, the CIPC performed well, achieving 100% of its APP targets. For the first time, its Customer and Stakeholder Score was at 80% showing that the CIPC’s efforts to improve customer experience and solidify its position as a reputable regulator has borne fruit.

1.1 Service delivery Environment

The growth recorded in the third and fourth quarters of 2020 was not enough to offset the devastating impact of the Covid-19 pandemic in the second quarter when lockdown restrictions were at their most stringent. Economic activity for the entire year decreased by 7% in 2020 compared with 2019.

This section shows the impact of the Covid-19 pandemic on demand for the CIPC’s services, on the CIPC’s compliance and enforcement activities, as well on the traffic in the CIPC’s customer contract channels. Finally, the CIPC’s strategies, which led to the CIPC’s success during the year under review, are described, and the results of these strategies are presented.

1.1.1 Applications, registrations and amendments

The volumes of applications, registrations and amendments process indicate the demand for the CIPC services. **Table B.1: The CIPC’s key services – volumes** hereunder reflecting the volumes processed over the past five years.

Table B. 1: The CIPC’s key services – volumes

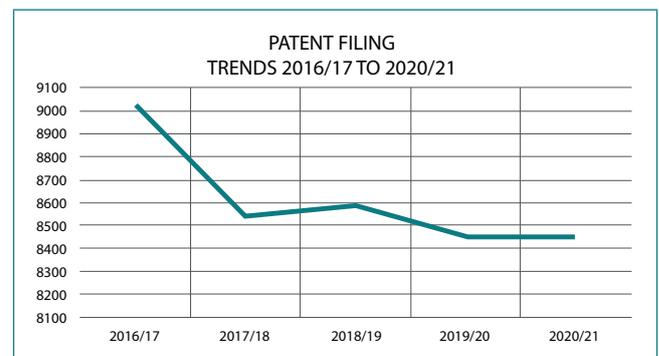
CIPC services	2016/2017	2017/2018	2018/2019	2019/2020	2020/21
Patents applications	9027	8 545	8587	8 455	8 445
Designs applications	2085	2018	2002	1 867	1 653
Copyright in film applications	57	61	99	55	26
Trade marks applications	38 169	38 283	39 136	38 148	39 317
Name reservations	Not reported	Not reported	Not reported	Not reported	505 198
Companies registrations	378 435	386 373	395 320	385 181	510 024 (includes external companies registered)
Co-operatives registrations	12 424	12 748	12 270	12 478	6 142
Director amendments	51 435	72 312	71711	5588	167 415
Member amendments	45916	40412	36087	31803	25 273
Auditor changes	58880	54242	56384	53434	93 204
Company name changes	12 424	12 748	12 270	12 478	6142
Company financial year end changes	Not reported	Not reported	Not reported	Not reported	5 744
Business rescue proceedings Commenced (Active cases)	375	362	349	369	335
BBBEE certificates	Not reported	Not reported	Not reported	Not reported	249 207

Patents

Of the 8 455 patent filings, 2 042 were local filings and 6 403 foreign filings.

There has been a decline in patent filings since 2016/17 (from 9 027 filed patent applications) to 2020/21 (8 445 filed patent applications), as shown in **Figure B.1: Patent-filing trends**. However, the period between 2019/20 (8455 patent filings) and 2020/21 (8 445 patent filings) shows a slight decline in numbers, this means that the CIPC actually performed well in the last financial year amidst the Covid-19 pandemic.

Figure B. 1: Patent-filing trends



Designs

There has been a decline in design applications since 2016/17 from 2 085 to 1 653 in 2020/21 as shown in **Figure B.2: Design filing trends.**

Figure B. 2: Design filing trends

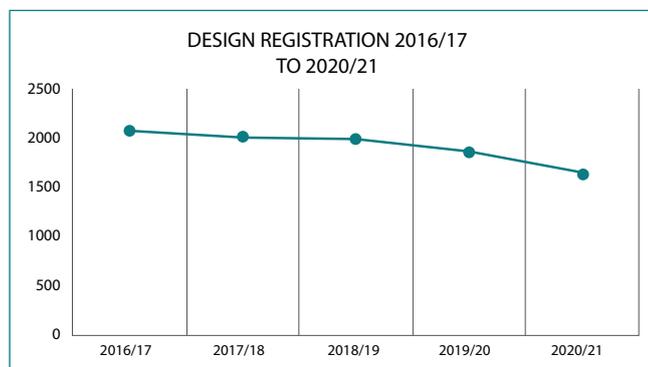


Table B. 2: Trade marks applications – residents and non-residents breakdown

TREND IN NEW APPLICATIONS (financial year)		RESIDENTS	NON-RESIDENTS
2011/2012	33 918	19 389	14 529
2012/2013	35 074	20 288	14 786
2013/2014	36 422	21 441	14 981
2014/2015	35 753	20 921	14 832
2015/2016	37 286	20 165	17 121
2016/2017	38 578	22 350	16 228
2017/2018	37 748	22 154	15 594
2018/2019	39 702	23 289	16 413
2019/2020	36 904	21 525	15 379
2020/2021	39 317	24 281	15 036

Table B.3 Trade marks registrations shows volumes of trade marks certificates issues in the past five calendar years.

Table B. 3: Trade marks registrations

TRENDS IN REGISTRATION CERTIFICATES ISSUED	(CALENDAR YEAR)
YEAR	OUTPUT
2016	10 802
2017	19 256
2018	32 174
2019	32 029
2020	22 902
2021 (end April)	7 200

Company registration

Company registration volumes reported for 2020/21 in the table above, is much higher than what was reported in the previous years because registration of external companies are included, which were not included in previous years.

Copyright in film

Copyright in film applications filed were only 26 applications in 2020/21 compared to 55 in 2019/20. During Quarter 1, which fell under levels 4 and 5 of the national lockdown - only one application was received. Over the past five years, copyright in film applications have been declining.

Trade marks

Trade marks applications have been fluctuating slightly over the past five years. **Table B.2: Trade marks applications – residents and non-residents breakdown** show volumes processed according to the two categories – trade marks filed by residents and those filed by non-residents.

Co-operatives registration

It seems the Covid-19 pandemic negatively affected co-operatives registration volumes more than other areas. The volumes for 2020/21 contracted by more than 50% of the volume registered in 2019/20.

Table B. 4: Status of business rescue proceedings

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	Grand total
Status of proceedings											
Active	52	119	118	124	148	127	151	177	237	335	1588
Liquidation	58	64	70	73	73	49	32	19	17	5	460
Nullity	111	28	21	26	24	17	22	33	15	3	300
Set aside	2	5	6	4		2	2	5	2	1	29
Substantial	83	107	105	97	86	71	56	44	46	11	706
Termination	77	117	89	89	150	109	99	71	56	17	874
Grand total	383	440	409	413	481	375	362	349	373	372	3957

1.1.2 Compliance and enforcement

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

Annual returns

As shown in **Table B.5: Annual returns - in time filings**, the “in time filings” increased by 85 398 filings (or 11%) compared with 2019/2020 financial year. The overall compliance rate also increased albeit only by 1%.

Table B. 5: Annual returns filing

CIPC services	2016/2017	2017/2018	2018/2019	2019/2020	2020/21
Annual returns filings	626 721 (48%)	663 442 (47%)	669 170 (44%)	680 120 (42%)	765 481 (46%)

Annual Financial Statements (AFS)

With regard to AFS filings, the CIPC would on 1 July 2020, celebrate the second year anniversary of a stable, successful digital reporting mechanism, Inline eXtensible Business Reporting Language (iXBRL). An infographic with the statistical highlights was published on social media and a vignette was developed and circulated internally as part of change management interventions.

As at the end September 2020, 28 232 AFS were filed since iXBRL roll out in 2018. The average total filings per quarter have been relatively stable at approximately 1 150 per quarter, with some quarters being marginally higher than previous quarters. Comparatively, the 2020/21 financial year has had higher filings per quarter than the previous financial year. This may be attributed to the change management interventions and gradual adoption and settling-in of the new reporting requirements.

The software service provider community has been actively involved in quasi-marketing and advocacy of the iXBRL reporting requirements through their websites, events and other activities to presumably increase sales from their iXBRL software offerings. This has resulted in an increase in the number of filings. However, it also resulted in unintended consequences in the form of poor quality AFS and in some

cases value-less filings, i.e. filings by companies that are neither subject to an audit or independent review. The Corporate Disclosure and Compliance Unit continues to monitor data quality to mitigate the risk of valueless data flowing into the system. The Covid-19 pandemic may have impacted on the number of filings by hindering the sign-off of AFS by auditors due to limitations of audit engagements linked to the lockdown restrictions, especially for companies who have a financial year-end of 28 February and who would have had to approve their AFS by end August 2020.

The validation service system prior to filing has been offline. This limited the timeliness of filings to some extent. However, the speed of resolving the Information Communication Technology (ICT) issues was on par to mitigate the risk. The GRAP taxonomy was finalised and adopted into the system to allow for State-Owned Companies that report in GRAP to file their AFS. This will increase the number of filings in the next financial year.

The filings continue to be dominated mostly by companies whose AFS are audited; however, we are observing an increasing number filings where AFS were independently reviewed.

Draft GRAP taxonomy were developed for public consultation. It is expected that GRAP will be available for consumption in iXBRL by preparers from 01 October 2020 as a trial period, thereafter; it will become compulsory on 1 October 2021.

Table B.6: The AFS show volumes of AFS filed, reviewed and investigated.

Table B. 6: Annual Financial Statements

Statistics	Description
Quarter 1	
Difficulty with extracting data for financial accountability supplements received from the email box. A call was logged – Ticket not resolved (20191002090215318).	Financial accountability supplements received.
5045	Annual financial statements received.
165	Annual financial statements reviewed.
N/A	Proactive investigations.
Quarter 2	
System being developed by ICT to allow stream to check total filings.	Financial accountability supplements received.
4003	AFS received.
195 (analysed).	AFS reviewed.
50	Proactive investigations.
Quarter 3	
4051	AFS received.
193	AFS reviewed (With focus on IAS 1, IFRS 15 / IAS 18).
71	Pro-active investigations.
Quarter 4	
3785	AFS received.
220	AFS reviewed. (With focus on IAS 1, IFRS 15 / IAS 18).
50	Pro-active investigations.

Reported irregularities

Table B. 7: Reportable irregularities 2020/21

	Q2 2019/20	Q3 2019/20	Q4 2019/20	Q1 2020\21	Q2 2020/21	Q3 2020/21	Q4 2020/21
Opening balance	242	296	313	409	374	334	361
Cases received	81	41	147	67	33	54	34
Closed cases	27	24	51	102	73	27	82
Closing balance	296	313	409	374	334	361	313

Table B. 8: High-profile companies under investigation

High-impact cases
Pembury Lifestyle Group Limited (Reportable irregularity)
JD Properties (AFS filings)
Ainsley Holdings Limited (AFS filings)
Steinhoff (AFS filings)
Communicare NPC (Non-compliance to Companies Act, 2008 as amended)

Table B. 9: Independent review: Regulation 29

	Q1	Q2	Q3	Q4
Opening balance	157	165	174	225
Allocated	54	78	93	47
Liability exceeds assets	8	14	8	36
Financial assistance	25	34	25	62
VAT tax return not declared to SARS			2	4
Other	13	21	7	13
Total closed	46	69	42	115
Closing balance	165	174	225	159

Table B. 10: Cold case matters

Administrative fine	Q1	Q2	Q3	Q4
Opening balance	21	21	21	21
Order granted	3	3	3	3
Settlement order/offer opposed	3	3	3	3
Removed from the list	4	4	4	4
Currently in court/set down	1	1	1	1
	4	4	4	4
Closing balance	6	6	6	6

Table B. 11: Prospectus

COMPANY NAME	PROSPECTUS	FINAL PROSPECTUS	CURRENT STATUS
Quarter 1			
DESTINATA CAPITAL LIMITED	MAY	REGISTERED	REGISTERED
CHINA SEAS BASKET	MAY	REGISTERED	REGISTERED
BUSINESS VENTURE INVESTMENTS	MAY	PENDING	PENDING
BLACKBRICKEP 1	JUNE	REGISTERED	REGISTERED
ROCKEFELLER EP1	JUNE	REGISTERED	REGISTERED
FRITZGERALD EP1	JUNE	REGISTERED	REGISTERED
GREENREEF EP1	JUNE	REGISTERED	REGISTERED
OLIVE VCC	JUNE	REGISTERED	REGISTERED
Quarter 2			
Blackbrick EP1	July	Registered	Registered
Reockefeller EP1	July	Registered	Registered
Fritzgerald EP1	July	Registered	Registered
Greenreef EP1	July	Registered	Registered
Olive VCC	July	Registered	Registered
Illovo Stack Retail 1	August	Registered	Registered
Mdluli Safari Lodge	August	Registered	Registered
Blyde EP2	August	Registered	Registered
Vega VC1	August	Pending	Pending
Greenpark EP3	September	Pending	Pending
Advanced Investment Holdings	September	Pending	Pending
Quarter 3			
GREENPARK EP 3	OCTOBER	REGISTERED	REGISTERED
ADVANCED INVESTMENT HOLDINGS	OCTOBER	REGISTERED	REGISTERED



COMPANY NAME	PROSPECTUS	FINAL PROSPECTUS	CURRENT STATUS
DESTINATA CAPITAL LIMITED	OCTOBER	REGISTERED	REGISTERED
INFINITY ANCHOR FUND	NOVEMBER	REGISTERED	REGISTERED
ZIMBALI CAPITAL	NOVEMBER	REGISTERED	REGISTERED
MDLULI SAFARI LODGE	NOVEMBER	PENDING	PENDING
SUNSTONE CAPITAL	NOVEMBER	REGISTERED	REGISTERED
HASANAAT CAPITAL	NOVEMBER	REGISTERED	REGISTERED
EUPHORIC CAPITAL	NOVEMBER	REGISTERED	REGISTERED
AP GLOBAL	NOVEMBER	REGISTERED	REGISTERED
AURIK CAPITAL	NOVEMBER	REGISTERED	REGISTERED
BIG SKY FUND	NOVEMBER	REGISTERED	REGISTERED
BIG SKY FUND	NOVEMBER	REGISTERED	REGISTERED
OPTONMISE VENTURES	DECEMBER	PENDING	PENDING
OLIVE VENTURE CAPITAL COMPANY	DECEMBER	REGISTERED	REGISTERED
DELTA	DECEMBER	PENDING	PENDING
DECENTRAL ENERGY CAPITAL	DECEMBER	REGISTERED	REGISTERED
WESTBROOKE STAC 2021	DECEMBER	REGISTERED	REGISTERED
EXPONENTIAL VENTURE CAPITAL	DECEMBER	PENDING	PENDING
WESTBROOKE ARIA 2021	DECEMBER	REGISTERED	REGISTERED
GAIA VENTURE CAPITAL	DECEMBER	REGISTERED	REGISTERED
AEEEX South Arica	DECEMBER	REGISTERED	REGISTERED
BRIGHT LIGHT SOLAR VCC	DECEMBER	REGISTERED	REGISTERED
KALON VENTURE PARTNER FUND II	DECEMBER	PENDING	PENDING
Quarter 4			
KAROOOOO	JANUARY	REGISTERED	REGISTERED
ERIDANUS VC1	JANUARY	REGISTERED	REGISTERED
NESA INVESTMENT HOLDINGS	JANUARY	REGISTERED	REGISTERED
SILVERLEAF INVESTMENTS	JANUARY	REGISTERED	REGISTERED
WESTBROOK STAC 2021	JANUARY	REGISTERED	REGISTERED
RENCELL	FEBRUARY	REGISTERED	REGISTERED
ORA CAPITAL	FEBRUARY	REGISTERED	REGISTERED
ANUVA PRIVATE EQUITY	FEBRUARY	REGISTERED	REGISTERED
BLACKBRICK CT EP 4	FEBRUARY	REGISTERED	REGISTERED
PERSEUS VC 1	FEBRUARY	REGISTERED	REGISTERED
PEGASUS UA LTD	FEBRUARY	REGISTERED	REGISTERED
CRYPTIQUE LTD	FEBRUARY	REGISTERED	REGISTERED
LEAF 12 J FUND RF	MARCH	REGISTERED	REGISTERED
SAB ZENZELE KABILI	MARCH	REGISTERED	REGISTERED
SEVEN ON MAIN EP5	MARCH	REGISTERED	REGISTERED
INFINITY ANCHOR FUND	MARCH	REGISTERED	REGISTERED
VEGA VC 1	MARCH	REGISTERED	REGISTERED
AEEEX SOUTH AFRICA	MARCH	REGISTERED	REGISTERED
MDLULI SAFARI LODGE	MARCH	PENDING	PENDING
RENCELL	MARCH	PENDING	PENDING
SILVERLEAF INVESTMENT	MARCH	PENDING	PENDING
SA KHADINANG	MARCH	PENDING	PENDING
SUNSTONE CAPITAL	MARCH	PENDING	PENDING

Counterfeit goods

The ongoing Covid-19 pandemic and the national lockdown restrictions have created fertile ground for smuggling counterfeit PPE's vaccines and other medicines. We, therefore, saw an increase in seizures of these goods.

