

SABS
ISO 9001

ANNUAL REPORT 2007/08

Companies and Intellectual Property Registration Office



COMPANIES AND INTELLECTUAL
PROPERTY REGISTRATION OFFICE

a member of the dti group

Annual Report

for the year ended 31 March 2008



COMPANIES AND INTELLECTUAL
PROPERTY REGISTRATION OFFICE

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CIPRO aims to deliver the
ultimate registration experience

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Vision

and mission statement

Vision

CIPRO's overall vision is:

Global leadership in the efficient registration of businesses and intellectual property rights.

CIPRO aims to deliver the ultimate registration experience. This vision defines why the organisation exists.

Mission

CIPRO's mission is:

To register businesses and intellectual property rights, maintain related registries and develop information for disclosure to stakeholders.

In support of this mission, its pay-off line is:

Gateway to formal economic participation.

Values



Values

Values are used to describe behaviour that is acceptable or unacceptable in the organisation. These values form part of the changes to the culture that the organisation focuses on. The values that are included in CIPRO's 'basket' of values are:

- trust
- honesty/integrity
- empowerment
- accuracy
- accountability
- fairness
- loyalty
- transparency

Planning

and service delivery

Mandate

CIPRO's mandate is the registration of companies, close corporations, cooperatives and intellectual property rights. Related services include the disclosure of information and dispute resolution arising from infringements to these rights.

CIPRO'S offerings

CIPRO registers the following:

- companies
- close corporations
- cooperatives
- copyright
- designs
- patents
- trademarks

TABLE 1.1: Service delivery

<i>Main services</i>	<i>Actual customers</i>
Administration of legal entities, ie registration/deregistration of companies, close corporations, cooperatives and intellectual property rights	Approximately 3 000 per day
Disclosure of information on registered entities	Approximately 280 per day

TABLE 1.2: Consultation arrangements for customers

Type of arrangement	Actual customers
CIPRO Public Interface – dti campus – information kiosk and help desks	Approximately 3 000 per day
CIPRO Public Interface – 202 Essselen Street	Approximately 280 per day
CIPRO Public Interface – Cape Town regional office	70 to 100 contacts per day
Liaison Committee meetings – quarterly	Various stakeholders of CIPRO participate in these meetings

TABLE 1.3: Service Delivery Access Strategy

Access strategy	Actual achievements
Customer Service Strategy	Initiatives to re-design customer interface
Customer Contact Centre Strategy	Dependant on dti implementation
Decentralisation Strategy	Pre-pilot Polokwane completed successfully
Partnership training – SEDA, LIBSA, RED Door	Training completed successfully

TABLE 1.4: Service information tool

Type of information tool	Actual achievements
CIPRO website	Initiatives to improve website
Customer Contact Centre	Staff members trained on all CIPRO products and services. Approximately 25 000 calls per month

TABLE 1.5: Complaint mechanism

Complaint mechanism	Actual achievements
Customer Contact Centre and dedicated Knowledge Team Unit	100 to 200 complaints per month

Review

of the Chief Executive Officer



The year was a momentous year for CIPRO in many ways. This was the year in which the policy on traditional knowledge was announced, and in which the debate on the New Companies Bill and the envisaged changes to legislation in the Intellectual Property (IP) domain continued. However, receiving ISO 9001 accreditation at its first attempt was a milestone event, and one that will be remembered by each CIPRO employee.

CIPRO has achieved a number of accomplishments since its inception in 2002, including the automation of most of its business processes, the electronic lodgement and disclosure of some documents, the implementation of annual returns and the successful sign-off of the 2006/07 financial statements by the Auditor-General.

CIPRO has the mandate to register cooperatives, companies, close corporations and IP rights (patents, trademarks, copyrights and designs), as well as the disclosure of information related to such registrations. To fulfill this mandate successfully, CIPRO has repositioned itself through a multidimensional process that began with the development of a new vision and mission statement, as well as a new strategic plan. These elements form the triad through which CIPRO's focus and strategic intent are clearly articulated: to position CIPRO as an innovative, client-focused gateway to formal economic participation.

CIPRO aims to contribute to the prosperity and competitiveness of the country and the broader region. In accepting the challenges and opportunities to improve service levels, eliminate fraud, improve the reliability of IT systems and establish CIPRO as a commission in the future, CIPRO will continue progressing towards achieving these goals and living up to our promise of providing service excellence to all our clients.

OPERATION PERFORMANCE OVERVIEW

Companies and close corporations

The close corporation is still the preferred business entity. The number of new close corporations registered over the past year has broken the 250 000 barrier. Every year a new record is reached in the number of new close corporations registered. Even though a noticeable decline of 12.38% was experienced in new company registrations, which can be attributed, inter alia, to external factors such as the high inflation rate and weaker currency, the number of new companies registered was still more than 36 000.

Continued increased access to the electronic lodgement of documents, together with awareness campaigns through the Imbizo programmes and general roadshow projects driven by the dti and CIPRO, also contributed to the increase in registrations. These increases reflect the need for all people to participate in the formal business economy.

The month-long public service strike resulted in backlogs in a number of units, amendments being one of them, especially the amendment of close corporations (CK2/CK2A). However, a successful overtime project was launched to address the problem and no backlogs were experienced at the end of the financial year. More than 450 000 amendments were made to companies for 2008/09. Although the public service strike had a negative impact on CIPRO's processes, provisions were made to prevent penalties being charged incorrectly. An overtime project was also commissioned to curtail the backlog that existed and was successful in bringing CIPRO back to its normal turnaround times.

Cooperatives

The decline in the actual number of newly registered cooperatives was due to the implementation of the new Cooperatives Act, coupled with the migration from the old registration system to a new system that had to be aligned to the new act. This new act was rolled out on 2 May 2007. The resultant backlogs in new registrations were, however, successfully eliminated during the latter half of the year. Many applications could not be registered, as they did not comply with the provisions of the new act. It was anticipated that a total of 120 cooperatives would be deregistered during the financial year. A total of 157 cooperatives were deregistered. These were mostly those cooperatives that had been registered during the homelands era and that were dormant.

Intellectual property

CIPRO remains committed to improving IP registration by researching international best practices for the advancement of South Africa's interests. To further these ends, CIPRO participated in a variety of IP-related forums such as the World Intellectual Property Organisation (WIPO). Additionally, a number of bilateral meetings were held with key IP offices. Expert advice and training were provided to registrars and other officials of the Caribbean territories. It is envisaged that accession to the Madrid Protocol will be possible during the 2008/09 financial period.

Client services

CIPRO maintained a strong focus on improving its products and services throughout the period under review so as to meet the growing demand for its client services, as can be

demonstrated by the fact that CIPRO filed approximately 450 000 applications to make them available for stakeholders' perusal. As fraud was previously prominent, fraud awareness campaigns were run to target both CIPRO's staff and its clients in order to decrease levels of fraud in the client interface units. Awareness information was posted on public walkways. Furthermore, communication to staff about whistle-blowing policies, as well as workshops held to address the concept of whistle-blowing, eased some myths in this area. These efforts proved to be very valuable. In broadening the footprint of CIPRO, several service level agreements were signed with most of CIPRO's identified partners. This will provide people in the rural areas easier with access to CIPRO's offerings.

Challenges

The following challenges facing CIPRO were identified during the year under review:

- Filling of essential posts and leadership development
- Inadequate ICT systems' control and performance
- Less than satisfactory stakeholder relationship management
- People transformation
- Improving CIPRO's database
- Improving corporate governance

In addressing these issues, CIPRO embraced a turnaround strategy for the medium term. A number of initiatives were launched to provide a stable organisation for effective service delivery, decentralised to all the provinces.

Filling of essential posts and leadership development

A new CIPRO executive team was appointed to realise the strategic objectives of the organisation and to expedite its turnaround. Appropriate and suitable management courses at accredited institutions have been identified to empower the middle management team more effectively in the future.

The following executive managers were appointed:

- Chief Operations Officer: Ms Melanie Barnard-Fryer
- Chief: Internal Audit: Ms Tintswalo Nkuna
- Chief Information Officer: Dr Michael Twum-Darko

Stabilisation of ICT systems

CIPRO has committed itself to a substantial investment in the creation of various best practices in respect of enterprise architecture (EA) and information and communication technology (ICT) where capability and capacity were lacking. This includes, but is not limited to, service support and service delivery management, information security and technology research and development. In conjunction with this, the current ICT operations are being enhanced, critical ICT issues are being addressed, systems are being maintained and ICT continuity is being ensured.