Border posts were under severe pressure with people migrating to be with family over the festive season. This put additional strain on resources that combat illicit trade.

January 2021 started with an increase in the restriction of movement and goods. The stricter curfew that was applicable under level three lockdown led to an increase in enforcement successes. Focused enforcement efforts resulted in seizures of high quantities of counterfeit and smuggled vaccines and pharmaceuticals. The focus on central business district

areas in the metro cities resulted in exceptional quantities of counterfeit clothing footwear and bags being confiscated. These goods are stored in counterfeit goods depots and will be destroyed or recycled in an environmentally friendly way, when the courts finalise the criminal matters. There were also an increase in counterfeit vaccines that were being smuggled - these are illegal and in some cases had the registered trade marks on the packaging.

Officials of a joint task team and industry representatives raided a factory that manufactured spices. They seized tons of illicit spices and confiscated the machinery and tools used in the packaging process.

1.1.3 Client engagement

Table B.12: Call centre, QRS, Facebook and Twitter here under shows traffic in customer contact channels in the past five years.

Table B. 12: Call Centre, QRS, Facebook and Twitter

	2016/17	2017/18	2018/19	2019/20	2020/21
Calls received	197 845	184 062	315 503	356 803	
Calls answered (%)	90 974 (45%)	130 991 (71%)	187 276 (87%)	199 932 (56%)	134 912
QRS queries received	106 326	85 362	86 179	95 105	122 629
QRS queries resolved (%)	100%	100%	100%	99,8%	119 304 (97%)
Facebook queries received	-	-	670	7090	81 902
Facebook queries resolved	-	-	658 (98%)	1932 (27%)	68 331 (83%)
Twitter queries received	-	1303	1939	7 300	41 587
Twitter queries resolved	-	571 (43%)	982(48%)	12 49(17%)	13 527 (33%)

Table B.13: Self-Service Centres (Pretoria, Johannesburg, and Cape Town) traffic show volumes in Quarter 3 and 4 of 2020/21.

Table B. 13: Self Service Centres (Pretoria, Johannesburg and Cape Town) traffic

	Quarter 3				Quarter 4			
	Pretoria	Johannesburg	Cape Town	TOTAL	Pretoria	Johannesburg	Cape Town	TOTAL
Company registrations	1141	2095	1573	4809	1177	1660	1993	4830
Create customer codes	1141	2593	1377	5111	1935	2980	1691	6606
Re-set password	1409	239	1737	3385	2112	507	2137	4756
Name reservations	126	855	1565	2546	129	481	1936	2546
Annual returns	1417	3268	1863	6548	2675	2797	1870	7342
IP	228	433	25	686	190	339	89	618
Director amendments	518	537	141	1196	397	413	184	994
Member amendments	0	83	14	97	0	27	17	44
Auditor & ACC Officers	0	0	0	0	0	0	0	0
CO & CC address	511	104	0	615	444	60	41	545
Cert and Disc	1316	1062	698	3076	1310	427	270	2007
Ent Enquiry	753	710	7	1470	843	813	974	2630
Name change	209	208	39	456	136	113	121	370
Name transfer	0	2	0	2	0	5	0	5

	Quarter 3				Quarter 4			
	Pretoria	Johannesburg	Cape Town	TOTAL	Pretoria	Johannesburg	Cape Town	TOTAL
Customer transactions	257	147	23	427	30	0	14	44
General/other	338	1052	1214	2604	284	1018	1851	3153
Walk-ins	9362	13221	13135	35718	6714	11594	13296	31604

1.1.4 Service turnaround times

Table B.14: The CIPC's key services – Average turnaround times hereunder shows the average speed at which these above transactions were processed in the last five years.

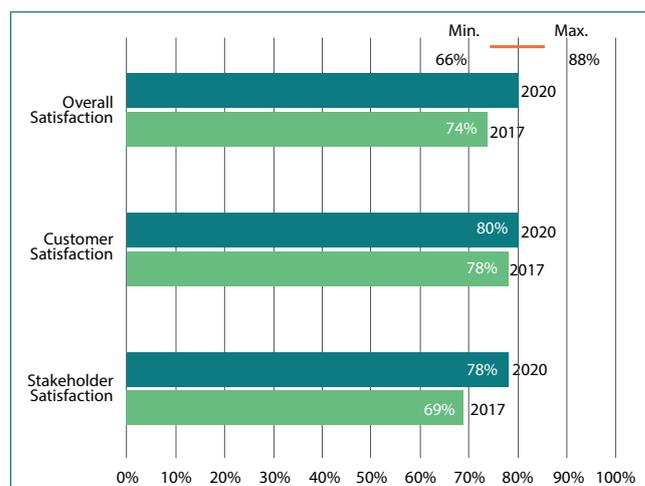
Table B. 14: CIPC Key Services – Average turnaround times

CIPC services	2016/2017	2017/2018	2018/2019	2019/2020	2020/21
Patent applications	3 days	3 days	3 days	3 days	3 days
Designs applications	3 days	3 days	3 days	3 days	2 days
Copyright in film applications	3 days	3 days	3 days	3 days	10 days
Trade marks applications	3 days	3 days	3 days	3 days	3 days
Name reservations	Not reported	Not reported	Not reported	Not reported	2 days
Companies registrations	3 days	2 days	1 day	2 days	2 days
Co-operatives registrations	2 days	2 days	2 days	2 days	2 days
Annual returns filings	-	-	5 minutes	5 minutes	5 minutes
Director amendments manual	Not reported	Not reported	Not reported	Not reported	4 days
Director amendments electronic	Not reported	Not reported	Not reported	Not reported	1 day
Member amendments manual	Not reported	Not reported	Not reported	Not reported	3 days
Member amendments electronic	Not reported	Not reported	Not reported	Not reported	1 day
Auditor changes manual	Not reported	Not reported	Not reported	Not reported	2 days
Auditor changes electronic	Not reported	Not reported	Not reported	Not reported	1 day
Company name changes	Not reported	Not reported	Not reported	Not reported	1 day
Company financial year end changes electronic	Not reported	Not reported	Not reported	Not reported	1 day
Annual returns filings	Not reported	Not reported	5 minutes	5 minutes	5 minutes
AFS filings	Not reported	Not reported	5 minutes	5 minutes	5 minutes
B-BBEE certificate	Not reported	Not reported	Not reported	Not reported	Instant

1.1.5 Customer and stakeholder satisfaction

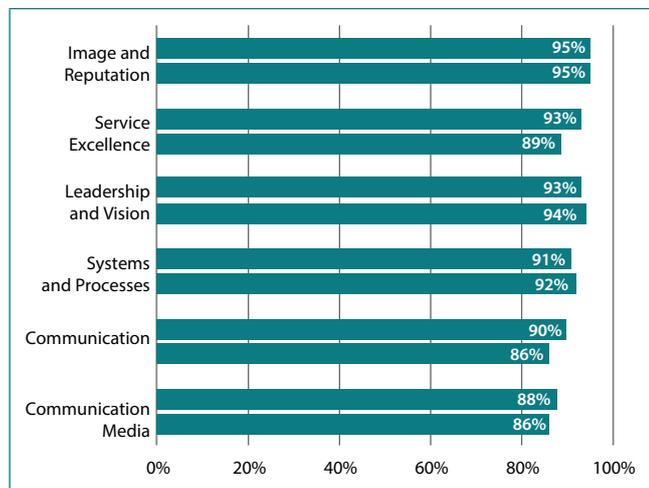
In the 2020 Customer and Stakeholder Survey, the CIPC scored 80% compared to the 74% in 2017. As shown in **Figure B.3**, customer satisfaction was at 80% in 2020 and 78% in 2017 and stakeholder satisfaction was at 78% in 2020 compared to 69% in 2017.

Figure B. 3: Overall customer and stakeholder ratings



As shown in **Figure B.4**, the CIPC achieved between 88 – 95% in 2020 compared to 86-95% in 2017 in all the key areas, namely, Image and Reputation; Service Excellence; Leadership and Vision; Systems and Processes; Communication; and Communication Media.

Figure B. 4: Key areas measured



1.1.6 The CIPC's strategies

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

Modernisation Strategy

The Modernisation Strategy aims to modernise all the CIPC operations and services. This entails migration of the CIPC processes into a new modern platforms and automation of all its processes in order to minimise the time transacting with the CIPC. It also entails strengthening of on-line channels such as the website, Mobile App, Chabot, and BizPortal.

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

Twenty-nine percent of the externally-focused CIPC processes have been automated (as at 31 March 2021). The automation of processes has led to faster transactions, and thus improved customer experience. This has also enhanced data integrity, information security, registration system transparency and verification of business compliance.

Mobile application services and web services are modernised, because of the integration of the currently published CIPC mobile platform to legacies. The CIPC is working on a pilot for the services of a ChatBot.

The Covid-19 pandemic called for the CIPC to adapt quickly and develop new services. The first one being an additional functionality to register and issue certificates for businesses to operate as essential businesses during the national lockdown on the BizPortal platform. The second one being the booking service, which sought to reduce congestion at CIPC SSCs by allowing CIPC clients to book visits to SSCs in advance through the CIPC Mobile App. The third one was automating submission and approval of invoices online.

The Modernisation Strategy extends the reach of the CIPC and government integrated services. However, this excludes individuals that do not have access to network data to access the internet, and appropriate devices. To close this gap, the CIPC offers its services through SSCs and partner sites, where self-service terminals are installed, operated, and manned by the CIPC's staff or individuals allocated by partners. Customers can also use a drop-box situated at the CIPC's office or use postal services as well as email.

Innovation and collaboration

The CIPC extends its footprint by collaborating with strategically selected partners, in doing so leveraging the capabilities and competencies of these partners. The CIPC has access to its partner's infrastructure, customer base, and value-add services for its customers. These partnerships are not only limited to the public sector, it also extends to the private sector. The partnerships model has also been critical in creating a **'one stop' shop** for businesses. Channels such as the **BizPortal**, SSTs, and banks are built upon this model. **BizPortal** is a **one-stop shop** that enables entrepreneurs to go to one website, register their company, register for tax, get a B-BBEE certificate, register for the Unemployment Insurance Fund (UIF), get their company's domain name, and even open a bank account. Through SSCs and partner sites, businesses not only register companies, but also get their B-BBEE certificates. In its efforts to continue providing **value-added services**, the CIPC also collaborated with SARS to offer a tax number when an enterprise is registered. The banks offer a wide range of CIPC products and services including company registration, name reservation, payment integration and B-BBEE certificate application, when opening a business bank account.

The table below shows the CIPC channel and services offered in each channel.

Table B. 15: The CIPC's channels and services offered

Services/channels	E-service website	SSCs and partner sites (SSTs)	Banks (FNB, Nedbank, ABSA)	BIZPORTAL
Integrated services (SARS, UIF, Compensation Fund, Banks Acc, B-BBEE Certificates)	No	Yes – BBBE certificate	Yes – company registration and business bank account	Yes
Patents applications	Yes	No	No	No
Designs applications	Yes	No	No	No
Copyright in film	Yes	No	No	No
Trade marks applications	Yes	No	No	No
Name reservations	Yes	Yes	Yes	Yes
Companies registration	Yes	Yes	Private company registration only	Yes
Co-operatives registrations	No	No	No	No
Domain name registrations	Yes	No	No	Yes
Director amendments	Yes	Yes	No	No
Member amendments	Yes	Yes	No	No
Auditor changes	Yes	Yes	No	No
Name changes	Yes	Yes	No	Yes
Address changes	Yes	Yes	No	Yes
Financial year end changes	Yes	Yes	No	No
Enterprise enquiry	Yes	Yes	No	No
Disclosures	Yes	Yes	No	No
B-BBEE certificates	Yes	Yes	Yes – Only Nedbank	Yes
Disclosures- MOI documents	Yes	Yes	No	No
Disclosures - approved names	Yes	Yes	No	No
Queries	No	No	No	No
Information access	Yes	Yes	Yes	Yes
Annual returns filing	Yes	Yes	No	Yes
AFS filing	Yes – XBRL portal	No	No	No

Table B. 16: Partner sites show the CIPC partner sites where SSTs are hosted:

Table B. 16: Partner sites

Province	Partner
Gauteng	Gauteng Department of Economic Development
Gauteng	InvestSA Gauteng Growth and Development Agency
Gauteng	Transnet Enterprise Development Hub in Johannesburg
North West	North West Development Corporation
North West	Orbit TVET College in Rustenburg
KwaZulu-Natal	Trade and Investment KwaZulu-Natal
KwaZulu-Natal	KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs
KwaZulu-Natal	Transnet Mega Hub in Richards Bay
Western Cape	West Coast Business Development Centre
Western Cape	InvestSA in the Western Cape
Northern Cape	Northern Cape Department of Economic Development and Tourism
Free State	Free State Development Corporation
Limpopo	Limpopo Economic Development Agency
Mpumalanga	Mpumalanga Department of Economic Development and Tourism
Eastern Cape	Eastern Cape Department of Economic Development, Environmental Affairs and Tourism

The multi-channel strategy is geared towards availing the CIPC products and services 24/7. **Table B.18: Channels and services available 24/7** shows the CIPC channels and service available 24/7 as at 30 December 2020.

Table B. 17: Channels and services available 24/7

Channels available 24/7	Services available 24/7per channel
1. CIPC website	Company registration Company name reservation Company and close corporation address changes company and close corporation financial year end changes Company name change Company share change Annual returns Domain name registrations B-BBEE certificate XBRL filing
2. CIPC mobile app	Company registration Company name reservation Annual returns B-BBEE certificate Booking
3. BizPortal & banks	Company registration Company name reservation Domain name registrations B-BBEE certificate
4. SSTs	Company registration Company name reservation Company and close corporation address changes B-BBEE Domain names Annual returns
5. Emails	Electronic filing (Prospectus, Independent Review and Reportable Irregularity) Company registration Company associated name reservation MOI Changes Close corporation to company conversions External company registrations Merger and amalgamations MOI amendments Company location of company record changes Voluntary deregistration Voluntary and court order liquidations Business rescue proceedings, status reports, substantial implementations, terminations and court orders relating to business rescue Company and close corporation reinstatements

Table B.18 illustrates the uptake of channels using company registration in the period 1 April – 30 June 2021, as an example.

Table B. 18: Uptake of channels for company registration

Channel	Volume	%
ABSA	0	0.00%
First National Bank	3828	2.89%
Nedbank	781	0.59%
Standard Bank	0	0.00%
Intermediary	0	0.00%
SST CIPC	3104	2.34%
E-services	91477	69.05%
Manual	1103	0.83%
BizPortal	30812	23.26%
Conversion	649	0.49%
CIPC mobile	733	0.55%

Education and awareness as well as voluntary compliance

To increase awareness of the CIPC and its partners' services, channels and compliance requirements, as well as improve compliance with corporate and IP laws, the CIPC conducts education and awareness sessions. The CIPC's Education and Awareness Programme is targeted at small, medium and micro enterprises (SMMEs), institutions of higher learning, including Technical and Vocational Education and Training (TVET) colleges, and schools. Over the years, the CIPC has seen a need to support, and therefore, increase the protection of local innovation and creativity by providing more information on IP rights and by raising awareness of the opportunities that could arise from formalising IP rights through registrations.

In collaboration with its partners – local and international - the CIPC conducts many education and awareness events per year. This year alone, 74 such events were held. Annual events such as World IP Day and IP Summer School also contribute to the IP education and awareness programme. The public has responded positively to these efforts. The CIPC, in collaboration with local and international partners, in this case WIPO, has introduced innovative programmes such as the IP for SMMEs in South Africa and the Inventor Assistance Programme.

The IP for SMME Capacity Development Programme is a national flagship programme spearheaded by the CIPC in partnership WIPO and the National Task Force Team comprised of **the dtic**, Department of Small Business Development, Small Enterprise Development Agency, NIPMO, and several research institutions. The programme aims to increase IP awareness, build capacity and make the

patent system more accessible to financially under-resourced inventors and small businesses, respectively, thus ensuring that there is more inclusivity in the use of the IP system. The project has two main objectives firstly, to enhance SMME competitiveness through the effective use and management of intellectual property (IP) assets, and secondly, to strengthen the institutional capacity of SMME support institutions (also known as SMME Intermediaries) in delivering IP-related services to their stakeholders.

The education and awareness events reached groups such as SMMEs, institutes of higher learning, and schools. This has expanded knowledge about the CIPC's services, about available channels as well as promoting voluntary compliance.

IP enforcement

The Copyright and IP Enforcement Unit uses three main platforms to build respect for IP. These include a continued focus on collaboration capacity, training, and targeted awareness.

Creating awareness is crucial in the fight against counterfeit goods. Participating and presenting at various local and international events assisted to raise the level of awareness on the value and respect for IPR.