Other issues that have also been identified and addressed are the following:

- Reducing the business impact of incidents by timely resolution in service levels
- Providing updated, business-focused management information
- Improving the user and customer satisfaction index
- Establishing a disaster recovery failover site, ensuring ICT continuity for sustainable business information
- Improving monitoring and accurate service level agreement performance measurement
- Supporting change management processes
- Improving management information on all aspects of service quality and ensuring the alignment of ICT solutions in support of the business

Client relationship management

CIPRO has enhanced its communication channels via the liaison committees and are participating in Imbizos countrywide. Feedback is obtained and analysed on a continuous basis to ensure that CIPRO delivers on its promises. The implementation of a quality management system based on ISO 9001 was realised in the latter quarter of the year. This will ensure the implementation of a high measurable standard in all processes and procedures in CIPRO. It will also enable benchmarking against leading registration offices in the world, further enhancing the quality of service rendered to the end client.

People confirmation strategy

A people development strategy was introduced to improve the human capacity programme and to ensure talent acquisition and retention. This will also result in better customer service and satisfaction. In this regard, a number of projects and initiatives, inter alia, the Instilling a High-performance Culture Programme and the Talent and Skills Retention Programme, were introduced.

Improving CIPRO's information database

Annual returns for close corporations have now become compulsory. This procedure serves several purposes, including the following:

- Updating all company information on CIPRO's database
- Establishing whether a close corporation is still trading and, if not, deregistering it and removing it from the register of close corporations
- Providing more accurate information to stakeholders such as the police, the courts and business as a whole
- Generating an income for CIPRO via a prescribed fee for annual returns

A register of persons disqualified to act as directors of companies is now maintained in terms of section 218 of the Companies Act. In future, this will assist in identifying persons who act as directors of companies in contravention of the Companies Act.

Corporate governance

In compliance with corporate governance, audit and risk, a risk register was implemented for the entire organisation, which includes status reports for governance, forensics, internal audit and policy reviews.

Conclusion

The CIPRO management team would like to thank the Minister, Mandisi Mpahlwa, the Deputy Minister, Mr Rob Davies, the Deputy Minister, Ms Elizabeth Thabethe, the Director-General, Mr Tshediso Matona, the dti fraternity and CIPRO's executive, managers, all officials, associated organisations and clients for their effective support, sterling cooperation and diligence in this transformation period.

Mr Keith W Sendwe

Chief Executive Officer



Business

plan achievements

TABLE 2.1: Activities and output planning matrix

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
CIPRO SERVICES (OFFERINGS)				
CORE BUSINESS				
REGISTRATION: INTELLECTUAL PROPERTY				
Trademarks	Efficient administration of the process and volumes of trademarks	Trend in trademarks	Trend based on previous two years Q1: 7 500 Q2: 7 500 Q3: 7 500 Q4: 7 500	Q1: 4 868 Q2: 11 690 Q3: 7 980 Q4: 7 089
Patents	Efficient administration of the process and volumes of patents	Trend in patents	Trend based on previous two years Q1: 3 000 Q2: 3 000 Q3: 3 000 Q4: 3 000	Q1: 1 796 Q2: 3 152 Q3: 3 070 Q4: 2 812
Designs	Efficient administration of the process and volumes of designs	Trend in designs	Trend based on previous two years Q1: 500 Q2: 500 Q3: 500 Q4: 500	Q1: 405 Q2: 842 Q3: 494 Q4: 557
Copyright in films	Efficient administration of the process and volumes of applications	Trend in copyright	Q1: 25 Q2: 25 Q3: 25 Q4: 25	Q1: 11 Q2: 37 Q3: 42 Q4: 14