Selling counterfeit goods online, specifically fast-moving consumer goods and pharmaceuticals is a huge threat to consumers and IP rights owners. Combating counterfeit trade is a global priority as it is to the CIPC. One of the strategies is to change consumer behaviour not to purchase counterfeit goods. This strategy requires new skills that the CIPC does not have currently. Further, because the IP rights

owners are experiencing financial distress because of the economic decline, their resources to enforce IPR are limited.

The Africa Regional Pharma Crime (and Other Counterfeits) Working Group is focusing on local counterfeit and illicit trade in pharmaceutical products, and the Interpol Crime Group has a national enforcement focus. Products confiscated included counterfeit 3M protective gear and tablets. There is a clear shift in the focus for law enforcement officials from across the African continent. The priorities are moving away from confiscating commodities (goods) to detecting and following persons involved in IP crime. We envisage that the kingpins involved in the organised crime rings that drive counterfeit goods will be targeted through this strategy.

IP enforcement involved strategic engagements and operations with multiple domestic and international law enforcement agencies, to clamp down on counterfeit trading, and to change consumer behaviour, namely counterfeit purchases. Corporate enforcement involves compliance surveillance and proactive investigations to improve company and director conduct.

Corporate compliance Surveillance and Enforcement

Automation and iXBRL has made AFS filing and annual returns filing easy. The CIPC conducts proactive investigations, as well as in response to complaints. During the year under review, the CIPC has dealt with high profile cases such as

Eskom, Transnet and Tongaat-Hulett yielding positive results. The CIPC also proactively ascertained compliance with Social and Ethics Committee (SEC) requirements in respect to Companies Tribunal Decisions refusing applications for exemption to certain companies to establish SECs.

1.2 Organisational environment

The CIPC continued to thrive under the Covid-19 pandemic through its Telecommuting Strategy, as well as the use of virtual platforms.

Implementation of Governance Framework

The Governance Framework is being implemented as approved. There is a need to review the Framework to ensure alignment with legislation and best practice taking into account the CIPC environment and setup. Research on the matter is in progress.

A corporate calendar has been developed and all quarterly meetings have been scheduled. Meetings continue to be held virtually in response to the Covid-19 pandemic. A review of the Framework to align it to the current CIPC operational and structural setup is in progress.

The Delegation of Authority Framework is under review. The review process has been significantly delayed owing to unforeseen operational issues and aggravated by capacity challenges within the Division.

Table B. 19: Status of policies as at 31 March 2021

DIVISION	NO OF POLICIES	DUE FOR REVIEW	UP TO DATE	NEW POLICIES	REQUIRING CONSULTATION WITH OL
HR	16	4	11	1	15 (1 currently in consultation)
BISG	10	1	8	1	0
Finance	9	4	5	0	0
Facilities and Security	5	2	3	0	2
Client Engagement	1	1	0	0	0
GRC	9	3	4	2	2 (2 currently in consultation)
Strategy	2	2	0	0	0
TOTAL	52	17	31	4	19

Three policies, namely, the Ethics Policy, Declaration of Interest Policy and Voluntary Severance Policy have been tabled for consideration by organised labour.

Seventeen (17) policies are due for review in the reporting period. The date of approval for ten policies could not be established hence reflected as due.

A standard to provide a consistent approach towards the policy development, review and approval process from a

governance perspective was approved by EXCO in February 2021. In accordance with this document, the following shall apply:

- All policies shall be reviewed every three years or whenever changes are made to legislation, processes and procedures.
- Where the policy is part of the terms and conditions of the employee's service contract and such changes in the policy influence the remuneration and/or benefits of an



employee, the employer shall embark on a consultation process with organised labour prior to approval.

- The period of consultation with labour organisations shall be three months from the date the policy would have been tabled before the Bargaining Forum. Should the policy not be consulted on within the time limit for consultation, it will then, through the internal structures, be recommended for approval.

Table B. 20: Number of allegations received 01 Jan 2021 – 31 Mar 2021

Opening balance 01/01/21	Calls logged Q4	Feedback Requests additional info	Resolved	Actual cases as at 31/03/21
106	94	(43)	(46)	111

For the period 1 January to 31 March 2021, a total of 94 calls were logged. This number is added to the balance of 106 at the start of the period.

As is the case with previous reports, the total number complaints received does not always translated to fraud cases, which require investigation. As seen in the table above, other emails or calls received relate to feedback request by complainants on matters previously reported.

To provide a more accurate figure of actual complaints/allegations at 31 March 2021, the total number of requests for feedback or emails providing additional information on already reported matters are subtracted from the sum of the opening balance and cases received. Similarly, cases resolved/ finalised during the quarter are subtracted, leaving a balance of actual open cases at the end of the period.

Cases received in the quarter increased to 94 from the 79 recorded in the preceding quarter, whereas the number of cases resolved in quarter dropped by 23. The resolution of cases was affected by the decision of the two employees seconded to the GRC division to return to their business unit which somewhat affected operations.

The backlog which has remained consistently high (above 100 cases) at any given period remains a concern. A process to acquire additional resources both internally and externally is underway.

Table B. 21: Status of open cases: 31 March 2021

Total	Under investigation	Pending investigation
111	(21)	90

FRAUD PREVENTION

This section gives a description of fraud allegations' numerical data presented in statistical tables. It further sets out the various channels through which these allegations or complaints were reported and provides a summary of the nature and categories of allegations received during the reporting period in comparison other quarters of the financial year.

The balance of 90 at the end of the quarter is inclusive of cases which under investigation but not completed at the time of compiling this report. Of these, some are matters referred to external service providers for investigation due to the nature and complexity of the allegations. As cases are reported, the cumulative number of pending cases is expected to increase continually.

Table B. 22: Summary – reporting channels

	Channel	Received cases
1	Hotline	90
2	Emails	4
Total		94

The CIPC makes use of various channels through which fraud and corruption allegations maybe reported. These are made available to all employees, current and potential customers, stakeholders and the public.

The hotline, independently managed on behalf of the CIPC is one such channel which provides an option for anonymity of whistle-blowers if they so wish. Additionally, it provides an adequate audit trail of calls logged through it. Such controls help build trust and confidence in the system. It is no wonder that the hotline has remained the preferred reporting channel since its launch in 2016. In the wake of the Covid-19 pandemic that saw the introduction and implementation of the Tele-commuting Strategy and Policy, the usage of the hotline has been on the increase, almost eliminating all other channels.

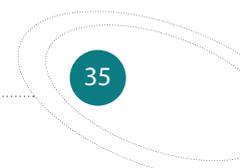


Table B. 23: Summary - nature of cases

#	Types of cases	Q4		Q3		Q2		Q1	
		No of cases	%	No of cases	%	No. of cases	%	No. of cases	%
1	Unauthorised/fraudulent removal/entry of directors	26	28%	28	35%	18	25%	39	31%
2	Misuse of clients' accounts	3	3%	0	0%	8	11%	11	7%
3	Essential services certificates complaints	0	0%	0	0%	1	01%	41	33%
4	Internally reported matters (involving staff)	3	3%	3	4%	1	01%	0	0%
5	Other:	19	20%	11	14%	25	35%	21	17%
6	Feedback request/additional information	43	46%	37	47%	19	27%	15	12%
Total		94	100%	79	100%	72	100%	127	100%

Allegations/cases are classified under defined categories based on the nature of calls and complaints received. Allegations which fall under more than one category are classified using the primary reason for reporting.

As illustrated by the table above, allegations relating to unauthorised director changes remain in the majority. Considering the results of the four quarters, the average

percentage of this category was 30% of all reported cases.

Of concern, is the increase in the number of allegations against or implicating employees of the CIPC. History has proven that investigations into such allegations have usually increased the number of employees involved in a reported matter.

Table B. 24: Summary of outcomes- completed investigations/closed matters

Type of allegation	Total resolved	Proven		Inconclusive		Not	
		No	%	No	%	Not	%
Unauthorised/fraudulent director changes	39	25	64%	4	10%	10	26%
Unauthorised use of customer code/client account	3	2	67%	0	0%	1	33%
Other	4	4	100%	0	0%	0	0%
Total	46	31	67%	4	9%	11	24%

Of the 46 matters concluded during the quarter, 67% were found to have merit. Recommendations for corrective actions were provided with most already implemented. Majority of those were related to fraudulent director changes. Reasons for this included:

- Unauthorised usage of identity documents.
- Fraudulent signature and other information provided.
- Third parties (agents) involvement in the transactions.
- Infighting among directors resulting in fraudulent actions.

Matters, which were not conclusive, resulted from insufficient evidence that the transaction was fraudulent and no further/additional information provided by the client to substantiate the claims.

Considering the number of proven allegations, the CIPC must ensure controls are put in place or enhanced to minimise of chances of fraud occurring as result of control gaps in the system.

1.3 Key policy development and legislative changes

The Companies Act (2008, as amended) is undergoing amendment in order to provide legal backing for the Introduction of a Beneficial Ownership Register. The Strategic Plan is taking into account this requirement and the organisation is readying itself to be able to implement and administer the register.

The Patent Bill has received certification from the Office of the Chief State Law Advisor. Pre-certification of the proposed minor amendments to the Designs Act (1993) was also received. Following the ESIED Cluster presentation, permission will be sought from Cabinet to publish the Bills for public comment.

1.4 Progress towards achievement of institutional impacts and outcomes

For the five-year strategic period 2019/2020 – 2023/2024, the CIPC will focus on two impact statements and five outcomes as shown below:

Table B. 25: Impact statement 1

Outcome 1	Reduced administrative compliance burden for companies and IP owners.
Impact statement 1	To create ease, simplicity and flexibility in forming and maintaining companies, as well as protecting intellectual property to reduce the administrative compliance burden for companies and IP owners.
Five-year target	Key capabilities for 24/7 access to all key CIPC products and services developed.
Strategic objectives	<p>1.1 24/7 access to all CIPC products and services.</p> <p>1.2 Timely delivery of all CIPC products and services.</p> <p>1.3 An intelligent, innovative, high performance organisational environment.</p>
Progress on five-year target	<p>Multiple channels have been developed. See Part B, Section 1.1.</p> <p>The CIPC continues to implement the Modernisation Strategy through K2.</p> <p>29% of the CIPC processes have an option to be done electronically.</p> <p>IP applications are processed at an average of three days. Company and co-operative registrations are processed in less than two days.</p> <p>The latest Customer and Stakeholder Survey showed an 80% approval rating.</p> <p>The CIPC continues to modernise internally by automating and digitising internal process. ESS is a digital system for management of leave, salaries, performance management, and subsistence, travel and other payroll claims.</p> <p>Virtual tools such as Zoom and Microsoft Teams are used for meetings as well as for outreach to customers and stakeholders. The CIPC has adopted and is implementing the Telecommuting Strategy.</p>

Table B. 26: Impact statement 2

Outcome 2	A reputable business regulation and IP protection environment in South Africa.
Impact statement 2	To create ease, simplicity and flexibility in forming and maintaining companies, as well as protecting intellectual property to reduce the administrative compliance burden for companies and IP owners.
Five-year target	Key compliance monitoring and enforcement capabilities developed.
Strategic objectives	<p>1.1 Increased knowledge and awareness on company and IP laws.</p> <p>1.2 Improved compliance with the company and IP laws.</p>
Progress on five-year target	<p>Key capabilities are XBRL for AFS filings and automation of the annual returns filing system.</p> <p>Outreach programmes for SMMEs, institutions of higher learning, and schools have been successful.</p> <p>Average turnaround times have been reduced drastically as shown in Part B, Section 1.1, through automation.</p>

2. Performance information by Programme

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

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

The CIPC achieved 100% of its ten targets.

2.1 Programme 1: Service Delivery and Access

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

In order to ensure quality service delivery, the CIPC must place focus on its internal performance. The CIPC must act as an intelligent, innovative high-performance organisation in which employee morale and development is emphasised.

The emphasis of the CIPC business model is equally on the quality of the services it provides, the acceptable speed with which it delivers them and the value that its products, services and solutions generate for customers. The CIPC's business model focuses on the manner in which it will deliver services, the quality of those services, the fees it will charge to be sustainable and the potential for value addition.

The following is a list of sub-programmes:

1. Broader Office of the Commissioner
 - a) Advisor to the Commissioner
 - b) Innovation and Collaboration
 - c) Strategy
 - (i) Strategy, Planning and Monitoring
 - (ii) Operational Excellence
 - (iii) Strategic Communications
 - d) Compliance, Governance and Risk
 - e) Internal Audit
2. Corporate Services
 - a) Human Capital
 - (i) Human Capital

- (ii) Knowledge Centre
 - (iii) Labour Relations and Employee Engagement
- b) Facilities and Security
 - (i) Facilities
 - (ii) Security
 - (iii) Disclosure
 - c) Service Centres
 - d) Client Engagement and E-communications
3. Finance
 - a) Financial Management
 - b) Treasury
 - c) Supply Chain Management
 4. Business Information and Systems
 - a) Chief Technology Officer
 - b) Enterprise Information Management
 - (i) Enterprise Information Management
 - (ii) Information Assurance
 - c) Enterprise Programme Management Office
 - d) ICT Service Delivery
 - (i) Application Management
 - (ii) Infrastructure Management
 - (iii) Process Engineering

Institutional outcomes that Programme 1: Service and Access contribute towards are:

Outcome 1: Reduced administrative regulatory burden.

Strategic objectives

- 1.1.1 24/7 access to all CIPC products and services.
- 1.1.2 Timely delivery of all CIPC products and services.
- 1.1.3 An intelligent, innovative and high-performance organisational environment.

Outcomes, outputs, output indicators, targets and actual achievement

Progress made towards institutional outcomes and strategic objectives

24/7 access to all products and services of the CIPC

The CIPC's strategy to realise this outcome, is the development and expansion of multiple channels to increase access to the CIPC products and services and ease of transacting, as a result

reduce the administrative compliance burden for companies and IP owners.

The CIPC channels in place are e-services website, SSCs and partner sites [self-service terminals (SSTs)], the *BizPortal*, which includes the banks (FNB, Nedbank, Standard Bank, ABSA, and SASFIN), the CIPC mobile app, the call centre, the query resolution system (QRS), USSD, as well as social media (Facebook, Twitter, YouTube and WhatsApp).

- Website performance was 97% because there were fewer electrical outages from **the dtic** campus or Eskom load shedding.
- To address business requirements during the Covid-19 national lockdown, three services were introduced namely *BizPortal* functionality to register companies for essential services, on-line bookings to visit SSCs, and on-line invoicing. The booking service sought to reduce congestion at SSCs by allowing the CIPC's clients to book visits to SSCs in advance, while the invoice service entails automating submission and approval of invoices online.
- Three additional functions were added to the *BizPortal* channel, i.e. name changes, address changes and annual returns.
- The CIPC's social media (Facebook and Twitter) capacity was strengthened by increasing the number of personnel that handle social media queries.
- There was 1% increase of automated processes overall from 28% the previous year to 29% during the period under review.

Timely delivery of all products and services of the CIPC

The CIPC's strategy to achieve timely and quick service is to modernise its operations and services. This entails automation of all its processes, revision of mobile application services and ChatBot implementation in order to minimise the time transacting with the CIPC. This contributes to ease, simplicity and flexibility in forming and maintaining companies, as well as protecting intellectual property to reduce the administrative compliance burden for companies and IP owners.

- Migration of services from legacy systems to the newly-adopted modernisation platform, K2, has started. Priority is given to services currently attracting high usage from the client community. The mobile application services are also being revised. The following core services were migrated onto the K2 platform and released to new e-services:

- Name reservation
- Customer registration
- Password reset
- Coops registration
- Company registration
- Enterprise registration
- Ceding of individual rights
- Transacting on-behalf of clients
- Names transfer
- Name extension
- Defensive name reservation
- Defensive name renewal
- Supplier invoice tracking
- Implementation of the following services were revised on the mobile platform:
 - Name reservation
 - Customer registration
 - Company registration
 - Booking service
- The following core services were developed onto the K2 platform and are on testing phase:
 - Change of entities directors
 - Name change
 - Secondary co-operatives
 - Tertiary co-operatives
- Development of the ChatBot is underway.

An intelligent, innovative and high-performance organisational environment

The CIPC builds an intelligent, innovative and high-performance organisational environment through continued with corporate strategy development, strategic communications, internal audits, finance and supply chain management initiatives as well as through organisational design, recruitment, employee wellness, labour relations, individual performance management (linked to performance bonuses), as well training and development of staff through the CIPC Bursary Programme.

- The Customer and Stakeholder Survey conducted every single year, showed a rating of 80%, compared to 74% in 2017.
- The call centre after-call survey is conducted on a daily basis to assess the effectiveness and efficiency of the calls.

The average customer satisfaction score for a call centre consultants is 7.6 out of 10.

- The CIPC is embedding the telecommuting model, which enables remote working. It has proven to be highly successful with productivity being steady and service delivery standards met and exceeded across all operations. The Telecommuting Policy has been implemented.

- Eight HR policies were approved including the Leave Policy, Bursary Policy, and Telecommuting Policy.
- 21 of the CIPC's officials were awarded bursaries.
- Nine appointments were made.
- Performance bonuses for 2019/20 financial year have been paid during the third quarter.

Table B. 27: Programme 1- Service Delivery and Access Key performance indicators, planned targets and actual achievements (Performance table remained the same after re-tabling)

Output	Performance measure or indicator	2019/20 Actual achievement	2020/21 Annual target	2020/21 Actual achievement	Deviation from annual target to actual achievement	Reason for variance	Corrective action
Outcome 1: Reduced administrative compliance burden for companies and IP owners.							
Strategic objective 1.1 24/7 access to all the CIPC's products and services.							
Increased in the % of website performance for e-services 24/7.	% website performance for e-services 24/7.	93%	93%	97%	4%	No electrical outages from the dtic or Eskom load shedding.	N/A
Increase in the % of CIPC services with an option to file electronically compared to manually filed services.	% of CIPC services with an option to file electronically compared to manually filed services.	28%	29% (1% increase)	29%	0%	N/A	N/A
Strategic objective 1.3 Intelligent, innovative, high performance organisational environment.							
Increase the score of the customer stakeholder value index.	A score between 1 – 10 of the customer and stakeholder value index, a higher score indicating satisfaction with the CIPC.	Not measured (measured every second year).	7.5	8	0.5	Strengthening of virtual channels including social media, as well as high responsiveness to stakeholders.	N/A

Reporting on the institutional response to the Covid-19 pandemic

This section reflect performance of Covid-19 interventions and highlight achievements of interventions funded through the various relief packages (where applicable).

The CIPC did not use relief funds, but internal budget.

Table B. 28: Progress on institutional response to the Covid-19 pandemic

Programme/ sub programme	Intervention	Geo-graphic location (province/district/local municipality) (where possible)	No. of beneficiaries (where possible)	Disaggregation of beneficiaries (where possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention (R'000)	Contribution to the outputs in the APP (where applicable)	Immediate outcomes
Service Delivery and Access	BizPortal functionality to register companies for essential services	-	-	-	-	-	Easy access	Outcome 1 & Outcome 2
Service Delivery and Access	On-line bookings to visit SSCs	Pretoria, Durban, and Cape Town	-	-	-	R450	Easy access	Outcome 1
Service Delivery and Access	Automated and on-line invoicing	-	-	-	-	R380	Timely service delivery	Outcome 1
Telecommuting Strategy	Implement the strategy	-	-	-	-	-	Minimise disruption of operations	Outcome 1 & 2

2.2 Programme 2: Innovation and Creativity Promotion

The purpose of Programme 2: Innovation and Creativity Promotion is to support and promote local innovation and creativity by maintaining accurate and secure registries of patents, designs, film productions and creative works. This includes maintenance of accurate, up-to date and relevant information concerning companies, foreign companies and other juristic persons contemplated in subsection (1) (a) (ii) of the Companies Act (2008, as amended) and concerning intellectual property rights, and the provision of that information to the public and to other organs of State. IP enforcement includes referring offense to law enforcement agencies such as the National Prosecution Authority (NPA).

Under this programme, the CIPC also supervises and regulates the distribution of collected royalty by accredited collecting agencies. In addition, the programme is responsible for providing policy inputs and legal advisory opinion on the coordination, implementation and impact of

the respective IP laws. Furthermore, the group ensures that the implementation of the national IP regime is in alignment with the international IP system.

The primary function of the Innovation and Creativity Promotion Programme is to promote and support the registration of i) patents, ii) designs and iii) film productions. The group also registers patent attorneys that have passed the Patent Board Examination. Other functions of the Programme include the coordination of appropriate enforcement actions; education and creating awareness of the requirements and benefits of registration of IP rights, the remedies available and the opportunities for commercialisation and industrial development through efficient management of IP assets.

Through this programme, the CIPC also provides policy and legal insights on the implementation and impact of the relevant IP legislation. Thus, additional functions in this programme include in-depth research to identify gaps and

to analyse the impact of IP rights registration forming a basis for further IP policy inputs. The programme is also responsible for monitoring the unauthorised use of private and public IP rights, with a particular focus on the protection of IP rights holders in the creative industries.

In line with the Covid-19 conditions, a professional webinar environment will be created. This will include various virtual platforms, content development, packaging and delivery accessible anytime. The CIPC will make use of free platforms for the disadvantaged communities. Staff will be trained for the new way of working.

List of sub-programmes

1. Innovation Support and Creativity
 - a) Patents and Designs Register
 - b) Innovation Policy and Outreach
2. Creative Industries
 - c) Copyright and IP Enforcement
 - d) Indigenous Cultural Expressions and Knowledge

The outcomes relating to the Innovation and Creativity Programme are:

Outcome 1: Reduced administrative regulatory burden.

Strategic objectives:

1.2 Timely delivery of all CIPC products and services.

Outcome 2: A reputable business regulation and IP protection environment in South Africa.

Strategic objectives:

2.1 Increased knowledge and awareness on company and IP laws.

2.2 Improved compliance with the company and IP laws.

Progress towards institutional outcomes and strategic objectives

Timely delivery of all CIPC products and services

The CIPC's strategy to ensure timely delivery of its products and services is to modernise its operations and services. In the case of Programme 2: Innovation and Creativity Promotion, this entails automation of end-to-end processes through the IPAS with the assistance of the WIPO. This end-to-end automated system aims to make the patent system seamless and encourage improved applications. IPAS training for IP-ICT specialists, and external stakeholder engagement commenced in the fourth quarter of the period under review.

- As part of the implementing the implementation of the IPAS, the bulk Upload Module Application Programme

Interface was sent to the IP law firms for testing. Parallel to this, the admin staff are undergoing training on the various modules of the IPAS.

Increased knowledge and awareness on company and IP laws

The IP Education and Awareness Programme is the implementation arm of the CIPC's function as outlined in the Companies Act (2008, as amended). The CIPC conducts IP education and awareness sessions throughout the country, targeting a wide number of groups. In some instances, the CIPC collaborate with other organisations or is invited to events to present on CIPC products and services.

- In response to the Covid-19 pandemic, the CIPC has thus far adapted well to the new ways of working using virtual tools and platforms, to reach IP education and awareness participants. On-line sessions provided opportunity for the CIPC to reach large audiences with ease.
- **27 IP education and awareness sessions were held during the year under review.** The CIPC is exploring how to reach communities who have limited or no access to virtual platforms.

Improved compliance with the company and IP laws

To improve compliance with IP laws, the CIPC contribute to legislative review processes, engage with counterparts and collaborate with stakeholders to improve compliance and enforcement of IP rights (IPR), to fight piracy and counterfeiting at a national as well as global scale. The CIPC, through committee participation, training and capacity building, supports law enforcement agencies to conduct raids and confiscate counterfeit goods, and destroy these in an environmentally sustainable way. Creating awareness is also very crucial in the fight against counterfeit goods.

During the year under review:

- The CIPC participated in the development of the Patents and Designs Bills. Reported progress of the two Bills is in Part B, Section 1.3.
- Support to law enforcement included participation in the Africa Regional Pharma Crime (and Other Counterfeits) Working Group, and the Interpol Crime Group. The Africa Regional Pharma Crime (and Other Counterfeits) Working Group is focusing on local counterfeit and illicit trade in pharmaceutical products, and the Interpol Crime Group has a national enforcement focus. Products confiscated included counterfeit 3M protective gear and tablets.
- During the Invest SA Conference from 17 to 18 November 2020, we shared information on enforcement of IPR with

the SAPS officials to ensure clearing of any counterfeit goods in the streets around the Sandton Convention Centre.

- Participating and presenting at various local and international events assisted to raise the level of awareness on the value and respect for IPR. One of these webinars highlighted the importance of government's crisis policy and its impact on illicit and counterfeit trade in specific alcohol products. The lessons South Africa learned in the pandemic were shared.
- 11 IP enforcement education and awareness sessions were conducted by the CIPC, including a hybrid session, both physical and virtual with 25 officials representing SARS, SAPS, and Interpol. Participants positively commented on the value of the training. 28 relevant depot managers and other IP stakeholders attended virtually. Their responsibilities as prescribed by the Counterfeit Goods Act (1997) were discussed. Expectations were also voiced and clear guidelines will be developed. Dealing with confiscated goods due for destruction was also part of the agenda.
- A targeted sessions to the CIPC's call centre and SCC staff to raise the level of interest and understanding of IPR was held, starting with the understanding of the IP domains in general and patents in particular.

Other programme activities

IP for SMMEs

Within the broader objective of capacitating SMMEs in the effective use IP, webinars continued to be hosted in this quarter per the approved implementation plan. Based on the "train-the-trainer" model, a group of over 20 persons has been identified who will be trained as trainers. The objective is to create a critical mass of persons who will continued the capacity building initiatives at district levels without placing too much dependence on the CIPC's capacity. At this stage, a formal programme for the trainers is under development. Other interventions include the development of the IP for SMME portal – to be hosted on the CIPC webpage.

The SMME sector experienced further challenges since the start of the lockdown. However, the IP SMME project continued to deliver on its targets in ensuring the services to SMMEs remain unhindered. Capacity development programme continued with a dedicated information session held to a selected group of trainers following the "train-the-trainer" model. This select group will, after accreditation by the CIPC and WIPO, serve as trainers at district level to inform education and raise IP awareness to SMMEs. The select

trainer participant group will commence with the formal programme by first completing the WIPO DL101 course.

Swiss-SA IP project

The Swiss-SA IP project, which commenced in Quarter 4 provides for a good opportunity to benefit from the agreement that South Africa has concluded with the Swiss government, focused on IP. In Quarter 4, the project team commenced engagements by clarifying and understanding the various projects that are currently in place in the CIPC.

Quarterly stakeholder meeting

Quarterly stakeholder engagements took place with SAIPL and other IP law firms meeting in February 2021.

Inventors Assistance Programme (IAP)

Implementation of the IAP continued in this quarter. The IAP Review Committee meeting was held on 17 March 2021. Six applications were received and reviewed by the committee. Review by the patent examiners entails preliminary searches to ascertain novelty and inventiveness of the applications. Based on the findings, no applications were recommended to patent attorneys on WIPO's IAP database.

Substantive Search Examination (SSE)

Deputy Heads of IP (CIPC and EPO) held a progress virtual meeting on 28 January on the Re-enforced Partnership Agreement. Training of the examiners and interns continues with EPO through a competency-based assessment programmes focusing on six modules.

Additional training opportunity for patent examiners is planned for between the Swiss IP Office and CIPC. A Steering Committee meeting were held in the quarter for project planning.

IP Brazil, Russia, India, China and South Africa (BRICS) formation

The major thrust of the IP BRICS formation is centred on capacity building, education, and awareness. BRICS partners collaborate on several projects that are aligned to the overall objective of the BRICS development programme. In Quarter 3, the following events were held in which all BRICS partners participated and shared collective input:

- Roundtable discussion on designs - 20 October 2020.
- 24th International Conference of Rospatent – 20 to 21 October 2020.
- Examiners training – 27 to 29 October 2020.
- 2020 China-Africa Online Training on Intellectual Property - November to December 2020.

Table B. 29: Programme 2 - Innovation and Creativity Promotion - key performance indicators, planned targets and actual achievements (before re-tabling)

Output	Performance measure or indicator	2019/20 actual achievement	2020/21 annual target	2020/21 actual achievement	Deviation from annual target to actual achievement	Reason for variance	Corrective action
GOAL 2: A reputable business regulation and IP protection environment in South Africa.							
Strategic objective 2.1: Increased knowledge and awareness on company and IP laws.							
Increased IP knowledge and awareness.	Number of IP education and awareness events on IP conducted by the CIPC.	38	30	27	-3	Performance was driven by increased appetite from the stakeholders / audience.	N/A
Strategic Objective 2.2 Improved compliance with the Company and IP Laws							
Increased knowledge and awareness on IP enforcement.	Number of education and awareness virtual, on-line interventions on IP enforcement conducted by the CIPC.	9	8	11	3	Virtual platforms facilitate access to a wider audience as they support cost effective logistics.	N/A

Table B. 30: Programme 2-Innovation and Creativity Promotion Key performance indicators, planned targets and actual achievements (after re-tabling)

Output	Performance measure or indicator	2019/20 actual achievement	2020/21 Annual target	2020/21 Actual achievement	Deviation from annual target to actual achievement	Reason for variance	Corrective action
GOAL 2: A reputable business regulation and IP protection environment in South Africa.							
Strategic objective 2.1: Increased knowledge and awareness on company and IP laws.							
Increased IP knowledge and awareness	Number of education and awareness virtual, on-line interventions on IP conducted by the CIPC and its partners.	38	16	27	11	Performance was driven by increased appetite from the stakeholders / audience.	N/A
Strategic objective 2.2 Improved compliance with the company and IP laws							
Increased knowledge and awareness on IP enforcement	Number of education and awareness virtual, on-line interventions on IP enforcement conducted by the CIPC and its partners.	9	8	11	3	Virtual Platforms facilitate access to a wider audience as they support cost effective logistics.	N/A

Reporting on the institutional response to the Covid-19 pandemic

This section reflect performance of Covid-19 interventions and highlight achievements of interventions funded through

the various relief packages (where applicable).

The CIPC did not use relief funds, the internal budget was used. The use of virtual channels resulted in budget savings because travel and face to face interactions were halted.

Table B. 31: Progress on institutional response to the Covid-19 pandemic

Pro-gramme/ sub-pro-gramme	Interven- tion	Geographic location (province/ district/ local municipal- ity) (where possible)	No. of beneficia- ries (where possible)	Disaggre- gation of beneficiaries (where possi- ble)	Total budget allocation per inter- vention (R'000)	Budget spent per interven- tion	Contribu- tion to the outputs in the APP (where ap- plicable)	Immedi- ate out- comes
Innovation and Creativity Promotion	Virtual education and awareness events	-	-	-			Education and awareness	Outcome 2

2.3 Programme 3: Business Regulation and Reputation

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

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

- Maintaining registers of companies and close corporations, co-operatives, directors and delinquent persons, and trade marks as well as company names and business names.
- Accreditation of practitioners and intermediaries.
- Educating business owners and practitioners on compliance of the legislation.
- Promote and enforce compliance with the legislation.

The CIPC is required to monitor compliance with certain requirements of the legislation, such as the submission of annual returns, the rotation of auditors and disclosures in terms of the financial reporting standards and the requirements for prospectuses. Furthermore, the CIPC investigates complaints and enforces the provision of the Companies Act (2008 as amended), the Close Corporations

Act, the Share Block Companies Act and the Co-operatives Act relating to governance and disclosure.

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

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

- Not to investigate.
- To refer it to the Companies Tribunal or Accredited Agency or other appropriate regulatory authority.
- To direct an investigator or inspector to investigate.

After receiving an investigation report the Commission may:

- Excuse a respondent.
- Refer the complaint to the Companies Tribunal.
- Issue a notice of non-referral to complainant, advising the complainant of any rights to seek a remedy in court.
- Propose that the complainant and any affected person meet with the Commission or with the Tribunal, to resolve matter by consent order.

- (v) Commence proceedings in a court in the name of the complainant, if the complainant—
 - Has a right to apply to a court.
 - Has consented to the Commission to do so.
- (iv) Refer the matter to the NPA, or other regulatory authority, if Commission alleges that a person has committed an offence in terms of this Act or any other legislation; or (vii) issue a compliance notice in terms of section 171.

List of sub-programmes

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

Outcome to which Programme 3: Business Regulation and Reputation contributes:

Outcome 1: Reduced administrative regulatory burden.

Strategic objectives

- 1.1 24/7 access to the CIPC's services.
- 1.2 Timely delivery of the CIPC's services.

Outcome 2: A reputable business and IP protection environment.

- 1.1 Increased knowledge and awareness on IP laws.
- 1.2 Improved compliance with IP laws.

Progress towards achievement of outcomes and strategic objectives

24/7 access to CIPC services

- During Quarter 4, the current version of the annual return filing application was released on BizPortal (8 March 2021). The process for the redevelopment of the annual return filing application, with enhanced functionality commenced during the latter part of quarter 3. It is estimated that the enhanced annual return filing application will be released during the first half of 2021/2022 (no confirmed date has been determined).

- On 1 October 2020, the latest XBRL taxonomy updates were implemented successfully. These include the 2020 International Financial Reporting Standards updates as released by the International Accounting Standards Board (IASB) as well as the GRAP standard of the South African Accounting Standards Board (SAASB).
- A XBRL Specialist was appointed in October 2020 and this has gone a long way in introducing stability. The availability of the functionality for filing online and its integration with Annual Returns under "Hard-stop" capability, contributes positively to the sustainable filing volumes.
- The Annual Return functionality was released on the BizPortal channel on 8 March 2021. Annual Returns can be filed via SSCs, e-services website, the mobile app and BizPortal. This makes it easier for customers to file annual returns via a channel of their convenience.

Timely delivery of the CIPC services

- Automation of business processes continued resulting in reduced turnaround times.
- Company registration average turnaround times was two working days.
- Co-operatives registration average turnaround times was two working days.