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
Copyright in collecting societies	Efficient administration of the process and volumes of applications	Trend in applications	System was introduced in June 2006 – no historic base	
REGISTRATION: COOPERATIVES, COMPANIES AND CLOSE CORPORATIONS				
New registration of cooperatives	All new applications registered as received	Growth and number of registered cooperatives Response time on registrations and amendments	Past volumes increase: 2005/06: 554%. Trend 2006/07 indicates 50% growth Volume for 2008/09: Q1: 2 000 Q2: 2 500 Q3: 1 500 Q4: 1 500	Q1: 1 076 registered under Cooperatives Act, 1981 Q2: 393 registered (1 220 applications were rejected due to non-compliance with new Cooperatives Act, 2005) Q3: 886 registered (520 were rejected) Q4: 1 036 registered (458 rejected) Q4: 143 registered by Decentralisation Unit (18 rejected)
Companies and close corporations Registrations Search Name reservation Objections Publication Amendments Deregistrations Restorations Conversions Foreign Local Special resolutions Share allotments Prospectuses and rights offers	Growing database of registered businesses and entities brought into the formal economy Companies Close corporations	Trend in number of entities registered and transactions processed compared to previous years Number of queries Response time on queries Time taken to effect registrations	Applications processed as received Reasonable turnaround times compared to the past Historic (2005/06): • 186 000 new close corporations (45% growth) • 44 500 new companies (32% growth) Projection (2006/07): • 225 000 new close corporations (21% growth) • 55 000 new companies (24% growth) Projection (2008/09): • 250 000 new close corporations (11% growth) • 65 000 new companies (18% growth)	Close corporations: New registrations: Q1: 54 142 Q2: 75 015 Q3: 59 839 Q4: 69 140 Amendments: Q1: 30 824 Q2: 48 640 Q3: 41 876 Q4: 41 412 Companies: New registrations: Q1: 8 041 Q2: 10 232 Q3: 8 328 Q4: 10 278 Amendments: Q1: 112 930 Q2: 117 137 Q3: 119 750 Q4: 109 335

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
LEGAL				
Registrations:				
Name reservations	Efficient administration of the growing database and process of name reservations	Turnaround times and volumes of name reservations	Based on volume trends over the past two years: Q1: 135 000 Q2: 145 000 Q3: 110 000 Q4: 145 000 Applications processed within 24 hours	Name reservation: Q1: 95 885 Q2: 132 528 Q3: 99 258 Q4: 140 540 Name objections: Q1: 182 Q2: 357 Q3: 246 Q4: 298 Q4 turnaround time for name reservations was 48 hours (two working days) and not 24 hours (one working day), as in the case of the previous quarters, due to the increased number of name reservations during Q4 and the long weekend
Annual returns:	Increased data integrity Self-sustainability			
Lodgement of annual returns for public companies	Administration of lodged volumes and associated cleansing of data and deregistration of inactive enterprises	Compliance levels and deregistration and distribution	Volume of lodgements: Q1: 1 000 Q2: 1 000 Q3: 1 000 Q4: 1 000 Volume of associated deregistration: Q1: 300 Q2: 300 Q3: 300 Q4: 300	Volume: Q1: 811 Q2: 1 081 Q3: 1 122 Q4: 911 Entered into deregistration process: Q1: 544 Q2: 436 Q3: 335 Q4: 263

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
Full update of annual returns for private companies	Finalise cleansing of CIPRO database records by deregistration of inactive entities Increased restoration of CIPRO records by active recapturing of information as corrected by annual returns upon lodgements	Compliance levels and deregistration and distribution Volumes of first-time lodgements vs repeat lodgement	Volume of lodgements: Q1: 40 000 Q2: 40 000 Q3: 40 000 Q4: 40 000 Volume of associated deregistration: Q1: none Q2: none Q3: none Q4: 1 000	Volume: Q1: 25 366 Q2: 49 775 Q3: 43 548 Q4: 36 423 Entered into deregistration process: Q1: 544 Q2: 436 Q3: 335 Q4: 263
Annual returns on cooperatives	Annual returns available for disclosure	Volume received within 180 days of end of cooperatives' financial year Validity of the register	Annual returns processed within three working days	Q1: 100 captured within two working days of receipt Q2: 48 captured within two working days of receipt Q3: 60 captured within two working days of receipt Q4: 25 captured within three working days of receipt
LEGAL ADVISORY SERVICES				
Drafting regulations and input to drafting legislation	Coordinating revision (upgrading) of CIPRO delegations	Updated delegations and delegations register	Q3 and Q4: to be finalised by 31 March 2008	Human capital delegations: Third revised draft in process of finalisation Finance delegations: Legal Division to assist CFO in submitting updated (amended) delegations through approval process in Q4/Q1 of new financial year Legislative delegations: It is foreseen that the creation of new corporate and IP delegations will proceed into and be finalised during 2008/09
	Coordinating revision (upgrading) of CIPRO policies	Updated delegations and policies register	Q3 and Q4: to be finalised by 31 March 2008	Annual revision of policies commenced in Q3. Finance policies to be signed off by CET during Q4 or Q1 of new financial year in order to update CIPRO policies register