Increased knowledge and awareness on company and IP laws

Education and awareness is the CIPC function outlined in the Companies Act (2008, as amended). The CIPC conducted education and awareness sessions, including training and exhibitions. In some instances, the CIPC collaborate with other organisations or is invited to events to present or exhibit on CIPC products and services.

- During the period under review, the CIPC hosted various webinars and participated in online events and webinars upon invitation from external stakeholders on matters regarding the Companies Act and related legislation, in order to further knowledge of customers and the public in terms of legislative compliance and CIPC services. This includes the Cooperatives Amendment Act, Director Duties, the AFS and the XBRL.
- 47 education and awareness session were held.
- In addition, customers were assisted on CIPC Facebook with their queries. A service provider was appointed to develop translated compliance videos from English into three other South African languages.

Improved compliance with the company and IP laws

The CIPC contributes to legislative processes, engage with counterparts on business process improvement through automation, engage or collaborate with stakeholders to improve compliance. The CIPC also monitors compliance, conduct investigations and boardroom visits.

Annual Financial Statements (AFS)

The CIPC embarked on the XBRL change management interventions at the virtual CIPC Finance Indaba 2020 and SAIPA Conference. An ITCG webcast was held on 7 October 2020 whilst some colleagues attended a virtual IFRS Foundation Trustee Webinar on Sustainability Reporting 17 November 2020. The National Treasury will be engaged to provide data on GRAP reporting entities so that they can be engaged directly as part of change management as it is going to be mandatory from 1 October 2021 to file GRAP in XBRL.

The filings continue to be dominated mostly by companies whose AFS are audited; however, we are observing an increasing number filings where AFS were independently reviewed. During this reporting period, an iXBRL Colloquium was successfully held in February 2021 as part of increasing awareness on the impact that the use of iXBRL is assisting in CIPC playing its regulatory function. The CIPC won an innovation award from the Corporate Registers Forum (CRF) on its XBRL Programme and the award ceremony was held on 31 March 2021. The CIPC was congratulated on the success of XBRL.

Opportunities in this area relates to CIPC having AFS data and not exposing it to the data consumers as well as the related revenue that could come from such data sales. Threats around AFS would revolve around the inability to demonstrate value for money for the new regulatory requirement of filing in XBRL as entities and other stakeholders are not able to conduct comparability of AFS as advocated by the XBRL business case.

Annual returns

The gross volume of annual return filings continued to increase as per previous years. This is due to increased awareness within the business community of the duty to file annual returns. This includes the issuing of text messages and e-mail reminders to companies and close corporations that they are due to file, notifications of pending final deregistration of companies and close corporations and awareness activities undertaken the last couple of years.

The “in time filings” increased by 85 398 filings (or 11%) compared with 2019/2020 financial year. The overall compliance rate also increased albeit only by 1%.

The logical assumption, with the severe downturn of the economy due to Covid-19 and the national lockdown, was that less entities would file annual returns. It is encouraging to see the increase in compliance (albeit late compliance since annual returns are filed outside of the legal filing period) and a possible reason for such may be the understanding that such is a legal obligation and must be complied with regardless of the financial position of the entity.

The CIPC Notice 21 of 2020 published on 15 April 2020, communicated that “*Filings which falls within the national lockdown period, would be extended until after the national lockdown ceases or until CIPC communicates otherwise*”. Depending on the environment, certain extensions especially relating to Annual returns penalties and filing of AFS or Financial Supplements were given.

Progress on other activities

SMMEs

The CIPC signed a partnership agreement with **GoogleSA** to support SMMEs, which is particularly important in this time of the pandemic and the economic downturn during the period under review.

Business rescue

The business rescue practitioners monitor the effectiveness of business rescue through the submission of monthly reports. Since the business, rescue plan is not filed with CIPC as it precluded as per definition, resulted in us working on the template for reporting in order to determine if progress is in line with the plan. We have further established a subcommittee to identify legislative gaps, which make it difficult for CIPC to regulate and identified areas for improvement; have been communicated to **the dtic** to incorporate to the amendments.

We have conducted site visits to the accredited professional body to ascertain whether the professional bodies still comply with the requirements for accreditation with regard to disciplining, conducting the continuous professional development of its members and develop strategies to ensure a well-represented BRP's in line with the country's demographics.

Lastly, we are in the process of rolling out the electronic process for business rescue end-to-end process.

Table B. 32: Programme 3 - Business Regulation and Reputation- key performance indicators, planned targets and actual achievements (before re-tabling)

Output	Performance measure or indicator	2019/20 actual achievement	2020/21 annual target	2020/21 actual achievement	Deviation from annual target to actual achievement	Reason for variance	Corrective action
GOAL 1: Reduced administrative compliance burden for companies and IP owners.							
Strategic objective 1.2 Timely delivery of all CIPC products and services.							
Reduction in the average number of days to register a company from the date of receipt of a complete application.	The average number of days to register a company from the date of receipt of a complete application.	2	2	2	0	Although technical IT and desktop challenges were experienced, these were quick to be resolved by the BISG team.	N/A
Reduction in the average number of days to register a co-operative from the date of receipt of a complete application.	The average of the number of days to register a co-operative from the date of receipt of a complete application.	2	3	2	1	Attributed to no system challenges.	N/A
GOAL 2: A reputable business regulation and IP protection environment in South Africa.							
Strategic objective 2.1: Increased knowledge and awareness on company and IP laws.							
Increased level of awareness of Companies Act (2008, as amended) and other related legislation.	Number of education and awareness events conducted by the CIPC on the Companies Act (2008, as amended) and related legislation	11	3	14	11	There was high demand by the public and customers for more sessions.	N/A

Table B. 33: Programme 3 - Business Regulation and Reputation- Key performance indicators, planned targets and actual achievements (After re-tabling)

Output	Performance measure or indicator	2019/20 actual achievement	2020/21 annual target	2020/21 actual achievement	Deviation from annual target to actual achievement	Reason for variance	Corrective action
GOAL 1: Reduced administrative compliance burden for companies and IP owners.							
Strategic Objective 1.2 Timely delivery of all CIPC products and services.							
Reduction in the average number of days to register a company from the date of receipt of a complete application.	The average number of days to register a company from the date of receipt of a complete application.	2	2	2	0	Although technical IT and desktop challenges were experienced, it were quick to be resolved by the BISG team.	N/A
Reduction in the average number of days to register a co-operative from the date of receipt of a complete application.	The average of the number of days to register a co-operative from the date of receipt of a complete application.	2	3	2	1	Attributed to no system challenges.	N/A
GOAL 2: A reputable Business Regulation and IP protection environment in South Africa.							
Strategic objective 2.1: Increased knowledge and awareness on company and IP laws.							
Increased level of awareness of the Companies Act (2008, as amended) and other related legislation.	Number of education and awareness webinars or online information sessions offered to the public and customers conducted by the CIPC on the Companies Act and related legislation.	11	6	14	8	There was high demand by the public and customers for more sessions.	N/A

Output	Performance measure or indicator	2019/20 actual achievement	2020/21 annual target	2020/21 actual achievement	Deviation from annual target to actual achievement	Reason for variance	Corrective action
	Number of webinars or online information sessions on invite from or in collaboration with stakeholders	New indicator	6	33	27	Due to influx of requests for CIPC participation at events of external stakeholders.	N/A
Strategic objective 2.2 Improved compliance with the company and IP laws							
Beneficial Ownership Register.	Beneficial Ownership Register in place.	New indicator.	Approved Beneficial Ownership Concept Paper.	Approved Beneficial Ownership Concept Paper.	0	N/A	N/A

Reporting on the institutional response to the Covid-19 pandemic

This section reflect performance of Covid-19 interventions and highlight achievements of interventions funded through the various relief packages (where applicable).

The CIPC did not use relief funds, the internal budget was used. The use of virtual channels resulted in budget savings because travel and face to face interactions were halted.

Table B. 34: Progress on Institutional Response to the Covid-19 pandemic

Pro-gramme/ sub-pro-gramme	Interven-tion	Geographic location (province/ district/ local municipal-ity) (where Possible)	No. of beneficia-ries (Where Possible)	Disaggre-gation of beneficiaries (where pos-sible)	Total budget allocation per inter-vention (R'000)	Budget spent per interven-tion	Contribu-tion to the outputs in the APP (where ap-plicable)	Immedi-ate out-comes
Business Regulation and Reputation	Virtual education and awareness events	-	-	-	-	-	Education and awareness	Outcome 2
Business Regulation and Reputation	Extension of deadline for Annual	-	-	-	-	-	Compliance	Outcome 2

3. Revenue collection

Table B. 35: Revenue collection

Revenue related to the key objective of the organisation						
Programme/ Activity/ Objective	2020/2021			2019/2020		
	Budget	Actual Amount Collected	(Over)/Under Collection	Budget	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Annual Returns: Com	300,502	337,509	-37,007	267,925	291,430	-23,505
Annual Returns: CC	81,546	78,416	3,130	86,430	82,455	3,975
Companies	100,034	114,662	-14,628	96,700	94,756	1,944
Cooperatives	1,316	785	531	2,247	1,656	591
Data Sales/ Disclosure	24,522	26,159	-1,637	24,322	23,567	755
Trade marks	30,119	27,716	2,403	39,829	31,263	8,566
Patents and designs	27,217	25,176	2,041	31,038	25,734	5,304
Copyright	-	5	-5	55	49	6
Total Revenue	565,256	610,428	-45,172	548,546	550,910	-2,364

4. Capital investment

Table B. 36: Capital investment

Capital Investment						
Programme/ Activity/ Objective	2020/2021			2019/2020		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Computer hardware	18,000	9,565	8,435	25,200	4,743	4,708
Computer software	16,000	14,434	1,566	40,300	439	39,861
Furniture and equipment	1,320	219	1,101	15,150	240	14,910
Leasehold improvements	400	-	400	59,100	48	59,052
Total Expenditure	35,720	24,218	11,502	139,750	5,470	134,280



PART C
GOVERNANCE

1. Introduction

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

public entities is applied through the precepts of the PFMA (1999, as amended) and run in tandem with the principles contained in the King's Report on Corporate Governance.

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

2. Portfolio committees

Table C. 1: Portfolio committee meetings

Date	Details	Attending officials	Agenda/areas of risk identified and CIPC implementation plans/ actions	Required action
12 May 2020	Efforts to assist companies during Covid-19 national lockdown	Adv. Rory Voller, CIPC Commissioner	-	-
2 September 2020	Efforts to assist government prohibiting public servants doing business with the State	Adv. Rory Voller, CIPC Commissioner	-	-
3 November 2020	Briefing of the IP Policy – 1st phase	Adv. Rory Voller, CIPC Commissioner	-	-

3. Executive Authority

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

Table C. 2: Quarterly performance reports submitted to the Executive Authority

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

4. Accounting Authority

Table C. 3: Audit Committee and Risk and ICT committees

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

Committee	Ordinary meetings held	Special meetings held	Risk workshop	No. of members	Name of members
Risk and IT Committee	4	0	1	4	Mr. J Motjuwadi – Chairperson Mr. A Matiwane – Independent Member Ms. Ulandi Exner – Independent Member Adv. R Voller - Commissioner

Table C. 4: Remuneration of committee members

Name	Remuneration	Other allowance	Other re-imbursments	Total
Adv. R Voller	N/A	N/A	N/A	N/A
Ms. A Matiwane	68,432			68,432
Ms. U Exner	106,155			106,155
Mr. J Motjuwadi	245,443		557	246,000
Mr. B Zulu	117,950			117,950
Mr. S Maharaj	178,652		557	179,209
Mr. S Mayinga	117,950			117,950
Mr. ZLM Vilakazi	109,693			109,693
Ms. K Singh	N/A	N/A	N/A	N/A

5. Risk Management

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

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

An Audit Committee with independent non-executive members is in place. The Committee provides oversight on

matters relating but not limited to controls, financial, risk and performance management.

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

Table C.5: Risk and ICT Committee member details discloses relevant information on the Risk and ICT committee members.

Table C. 5: Risk and ICT Committee member details

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Mr. J Motjuwadi	BSC; Fort Hare	External	N/A	01 Feb 2020	N/A	4
Mr. A Matiwane	Short courses in Executive Development, Property Development, Compliance Management	External	N/A	01 Feb 2020	N/A	4
Ms. U Exner	BCom: Informatics, UNISA	External	N/A	01 Feb 2020	N/A	4
Adv. R Voller	LLM	Internal	Commissioner	01 Sep 2016	N/A	4

6. Internal Control Unit

The Internal Audit three-year rolling Strategic Plan for 2019/2020 to 2021/2022 and one-year Operational Plan for 2019/2020 were approved by the CIPC Audit Committee in April 2019. The Operational Plan contained 16 internal audits that needed to be executed during the 2020/2021 financial year. Two of the 16 planned audits were removed from the plan following engagements with management.

At the start of the 2020/2021 financial year there were two (20 carryover audits from the 2019/2020 financial year which were being performed by the Internal Audit Division). As at 31 March 2021, 67% of the plan had been fully achieved. This percentages achievement includes special management

requests for the year. 33% of the audits had been partially completed. Partially completed includes draft reports being issued and awaiting management comments or reports awaiting to be tabled at the Executive Committee and the Audit Committee. Note should be taken that, subsequent to 31 March 2021, all the audits were completed.

7. Internal audit and audit committees

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

Table C. 6: Disclosure of information on Audit Committee members

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

8. Compliance laws and regulations

The organisation has established processes to ensure compliance with relevant and applicable legislation, regulations and prescripts and policies. A compliance Policy, Framework, Universe and Plan are being implemented and

will be regularly reviewed. Regular monitoring is conducted and result communicated to all governance structures on a regular basis.

9. Fraud and corruption

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

The organisation has various channels for reporting fraud and corruption, among these is a dedicated independently

managed 24/7 hotline which is preferred by most whistleblowers as it provides anonymity. Whistleblowing reports are received by the CIPC as soon as they are logged.

The CIPC maintains a case register which provides a record all fraud related complaints. These cases register is updated regularly with regard to the status or progress of the reported

matters. After analysis, matters are investigated using internal and external resources depending on the nature and complexity of the case. Investigation reports are used to decide on action to be taken in line with CIPC disciplinary and other applicable policies.

10. Minimising conflicts of interest

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

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

11. Code of Conduct

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

12. Health, safety and environmental issues

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

13. Company/Board Secretary

Not applicable.

14. Social responsibility

Not applicable.

Audit Committee



Mr Suren Maharaj
Audit Committee
Chairperson



Mr Rory Voller
CIPC Commissioner



Ms Ulandi Exner
RiskICT Member



Ms Leanda Vilakazi
Audit Committee Member



Mr Azania Matiwane
RiskICT Member



Mr Bheki Zulu
Audit Committee Member



Mr Joshua Motjuwadi
RiskICT Chairperson



Ms Kamitha Singh
the dtic representative



Ms Sphiwe Mayinga
Audit Committee Member

15. Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2021.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 10 of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control

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

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

- Website and Query Resolution System audit
- Communication audit
- ICT governance audit
- IT general Controls follow up audit
- Cyber security audit
- Business continuity audit
- Bizportal system audit
- SCM and contract management audit
- Budget and expenditure management audit
- Revenue Management audit
- Staff training audit
- Occupational Health Safety audit (COVID-19 compliance)
- Financial Statement Reporting audit
- IMPRA collecting society audit

The following were areas of concern:

- Policies and Procedures not updated
- Non-compliance with policies and procedures
- Internal and external vulnerabilities of systems
- Irregular expenditure identified

In-year management and monthly/quarterly report the public entity has submitted monthly and quarterly reports to the Executive Authority.

Evaluation of Financial Statements

We have reviewed the AFS prepared by the public entity.

Auditor's Report

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

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

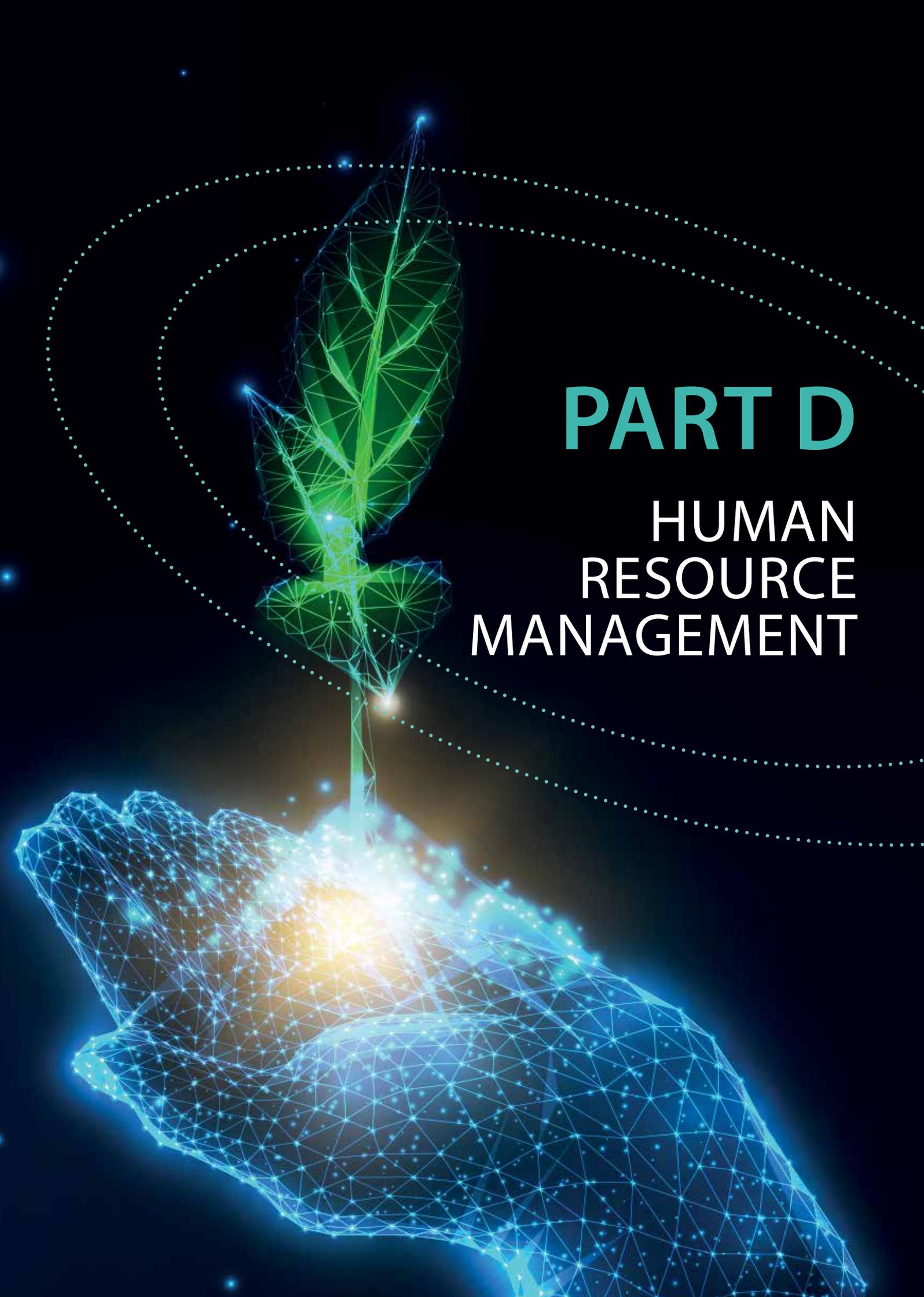


Suren Maharaj CA(SA)

Chairperson of the Audit Committee

Companies and Intellectual Property Commission

31 July 2021



PART D
HUMAN
RESOURCE
MANAGEMENT

1. Introduction

1.1 Overview of HR matters in a public entity

A service provider was appointed to conduct an organisational design project as envisaged by the CIPC's management. This initiative was interrupted by the Covid-19 pandemic, as the CIPC had to comply with government regulations on the lockdown restrictions implemented in the country. The service provider could not interact with the CIPC's staff to run with the project as planned, the agreed contract period of six months expired while the country was still in the national lockdown period. A new procurement processes has ensued to appoint a service provider as advised by National Treasury.

Management and organised labour have agreed on a process to fill critical positions through a consultative process when the need arises. Automation of certain functions within the CIPC brought a number of challenges to the extent that some employees are temporarily seconded to other divisions to ensure that they are gainfully utilised. At the end of the period under review (2020/21), the CIPC's vacancy rate was at 28.0%.

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

1.2 Set HR priorities for the year under review, and the impact of these priorities

The following are HR priorities:

- Organisational design project that will deliver new operating model, job descriptions and job evaluations.
- Recruitment and selection – the Recruitment Unit has been capacitated to efficiently recruit the identified critical vacant positions within the set periods by the organisation. Vacant strategic positions have been filled in order to deal with challenges that CIPC faces. A workforce planning framework in in place, and key strategies to attract and recruit a skilled and capable workforce.
- Targeted recruitment to fill strategic positions that will not be affected by the organisational design process.
- Organisational culture, values and ethics - the organisation still strives to establish a culture that encompasses the CIPC's values and encourages teamwork and collaboration. Management remains committed to the management of the change and to create a new culture that enables efficient service for excellent customer experience.

- Training and development - The CIPC Work Skills Plan addresses all the needs for development of the CIPC's staff. This is supplemented by the newly-developed personal development plans for employees.

1.3 Employee Performance Management Framework

97% of the performance reviews have been completed and we take pride that the approved CIPC Employee Performance Management Policy is in full swing.

1.4 Employee wellness

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

The Employee Wellness Unit was preoccupied with the Covid-19 pandemic in order for the CIPC's employees to be informed and safe.

This comprehensive wellness programme is an integral part of the overall strategy and it incorporates multiple new capabilities, including:

- Confidential counselling services provided to staff.
- Health and wellness interventions provided.
 - Financial life skills interventions hosted quarterly.
 - Wellness days implemented quarterly.
- Occupational Health Clinic and advisory services provided through the dtic (including HIV programmes, disease prevention, chronic disease management, etc.).
- Work – Life balance programmes implemented, e.g. School Holiday Programme.
- Support for employees under medical treatment, e.g. recommendations for alternative placements (based on doctor's reports); support of hospitalised staff, and so on.
- Facilitation of sport and recreation activities.

1.5 Policy development

Consultation with organised labour on other human capital policies is going well and there is a commitment that all other policies will be signed-off.

1.6 Highlight achievements

The achievements for the year under review were:

- Key Human Capital policies approved.
- Nine strategic positions were filled during this financial year.
- Employment Equity Report submitted to the Department of Labour.
- 27 employees were awarded bursaries.
- There were three arbitration awards in favour of the employer.

1.7 Challenges faced by the entity

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

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

1.8 Future plans

The HR Plan seek to achieve the following goals for the 2021/22 financial year:

- Organisational design exercise.
- Approval of all HR policies.
- Development of staff in accordance with their performance development plans.

2. Human Resource oversight statistics

Table D. 1: Personnel cost by programme activity objective

Personnel Cost by programme/ activity/ objective					
Programme/ Activity/ Objective	Total Expenditure for the entity	Personnel Expenditure	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee
	R'000	R'000	%		R'000
Business Regulation and Reputation	78,137	55,386	71%	218	798
Innovation and Creativity Promotion	52,091	36,924	71%	63	798
Service Delivery and Access	390,684	276,932	71%	179	798
TOTAL	520,912	369,243	71%	460	

Table D. 2: Personnel cost by salary band

Personnel Cost by programme/ activity/ objective				
Programme/ activity/ objective	Personnel Expenditure	% of personnel exp. To total personnel cost	No. of employees	Average personnel cost per employee
	R'000	R'000		R'000
Top Management	9,680	3%	3	3,227
Senior Manangement	19,669	5%	7	2,810
Professional Qualified	92,947	25%	61	1,524
Skilled	112,964	31%	166	672
Semi Skilled	133,983	36%	223	598
TOTAL	369,243		460	

Table D. 3: Performance rewards

Personnel Cost by programme/ activity/ objective				
Programme/ activity/ objective	Performance Rewards	Personnel Expenditure	% of performance rewards to total personnel cost	No. of employees
	R'000	R'000	R'000	R'000
Top Management	89.38	2,393	4%	3
Senior Management	209	5,583	4%	7
Professional Qualified	1,817	48,648	4%	61
Skilled	5,006	133,980	4%	166
Semi Skilled	6,674	178,640	4%	223
TOTAL	13,795	369,243		460

Table D. 4: Training costs

Training Costs					
Programme/ Activity/ Objective	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Average training cost per employee
	R'000		%	R'000	R'000
Business Regulation and Reputation	55,386	72	0.1%	24	0
Innovation and Creativity Promotion	36,924	48	0.1%	78	1
Service Delivery and Access	276,932	359	0.1%	101	3
Total	369,243	478			

Table D. 5: Employment and vacancies

Programme/activity/objective	1 April 2020 No. of employees	1 April 2020 Approved posts	31 March 2021 No. of employees	31 March 2021 vacancies	% of vacancies
Commissioner's Office	53	71	53	18	25.4%
Corporate Services	99	131	92	38	29.0%
Business Intelligent & Systems	35	57	34	23	40.4%
Innovation and Creativity Promotion	67	99	63	36	36.4%
Business Regulation & Reputation	226	282	218	62	22.0%
TOTAL	480	640	460	177	27.7%

Table D. 6: Occupational bands

Occupational bands	1 April 2020 No. of employees	1 April 2020 Approved posts	31 March 2021 No. of Employees	31 March 2021 vacancies	% of vacancies
Top management	4	6	3	3	60.0%
Senior management	10	14	7	7	50.0%
Professional qualified	64	96	61	35	102.3%
Skilled	169	261	166	93	105.7%
Semi-skilled	233	263	223	39	46.0%
Unskilled					
TOTAL	480	640	460	177	27.7%

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

Table D. 7: Employment changes

Occupational bands	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	4	0	1	3
Senior management	10	0	3	7
Professional qualified	64	4	7	61
Skilled	169	5	6	166
Semi-skilled	233	0	10	223
Unskilled				
Total	480	9	27	460

Table D. 8: Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	5	18.5%
Resignation	6	22.2%
Dismissal	4	14.8%
Retirement	10	37.0%
Ill health	1	3.7%
Expiry of contract	1	3.7%
Other	0	0.0%
Total	27	100%

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

Nature of disciplinary action	Number
Verbal warning	0
Written warning	2
Final written warning	3
Dismissal	4

Table D. 10: Equity target and employment equity status – male

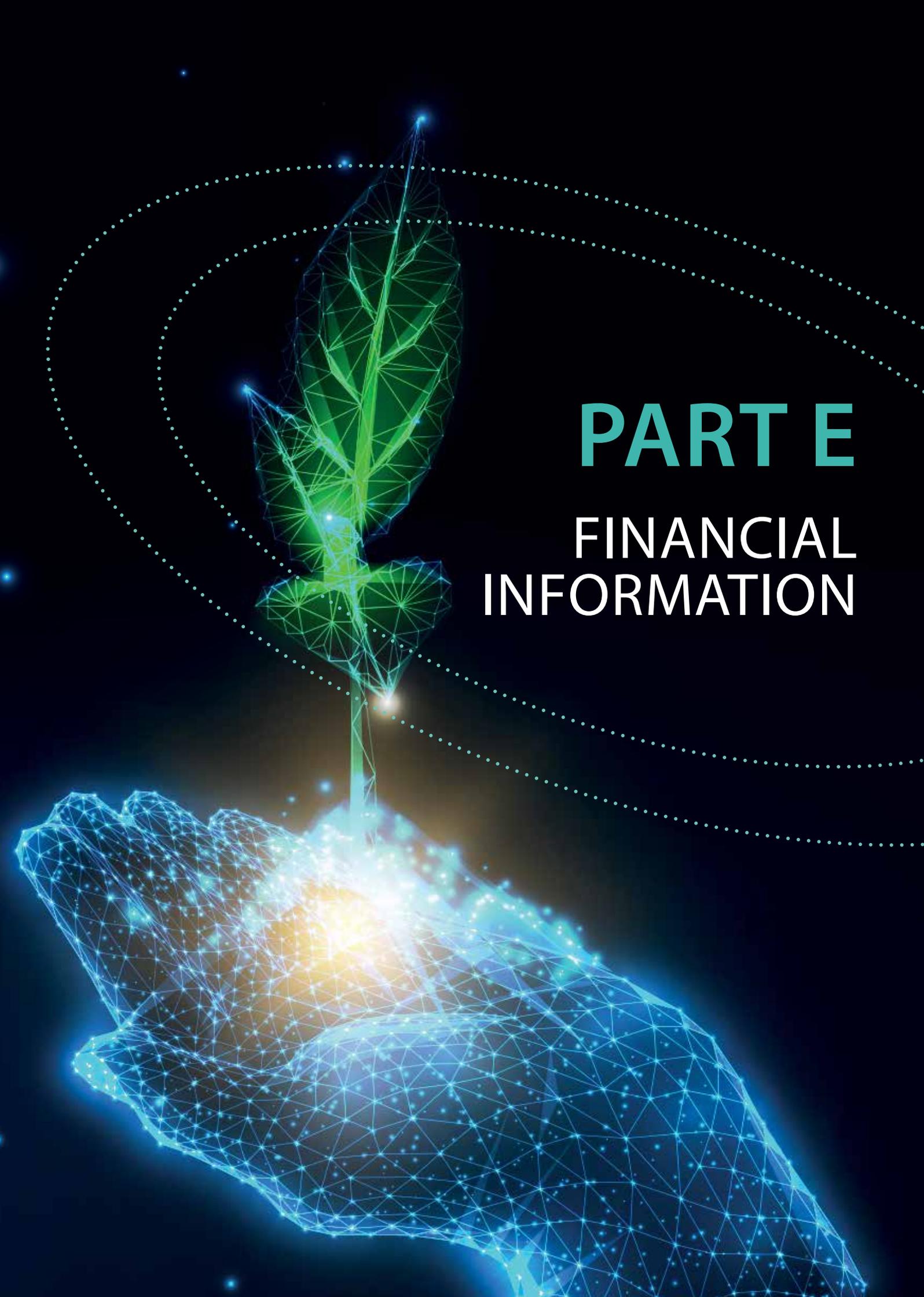
Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	1	1	1	0	0	1	1
Senior management	5	5	0	0	1	1	0	0
Professional qualified	27	34	3	3	4	4	4	4
Skilled	71	79	3	17	1	1	9	14
Semi-skilled	65	75	1	1	1	1	2	2
Unskilled								
TOTAL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

Table D. 11: Equity target and employment equity status – female

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

Table D. 12: Equity target and employment equity status – disabled staff

Levels	Disabled staff			
	Male		Female	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	0	0
Professional qualified	0	1	0	2
Skilled	5	5	0	7
Semi-skilled	2	2	2	3
Unskilled				
TOTAL	7	8	2	12



PART E
**FINANCIAL
INFORMATION**

Report of the auditor-general to Parliament on Companies and Intellectual Property Commission

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Companies and Intellectual Property Commission set out on pages 72 to 111, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Companies and Intellectual Property Commission as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

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

Responsibilities of the accounting authority for the financial statements

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

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

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

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2021:

Programmes	Pages in the annual performance report
Programme 3 – Business regulation and reputation	48 – 50

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

- Programme 3 - Business regulation and reputation

Other matters

15. I draw attention to the matters below.

Achievement of planned targets

16. Refer to the annual performance report on pages 38 to 50 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 3 -Business regulation and reputation. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

19. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

20. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

21. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
22. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
23. The other information I obtained prior to the date of this auditor's report are general information, performance information, human resource management, governance and the audit committee report is expected to be made available to us after 31 July 2021. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
24. When I do receive and read the audit committee report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

Auditor - General

Pretoria

31 July 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:

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

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

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

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Public Entity in terms of Schedule 3A of the Public Finance Management Act
Controlling entity	Department of Trade, Industry and Competition
Nature of business and principal activities	Regulator of Companies and Intellectual Property in South Africa
Registered office	the dtic Campus (Block F - Entfutfukweni) 77 Mentjies Street Sunnyside Pretoria 0001
Postal address	PO Box 429 Pretoria 0001
Bankers	ABSA
Auditors	Auditor-General of South Africa



Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Index

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

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Statement of Financial Performance	76
Statement of Changes in Net Assets	77
Cash Flow Statement	78
Statement of Comparison of Budget and Actual Amounts	79-80
Accounting Policies	81-89
Notes to the Annual Financial Statements	90-111



Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Authority's Responsibilities and Approval

The annual financial statements for the year ended 31 March 2021, are prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) and incorporate disclosure in line with the accounting policies of the entity and the requirements of the Public Finance Management Act 1999 (Act No. 1 of 1999) (PFMA).

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

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

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

The annual financial statements which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July 2021 and were signed on its behalf by:



Adv. Rory Voller
Commissioner (Accounting Authority)

Pretoria

31 July 2021

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Position as at 31 March 2021

	Notes	2021 R '000	2020 R '000
Assets			
<u>Current Assets</u>			
Consumables on hand		-	86
Operating lease asset	9	-	285
Receivables from exchange transactions	3	1 526	1 756
Prepayments	4	16 757	13 208
Cash and cash equivalents	5	662 134	595 496
		680 417	610 831
<u>Non-Current Assets</u>			
Property, plant and equipment	6	27 424	28 739
Intangible assets	7	31 741	26 725
Prepayments	4	8 049	9 250
		67 214	64 714
Total Assets		747 631	675 545
Liabilities			
<u>Current Liabilities</u>			
Operating lease liability	9	12	8
Payables from exchange transactions	10	26 693	15 549
Payables from customer deposits received	11	121 374	115 650
Provisions	12	48 804	41 143
		196 883	172 350
<u>Non-Current Liabilities</u>			
Operating lease liability	9	111	66
Total Liabilities		196 994	172 416
Net Assets		550 637	503 129
Accumulated surplus		550 637	503 129

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Performance

	Notes	2021 R '000	2020 R '000
Revenue			
Revenue from exchange transactions			
Fees	13.1	194 504	177 025
Interest income	13.2	23 706	41 633
Other income	13.3	8 972	9 474
Gain on disposal of assets		114	34
Total revenue from exchange transactions		227 296	228 166
Revenue from non-exchange transactions			
Annual return fees	13.4	415 924	373 885
Total revenue	13	643 220	602 051
Expenditure			
Advertising		(808)	(3 855)
Audit fees	14	(4 401)	(4 441)
Bad debts		(77)	(44)
Bank charges		(4 715)	(4 529)
Consulting and professional fees	15	(68 557)	(68 637)
Depreciation and amortisation	16	(20 356)	(23 191)
Employee related costs	17	(369 243)	(348 130)
Impairment loss		(97)	(87)
Internet and network costs		(2 740)	(3 426)
Maintenance and repairs		(592)	(408)
Operating lease charges	18	(33 549)	(29 206)
Other operating expenses	20	(13 684)	(26 334)
Publications, printing and stationery	19	(1 636)	(3 086)
Travelling and subsistence		(457)	(4 755)
Total expenditure		(520 912)	(520 129)
Surplus for the year		122 308	81 922

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Statement of Changes in Net Assets

	Accumulated surplus R '000	Total net assets R '000
Balance at 01 April 2019	421 207	421 207
Changes in net assets		
Surplus for the year	81 922	81 922
Total changes	81 922	81 922
Balance at 01 April 2020	503 129	503 129
Changes in net assets		
Surplus for the year	122 308	122 308
Transfer to National Revenue Fund	(74 800)	(74 800)
Total changes	47 508	47 508
Balance at 31 March 2021	550 637	550 637
Note	22	

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Cash Flow Statement

	Notes	2021 R '000	2020 R '000
Cash flows from operating activities			
Receipts			
Fees: Exchange transactions		194 527	177 025
Annual return fees		421 648	381 425
Other income		8 972	9 474
Interest income		23 706	41 633
		<u>648 853</u>	<u>609 557</u>
Payments			
Employee costs		(361 375)	(345 808)
Suppliers		(121 942)	(178 716)
		<u>(483 317)</u>	<u>(524 524)</u>
Net cash flows from operating activities	23	<u>165 536</u>	<u>85 033</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(9 784)	(5 031)
Proceeds on disposal of property, plant and equipment	6	120	94
Acquisition of intangible assets	7	(14 434)	(439)
Net cash flows from investing activities		<u>(24 098)</u>	<u>(5 376)</u>
Cash flows from financing activities			
Transfer to National revenue fund	22	(74 800)	(245 400)
Net (decrease)/increase in cash and cash equivalents		66 638	(165 743)
Cash and cash equivalents at the beginning of the year		595 496	761 239
Cash and cash equivalents at the end of the year	5	<u>662 134</u>	<u>595 496</u>

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Statement of Comparison of Budget and Actual Amounts

Budget on accrual Basis

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

Statement of Financial Performance

Revenue

Revenue from exchange transactions	183 208	-	183 208	194 504	11 296	
Revenue from non exchange transactions	382 048	-	382 048	415 924	33 876	N1
Other income	3 350	-	3 350	8 972	5 622	N2
Interest received from exchange transactions	47 242	-	47 242	23 706	(23 536)	N3
Gains on disposal of assets	-	-	-	114	114	
Total revenue	615 848	-	615 848	643 220	27 372	

Expenses

Employee cost	(401 527)	-	(401 527)	(369 243)	32 284	N4
Operational expenditure	(130 368)	-	(130 368)	(121 458)	8 910	
Other administrative expenditure	(52 155)	-	(52 155)	(9 623)	42 532	N5
Depreciation and amortisation	(24 362)	-	(24 362)	(20 356)	4 006	N6
Impairment loss	-	-	-	(97)	(97)	
Assets derecognised	-	-	-	(58)	(58)	
Bad debts	-	-	-	(77)	(77)	
Total expenditure	(608 412)	-	(608 412)	(520 912)	87 500	
Surplus for the year	7 436	-	7 436	122 308	114 872	

Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement - Refer note 36

Statement of Financial Position

Assets

Non-Current Assets

Property, plant and equipment	19 720	-	19 720	9 784	(9 936)	N7
Intangible assets	16 000	-	16 000	14 434	(1 566)	
Total Assets	35 720	-	35 720	24 218	(11 502)	

Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated surplus	35 720	-	35 720	24 218	(11 502)	
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Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Statement of Comparison of Budget and Actual Amounts

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

Budget narrations are provided for variances above 8% and R1 million

N1 - Revenue from non exchange transactions

The variance of R33,9 mil, translated to 8.9% above budget relates to greater than expected annual return filings occurring during the year.

N2 - Other income

The variance of R5,6 million, translated to 168% over the budgeted income relates mainly to the prescription of customer deposits balances for which no transactions have been processed against, and are older than three years. The CIPC budgeted conservatively for such income due to the uncertainty of the amount which will be unutilised by customers during each financial year.

N3 - Interest income

The variance of R23,5 million, translated to 49.8% below budget is primarily due to the decrease in the interest rate from an average of 6.8% in the prior year to 3.8% in the current year. The budgeted interest was based on the prior year average interest rate.

N4 - Employee costs

The variance of R32,3 mil, translated to 8% below the budgeted expenditure is due to cost of living adjustments not being implemented across certain levels at the CIPC, as well as conservative percentages being applied to the performance bonus payments resulting in the full provision not being utilised.

N5 - Other administrative expenditure

The variance of R42,5 million, translated to 81.5% savings in the budgeted expenditure is attributed to the impact of the Covid pandemic on expenditure items within this category, and relates mainly to the following:

- *Underspending of approximately R16 million in budgeted advertising expenditure as procurement relating to the campaign was not finalised.
- *Savings of approximately R6 million in the budgeted travel expenditure due to planned travel not undertaken as a result of the lockdown.
- *Savings of approximately R6,2 million in the budgeted conferences, venues and facilities expense due to events not occurring. Where possible, events occurred via a virtual platform
- *Savings of approximately R6 million in budgeted legal fees as the Department of Justice did not perform limited legal services.

N6 - Depreciation and amortisation

The variance of R4 million, translated to 16.4% below budget, is primarily due to increasing the useful life of assets at year end. Many of these assets were due to be replaced during the financial but were not due to the impact of the Covid pandemic.

N7 - Property, plant and equipment

The variance of R9,8 million translated to 50% below budgeted capital expenditure is attributed to the planned procurement and implementation of a new telephony system not being finalised during the year.

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1. Basis of preparation

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

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.3 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment is recognised as an asset when:

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

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

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

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

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

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

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

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.4 Intangible assets

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

Intangible assets are derecognised:

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

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

Accounting Policies

1.5 Financial instruments

Classification

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

Financial assets

Cash and cash equivalents

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

Loans and receivables

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

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

Financial liabilities

Payables: Customer deposits

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

Trade and other payables

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

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

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

Initial measurement of financial assets and financial liabilities

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

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

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.5 Financial instruments (continued)

Fair value measurement considerations

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

- Financial instruments at amortised cost.

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

Impairment of financial assets

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

Financial assets measured at amortised cost:

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The entity derecognises a financial asset only when:

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

Financial liabilities

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

1.6 Leases

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.7 Consumables on hand

Consumables on hand are recognised as an asset if,

- (a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
- (b) the cost of the items can be measured reliably.

Consumables on hand that qualify for recognition as assets are initially measured at cost. Consumables on hand comprise stationery and consumables and are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method.

Obsolete, redundant, damaged and slow-moving consumables and any write-down of consumables to net realisable value are charged to surplus or deficit.

1.8 Impairment of cash-generating assets

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

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

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

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

1.9 Impairment of non-cash-generating assets

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

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

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.10 Provisions and contingencies

Provisions are recognised when:

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

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

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

The discount rate used reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

1.11 Revenue from exchange transactions

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

Interest income

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

Revenue from fees

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

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

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Trade receivables from exchange transactions

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

Companies and Intellectual Property Commission

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Accounting Policies

1.12 Revenue from non-exchange transactions

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

Non-exchange revenue comprises annual return revenue.

Revenue from annual return fees

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

Trade receivables from non-exchange transactions

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

1.13 Employee benefits

Short-term employee benefits

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

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

Post-employment benefit: Defined contribution plan

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

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.14 Fruitless and wasteful expenditure

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

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

1.15 Irregular expenditure

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

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

1.16 Budget information

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

1.17 Related parties

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

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

1.18 Events after reporting date

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

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

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

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

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

2021	2020
R '000	R '000

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	01 April 2020	No material impact
• IGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	No material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	No material impact

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R '000	2020 R '000
3. Receivables from exchange transactions		
Trade receivables	493	433
Staff receivables	639	846
Patent Corporation Treaty (PCT) receivables	64	32
Other receivables	430	486
Provision for doubtful debts	(100)	(41)
	1 526	1 756

4. Prepayments

Prepaid expenses:

Insurance	4	5
Renewal of software licence	24 355	21 676
Subscriptions	85	261
Rental expense	63	-
Software maintenance agreement	299	516
	24 806	22 458

Reconciliation of prepayments

March 2021	Less than one year	Longer than one year	Total
Prepayments	16 757	8 049	24 806
March 2020	Less than one year	Longer than one year	Total
Prepayments	13 208	9 250	22 458

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	10 185	33 752
Collection accounts	32 990	916
Call account-Corporation for Public Deposits (CPD)	618 959	560 828
	662 134	595 496

Call account: Interest was earned at an average rate of 3.8% (2020: 6.8%) during the financial year.

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R '000	2020 R '000
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6. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Computer equipment	84 889	(60 519)	24 370	78 278	(53 480)	24 798
Office furniture and equipment	10 489	(7 500)	2 989	10 269	(6 490)	3 779
Leasehold improvements	519	(454)	65	570	(408)	162
Total	95 897	(68 473)	27 424	89 117	(60 378)	28 739

Reconciliation of property, plant and equipment - 2021

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

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Derecognition	Depreciation	Impairment loss	Total
Computer equipment	31 229	4 708	(60)	-	(11 011)	(68)	24 798
Office furniture and equipment	4 563	240	-	-	(1 005)	(19)	3 779
Leasehold improvements	662	83	-	(152)	(431)	-	162
	36 454	5 031	(60)	(152)	(12 447)	(87)	28 739

Expenditure incurred to repair and maintain property, plant and equipment

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

General expenses	592	408
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Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R '000	2020 R '000
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7. Intangible assets

	2021			2020		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Capitalised computer software	68 733	(36 992)	31 741	55 045	(28 320)	26 725

Reconciliation of intangible assets - 2021

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

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Capitalised computer software	37 029	439	(10 743)	26 725

8. Changes in accounting estimates

Property, plant and equipment

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

Reassessment of property plant and equipment useful lives	1 921	460
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Intangible assets

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

Reassessment of intangible assets useful lives	157	4
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9. Operating lease asset (accrual)

Current assets	-	285
Current liability	(12)	(8)
Non-current liability	(111)	(66)
	(123)	211

Lease assets and accruals arise due to the straight lining of operating lease expenditure over the term of the lease.

Refer to note 18 for details of operating lease expenditure and note 26 for operating lease commitments.

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	2021 R '000	2020 R '000
10. Payables from exchange transactions		
Trade payables	14 823	4 813
Accruals: Remuneration related	6 304	6 080
Accruals: Trade payables	5 566	4 656
	26 693	15 549

11. Payables from customer deposits received

Heading		
Customer balances*	121 374	115 650

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

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

12. Provisions

Reconciliation of provisions - 2021

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

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Utilised or forfeited during the year	Total
Leave pay benefits	21 980	13 456	-	(12 980)	22 456
Performance bonuses	17 065	18 330	(16 708)	-	18 687
	39 045	31 786	(16 708)	(12 980)	41 143

Leave pay benefits

In terms of the CIPC leave pay policy, employees are entitled to accumulated leave pay benefits not taken within a leave cycle, provided that any leave benefits, excluding capped leave amounting to R7,5 million (2020: R9.5 million) which accrued before 01 July 2000, not taken within a period of six months after the end of the leave cycle are forfeited.

Performance bonuses

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

The actual expense paid during the 2020/2021 financial year relating to the 2020 provision amounted to R14,4 million. The difference was accepted as immaterial and therefore the comparatives were not restated.

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	2021 R '000	2020 R '000
13. Revenue		
Fees	194 504	177 025
Other income	8 972	9 474
Interest income	23 706	41 633
Annual return fees	415 924	373 885
Gain on disposal of assets	114	34
	643 220	602 051
The amount included in revenue arising from exchanges of goods or services are as follows:		
Fees	194 504	177 025
Other income	8 972	9 474
Interest income	23 706	41 633
Gain on disposal of assets	114	34
	227 296	228 166
13.1 Fees		
Corporate information	23 730	21 593
Company registration and maintenance	114 662	94 756
Data sales	2 429	1 974
Intellectual property registration and maintenance	52 898	57 046
Cooperatives registration and maintenance	785	1 656
	194 504	177 025
13.2 Interest income		
Interest received	23 706	41 633
13.3 Other income		
Other exchange transactions	735	965
Patent Corporation Treaty (PCT) income	52	55
Recognition of customer balances	8 185	8 454
	8 972	9 474
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Annual return fees*	415 924	373 885
*Included in annual return fees are penalties levied for returns submitted more than 30 days after the due date.		
14. Audit fees		
External audit fees - Regulatory audit	3 890	4 441
Internal audit fees (Co-sourced portion)	511	-
	4 401	4 441

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	2021 R '000	2020 R '000
15. Consulting and professional fees		
Specialist information technology consultants, licences and services	56 300	58 140
Management consultants	12 257	10 497
	68 557	68 637
16. Depreciation and amortisation		
Computer equipment	9 862	11 011
Office furniture and equipment	990	1 005
Leasehold Improvements	92	432
Amortisation of intangible assets	9 412	10 743
	20 356	23 191
17. Employee costs		
Salary	269 771	258 209
Pension contributions	26 574	25 323
Medical contributions	11 846	12 093
Service bonus	12 246	12 027
Performance bonus	13 795	18 331
Other benefits	20 508	10 451
SDL	2 082	2 990
Group life cover	1 771	734
Overtime and production allowances	153	2 830
Long-service bonus	1 797	1 409
Lumpsum settlement	-	173
Internships	8 700	3 560
	369 243	348 130
18. Operating lease charges		
Motor vehicles	271	289
Offsite storage facility	10 506	10 504
Premises	21 740	17 448
Equipment	1 032	965
	33 549	29 206

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	2021 R '000	2020 R '000
19. Publications, printing and stationery		
Publications and printing	266	928
Stationery	1 370	2 158
	1 636	3 086
20. Other operating expenses		
Agency support staff	2	66
Audit and risk committee fees	945	640
Bursaries	1 893	1 105
Communication and postage	7 725	14 760
Conferences and venues	127	2 887
Derecognition of assets - Refer note 21	58	151
Entertainment and refreshments	10	182
Flowers	3	6
Insurance and courier services	1	12
Legal fees	-	2 685
Membership fees	178	289
Resettlement costs	78	96
Security and cleaning	1 760	2 227
Training	478	1 088
Translations and transcriptions	290	3
Uniforms	136	137
	13 684	26 334
21. Derecognition of assets		
Computer equipment: Laptops	47	-
Computer software	6	-
Leasehold improvements	5	151
	58	151

Computer equipment: Laptops

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

Computer software

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

Leasehold improvements

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

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	2021 R '000	2020 R '000
22. Transfer to National Revenue Fund		
Balance at beginning of the year	-	(245 400)
Transfers to the National Revenue Fund declared	(74 800)	-
	(74 800)	(245 400)

March 2021

2019/20 surplus

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

Instruction by National Treasury to surrender funds

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

March 2020

The CIPC declared R245,4 million of its 2018/19 accumulated surplus to the National Treasury as per instruction received from it. Payment was effected during the 2019/20 financial year.

23. Cash generated from operations

Surplus	122 308	81 922
Adjustments for:		
Depreciation and amortisation	20 356	23 191
Gain on disposal of assets	(114)	(34)
Impairment loss on property, plant and equipment	97	87
Bad debt written off	77	44
Movements in operating lease assets and accruals	334	(2 630)
Movements in provisions - Employee costs	7 661	2 098
Derecognition of assets	58	151
Changes in working capital:		
Consumables on hand	86	10
Receivables from exchange transactions	153	(154)
Prepayments	(2 348)	(15 395)
Payables from exchange transactions	11 144	(11 797)
Payables from customer deposits - Annual returns	5 724	7 540
	165 536	85 033

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		2021 R '000	2020 R '000			
24. Key Management emoluments						
Executive						
2021						
Name	Designation	Emoluments	Long service award	Travel	Performance	Total
Adv Rory Voller	Commissioner	2 347	-	1	-	2 348
Ms Hamida Fakira-du Toit	Executive Manager: Corporate Services	1 879	5	-	71	1 955
Mr Lungile Dukwana	Chief Strategy Executive	1 844	-	-	68	1 912
Mr Muhammed Jasat	Chief Financial Officer	1 566	-	-	78	1 644
Mr Andre Kritzinger *	Executive Manager: Business Intelligence - contract ended 18 January 2021	1 869	-	-	80	1 949
Mr Samson Sekhobela	Acting Executive Manager: Business Intelligence; Acting 01 November 2020 - 31 March 2021	610	-	-	71	681
Mr Mpho Mathose	Chief Audit Executive	1 433	-	-	53	1 486
Ms Nomonde Maimela	Executive Manager: Innovation and creativity	2 137	-	-	80	2 217
Ms Bathabile Kapumha	Divisional Manager: Risk, Governance and Compliance	1 637	-	-	81	1 718
		15 322	5	1	582	15 910

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		2021 R '000	2020 R '000			
24. Key Management emoluments (continued)						
2020						
Name	Designation	Emoluments	Long service award	Travel and subsistence allowance	Performance bonus	Total
Adv Rory Voller	Commissioner	2 339	-	60	-	2 399
Ms Hamida Fakira-du Toit	Executive Manager: Corporate Services	1 846	-	-	85	1 931
Mr Lungile Dukwana	Chief Executive Strategy	1 808	-	5	104	1 917
Mr Muhammed Jasat	Chief Financial Officer	1 530	-	1	88	1 619
Mr Andre Kritzinger	Executive Manager: Business Intelligence	2 107	-	-	122	2 229
Mr Mpho Mathose	Chief Audit Executive	1 407	-	3	81	1 491
Ms Nomonde Maimela	Executive Manager: Innovation and creativity	2 063	5	28	121	2 217
Ms Bathabile Kapumha	Divisional Manager: Risk, Governance and Compliance	1 599	-	1	92	1 692
		14 699	5	98	693	15 495

* - Mr Andre Kritzinger was seconded to the dtic for the period 01 November 2020 - 18 January 2021, refer note 32.
Mr Samson Sekhobela acted in the position of Mr Andre Kritzinger during his secondment.

25. Pension

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

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

The total economic entity contribution to such schemes	26 574	25 323
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	2021 R '000	2020 R '000	
26. Operating lease commitments			
March 2021	0-1 Years	2-5 Years	Total
The dtic Campus - Office	22 293	24 522	46 815
Katanga parking	111	-	111
Hollard street: Johannesburg	223	-	223
Norton Rose House: Cape Town	336	729	1 065
Suncardia Mall: Pretoria	360	733	1 093
Iron Mountain - Off-site file storage	4 173	-	4 173
Iron mountain - Backup storage facility	65	63	128
Bytes - Printers	311	-	311
	27 872	26 047	53 919
March 2020	0-1 Years	2-5 Years	Total
The dtic Campus - Office	20 266	-	20 266
Katanga parking	111	-	111
Hollard street: Johannesburg	520	223	743
Johannesburg Stock Exchange	66	-	66
Norton Rose House: Cape town	24	-	24
Suncardia Mall: Pretoria	333	1 093	1 426
Iron Mountain - Off-site file storage	9 931	-	9 931
Iron Mountain - Backup storage facility	60	128	188
Bytes - Printers	746	-	746
Pakhisa Fleet	440	-	440
	32 497	1 444	33 941

The dtic Campus - Office

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

Katanga Parking

Relates to the lease of parking bays at the dtic campus. The lease term is 12 months from 01 October 2020 to 30 September 2021. There is no annual escalation applicable.

Hollard Street: Johannesburg - Offices

The offices are based in Hollard street, Johannesburg. The lease term is three years from, 01 September 2018 to 31 August 2021. The lease rental escalates at 8% per annum.

Norton Rose House: Cape Town - Offices

The office is based at Norton Rose House, Cape Town. The lease term is 60 months from 01 April 2019 to 31 March 2024 and escalates at 5.5% per annum.

Suncardia Mall: Pretoria - Offices

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

Iron Mountain - Off-site file storage

The lease is for an off-site file storage facility. The lease term is based on an extension period from 01 March 2021 - 31 August 2021. The commitment is based on the maximum estimated storage space which may be utilised by the CIPC. However, the expense is based on the actual storage space utilised and results in differing monthly costs.

Iron Mountain - Backup storage facility

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

Bytes - Printers

Relates to a lease for printers at the CIPC offices in Pretoria. The lease term is based on an extension period from 01 March 2021 - 31 August 2021. There is no escalation clause applicable.

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	2021 R '000	2020 R '000
27. Taxation		
Income tax		
The entity is not liable for income tax in terms of section 10(1)(a) of the Income Tax Act, as amended.		
Value-added tax		
The entity is exempt from value-added taxation in terms of a Tax Authorities' directive.		
28. Contingencies		
Contingent liabilities		
Accumulated surplus		
	515 593	118 334
In terms of section 53(3) of the PFMA the entity at the end of the financial year needs to declare any surplus to the National Treasury. The National Treasury may apply such surplus to reduce any proposed allocation to the entity; or require that all or part of it be deposited in the Exchequer bank account.		
<u>Surplus for 2020/21</u>		
A declaration of the cash surplus as at 31 March 2021 will be submitted to the National Treasury, together with an application to retain such surpluses in terms of section 53(3) of the PFMA and National Treasury instruction No 12 of 2020/2021.		
<u>Surplus for 2019/20</u>		
A declaration of the cash surplus as at 31 March 2020 was submitted to the National Treasury on 31 July 2020. An application to retain such surplus was also submitted in terms of section 53(3) of the PFMA and National Treasury instruction No 6 of 2017/2018.		
Enterprise Content Management System (ECM)		
	10 090	10 090
Legal proceedings have been instituted by the service provider challenging the legal validity of the termination of the contract, and seeking payment of certain fees rendered in terms of the contract prior to its termination. The litigation is in process and the outcome is uncertain. The value of the contingent liability was assessed based on the latest correspondence in the matter.		
29. Planned capital programmes		
The following capital programmes were approved and contracted:		
Head Office		
Computer equipment: PC's	323	7 653
Software investment in ICT system: K2	271	-
	594	7 653
The following capital programmes were approved but not yet contracted:		
Head Office and Self service centres		
Furniture and equipment	2 200	1 320
Leasehold improvements - Head office and Self service centres	1 000	105 400
Investment in ICT systems for improved service delivery: Hardware and Software	62 136	162 547
	65 336	269 267

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	2021 R '000	2020 R '000
30. Patent Corporation Treaty (PCT) Trust Account		
Funds held in trust to which the entity is not entitled, are accounted for separately and deposited into a separate bank account.		
PCT creditors	1 091	176
Funds received from South African clients to be paid to the World Intellectual Property Organisation (WIPO) and the International Searching Authority (ISA).		
Balance in the PCT bank account	1 091	176

31. Risk management

Financial risk management

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

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

Liquidity risk

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

March 2021	Carrying amount	Total cash flow	Contracted cash flow within 1 year	Contractual cash flow 2-5 years
Payables from exchange transactions	26 693	26 693	26 693	-
Payables from customer deposits received	121 374	121 374	121 374	-
	148 067	148 067	148 067	-
March 2020	Carrying amount	Total cash flow	Contracted cash flow within 1 year	Contractual cash flow 2-5 years
Payables from exchange transactions	15 549	15 549	15 549	-
Payables from customer deposits received	115 650	115 650	115 650	-
	131 199	131 199	131 199	-

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2021 R '000	2020 R '000
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31. Risk management (continued)

Credit risk

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

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

Exposure to credit risk

Cash and cash equivalents	662 134	595 496
Receivables from exchange transactions	26 332	24 214
	688 466	619 710

* Included is an amount of R619 million (2020: R561 million) invested in a call account at the South African Reserve Bank.

Concentration of credit risk

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

March 2021

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

March 2020

	*Ba1 and Government	Unrated
Cash and cash equivalents	595 496	-
Prepayments	-	22 458
Receivables from exchange transactions	-	1 756
	595 496	24 214

Ageing of financial assets

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

March 2021

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

March 2020

	Neither past due nor impaired	Past due but not impaired less than 12 months	Past due but not impaired more than 12 months	Carrying value
Cash and cash equivalents	595 496	-	-	595 496
Prepayments	22 458	-	-	22 458
Receivables from exchange transactions	-	1 756	-	1 756
	617 954	1 756	-	619 710

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	2021 R '000	2020 R '000
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31. Risk management (continued)

Market risk

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

Interest rate risk

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

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

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

March 2021

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

March 2020

	Change in interest rate	Increase in the surplus for the year upward change	Decrease in the surplus for the year downward change
Cash and cash equivalents	1 %	6 075	(6 017)

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	2021	2020
	R '000	R '000

32. Related party transactions

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

Department of Trade, Industry and Competition (the dtic)

	Transactions 31 March 2021	Balance due as at 31 March 2021	Transactions 31 March 2020	Balance due as at 31 March 2020
Expenses				
Lease of building	20 266	1 689	18 424	-
Telephone costs	745	251	860	64
Internet costs	1	-	30	-
Subtotal	21 012	1 940	19 314	64
	21 012	1 940	19 314	64

The dtic

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

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

The dtic group

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

Income (Disclosure of information)

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

Name

Relationship

Department of Trade, Industry and Competition (dtic)	Member of the dtic group
BBBEE Commission	Member of the dtic group
Companies Tribunal	Member of the dtic group
Competition Commission	Member of the dtic group
Export Credit Insurance Corporation of South Africa	Member of the dtic group
National Consumer Commission (NCC)	Member of the dtic group
National Consumer Tribunal (NCT)	Member of the dtic group
National Credit Regulator (NCR)	Member of the dtic group
National Empowerment Fund (NEF)	Member of the dtic group
National Gambling Board (NGB)	Member of the dtic group
National Lotteries Commission (NLC)	Member of the dtic group
National Metrology Institute of South Africa	Member of the dtic group
National Regulator for Compulsory Specifications (NRCS)	Member of the dtic group
South African Bureau of Standards (SABS)	Member of the dtic group
South African National Accreditation System (SANAS)	Member of the dtic group

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	2021 R '000	2020 R '000
32. Related party transactions (continued)		
Department of Agriculture, Land Reform and Rural Development		National sphere of government
Department of Co-operative Governance		National sphere of government
Department of Economic Development		National sphere of government
Department of Forestry, Fisheries and the Environment		National sphere of government
Department of Home Affairs		National sphere of government
Department of Human Settlements		National sphere of government
Department of Infrastructure Development		National sphere of government
Department of International Relations and Co-operation (DIRCO)		National sphere of government
Department of Justice		National sphere of government
Department of Labour		National sphere of government
Department of Mineral Resources (DMR)		National sphere of government
Department of Public Enterprise		National sphere of government
Department of Public Service and Administration		National sphere of government
Department of Public Works		National sphere of government
Department of Rural Development and Land Reform		National sphere of government
Department of Science and Technology (DST)		National sphere of government
Department of Social Development		National sphere of government
Department of Sport, Arts and Culture (DSAC)		National sphere of government
Department of Tourism		National sphere of government
Department of Traditional Affairs		National sphere of government
Department of Transport		National sphere of government
Department: The presidency		National sphere of government
National Department of Small Business Development (DSBD)		National sphere of government
National Treasury		National sphere of government
City of Johannesburg Metropolitan Municipality		National sphere of government
Community Schemes Ombud Service (CSOS)		National sphere of government
Compensation Fund		National sphere of government
Co-operative Bank Development Agency (CBDA)		National sphere of government
Directorate for Priority Crime investigations		National sphere of government
Durban Chamber of Commerce and Industry (DCCI)		National sphere of government
E-Government		National sphere of government
Film & Publication Board		National sphere of government
Financial Sector Conduct Authority		National sphere of government
Free State Development Corporation (FDC)		National sphere of government
Gauteng Dept of Infrastructure Development		National sphere of government
Gauteng Growth and Development Agency – InvestSA – GGDA		National sphere of government
Gauteng Provincial Legislature		National sphere of government
InvestSA – Western Cape		National sphere of government
Judicial Commission of Inquiry into Allegations of State Capture		National sphere of government
KwaZulu-Natal Provincial Legislature		National sphere of government
Limpopo Provincial Legislature		National sphere of government
Medicines Patent Pool Foundation (MPP)		National sphere of government
National Nuclear Regulator (NNR)		National sphere of government
National Prosecuting Authority (NPA)		National sphere of government
Orbit TVET College – Rustenburg		National sphere of government
Parliament of the Republic of South Africa		National sphere of government
Payment Association of South Africa (PASA)		National sphere of government
Pension Fund Adjudicator (PFA)		National sphere of government
Pension Fund Adjudicator (PFA)		National sphere of government
Premier – Free State province		National sphere of government
Private Security Industry Regulatory Authority (PSIRA)		National sphere of government
Proudly South African		National sphere of government
Road Accident Fund (RAF)		National sphere of government
Road Traffic Management Corporation (RTMC)		National sphere of government
SA Reserve Bank (SARB)		National sphere of government
SA Revenue Services (SARS)		National sphere of government
SA Social Security Agency (SASSA)		National sphere of government

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	2021 R '000	2020 R '000
32. Related party transactions (continued)		
South African Police Service (SAPS)		National sphere of government
South African Post Office (SAPO)		National sphere of government
State Information Technology Agency (SITA)		National sphere of government
State Security Agency (SSA)		National sphere of government
Statistics SA		National sphere of government
Trade and Investment KwaZulu Natal (TIKZN)		National sphere of government
Transnet Enterprise Development Hub		National sphere of government
Transnet Enterprise Development Hub		National sphere of government
Transnet Mega Hub – Richards Bay (Empangeni)		National sphere of government
Unemployment Insurance Fund		National sphere of government
West Coast Business Development Centre (WCBDC)		National sphere of government
Western Cape Provincial Parliament		National sphere of government

Transactions with key management

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

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Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R '000	2020 R '000
33. Fruitless and wasteful expenditure		
Opening balance	51	51

No losses have occurred during the current and previous financial year due to criminal conduct, irregular expenditure and fruitless or wasteful expenditure, except as indicated above.

34. Irregular expenditure

2020/21

Website support services: Delia Risk Management

Expenditure incurred where the prescribed procurement process was not fully adhered to. Confirmation that value for money was received, was performed.

The quotation was incorrectly accepted after the advertised closing date. This was as a result of the advertised closing date being a Sunday. The SCM official incorrectly accepted the quote submitted on the Monday morning due to Sunday not being a workday.

Stationery supplies: Great Warrior and Bidvest Waltons

Expenditure was incurred over and above the ceiling value of the contract amount. Confirmation that value for money was received, was performed.

In both instances, purchase orders were issued and deliveries accepted even though the ceiling amount of the contract was exceeded. This was as a result of the contract still being active as the end date was in the future, resulting in the SLA manager assuming the contract still had funds available.

2019/20

Expenditure incurred where the prescribed procurement process was not fully adhered to. Confirmation that value for money was received, was performed.

In both instances, the minimum qualifying score for functionality was incorrectly omitted in the Terms of Reference document advertised. However, the procurement was awarded to the service provider who submitted the cheapest quotation resulting in no financial loss to the CIPC.

Security services	-	220
Dismantling and removal services	-	120
Website support services: Delia Risk Management	104	-
Stationery supplies: Great Warrior	59	-
Stationery supplies: Bidvest Waltons	44	-
	207	340
Opening balance	98 581	98 516
Add: Irregular Expenditure - current year	207	340
Less: Amounts written off	-	(30)
Less: Amounts reversed	-	(245)
	98 788	98 581

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R '000	2020 R '000
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34. Irregular expenditure (continued)

Analysis of expenditure awaiting condonation per age classification

Current year	207	340
Prior years	98 581	98 241
	98 788	98 581

Details of irregular expenditure not yet condoned

Incurred in current year

Website support services: Delia Risk Management	104
Stationery supplies: Great Warrior	59
Stationery supplies: Bidvest Waltons	44

Incurred in prior years

Security services	220
Dismantling and removal services	120
Accounting services	5
Enterprise Content Management System	98 236
	98 788

Enterprise Content Management System (ECM)

The Enterprise Content Management System (ECM) cannot be condoned as litigation is still in process. Refer to note 28 for details on the contingent liability disclosure.

Companies and Intellectual Property Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R '000	2020 R '000
35. Gifts and donations		
The acceptance or granting of a gift, donation or sponsorship is managed in terms of Section 76 of the Public Finance Management Act, 1999 (Act 1 of 1999). Gifts and donations received by employees during the year under review were:		
Smaller gifts received by various staff members	-	7
Granting of sponsorships and gifts by the CIPC:		
Smaller gifts	-	16
36. Reconciliation between budget and cash flow statement		
Reconciliation of budget surplus with the net cash generated from operating, investing and financing activities:		
Operating activities		
Actual amount as presented in the budget statement	122 308	81 922
Basis differences	43 228	3 111
Net cash flows from operating activities	165 536	85 033
Investing activities		
Actual amount as presented in the budget statement	(24 218)	(5 470)
Basis differences	120	94
Net cash flows from investing activities	(24 098)	(5 376)
Financing activities		
Timing differences	(74 800)	(245 400)
Net cash generated from operating, investing and financing activities	66 638	(165 743)

37. 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.

HEAD OFFICE

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