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
	Annual revision of fees: Drafting amendments (if any) to the current corporate regulations and IP regulations regarding fees based on approvals by Treasury	Annual revision Amendments to the regulations	Q2: Annual revision and obtaining Treasury approval Q4: Amendments to legislation concerned	Finance Division coordinated revision of legislative fee Establishing method of reviewing fees took longer than expected Legal Division to cross-check proposed increased fees with current fees and the percentage increases applicable in preparation for a submission to National Treasury and publication for comment envisaged for 2008/09
FINANCE				
Financial Management:				
	Cash flow management	Effective and active cash management	Q1: Develop a cash management policy Cash balances maintained at lowest possible levels to enable operations	The draft policy is reviewed but not approved Cash is maintained at lowest levels Excess amount is transferred to the Reserve Bank: CPD account monthly
	Pay suppliers on time	Time taken to pay suppliers Number of complaints from suppliers in terms of payments	Pay suppliers within 30 days of receipt of invoice No complaints for late payments	Suppliers are paid within the required time frame, except those that are disputed Number of complaints has been reduced to less than five per month
	Ensure accurate payroll administration	Number and nature of payroll-related queries from staff	Accurate payroll administration throughout the year (queries minimal)	Payroll administration is 95% accurate CIPRO is currently busy addressing the Persal-Accpac interface All reconciliations completed and uncleared items resolved
	Develop, implement and maintain a system of internal control	Unqualified audit report Internal Audit findings	Q1: Evaluate internal control environment Develop action plan to address internal and external audit findings	Controls are reviewed on an ongoing basis The year-end action plan for 2008/09 has been finalised and is on target Management responses have been provided to all internal audit management letters Suggested controls were implemented

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
Management Accounting:				
	Coordinate the preparation of the budget	Accuracy of budget	Compile budget according to approved time frame	The 2008/09 budget has been approved by CIPRO within the required legislative time frame
	Monitor spending	Actual expenditure vs budgeted expenditure	No overspending	Budgeted vs actual expenditure is monitored continually Divisional expense reports are issued monthly from May 2007 Variance report is included in the management account A financial management forum to deal with the variances has been created and is functional
	Prepare monthly, quarterly and annual (ENE) reports for dti and National Treasury	Timeliness and accuracy of monthly, quarterly and annual reports	Availability of reports before the 15 th of each month Annual reports on time as per legal framework Quarterly reports on time	The dti, National Treasury and management reports are submitted on a monthly basis Quarterly reports are submitted Annual report
	Ensure revenue is complete and accurate	Audit queries	Unqualified audit report	Reconciliations and reports are done on a monthly basis to avoid unqualified report at year end Six-monthly financials completed Current audit observations are responded to and controls, where necessary, will be introduced in the next financial year
	Reduce unallocated income	Volume of unallocated income	Reduce unallocated amount by at least 25%	Unallocated receipts are being followed and relevant journals are prepared to show movements

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
Supply Chain Management:				
	Update supply chain management policy, delegations and procedures	Adoption and implementation of consistent legislative and policy framework Train line managers on supply chain management policy, delegations and procedures Update the supplier database	Q1: Policy finalised and implemented	Policies, regulations, practice notes have been implemented Training conducted Further training for new staff planned for next financial year Supplier database established and updated: ongoing process
	Provide procurement support to the organisation	Satisfied level of customers (internal – CIPRO)	Q1: Develop customer survey Q2 to Q4: Improve procurement process	Customer survey was done in Q2 through questionnaires JIT purchasing – fast-moving items commenced in June 2007
	Ensure that all vendors registered on the supplier database are valid suppliers and are registered for VAT	Validity of suppliers	All suppliers used are verified Updated supplier database by April 2007	Process of verification commenced in July 2007 Updated, new suppliers are registered on receiving database registration
	Provide support and ensure that the tender process is completed in the shortest possible time	Period between the initiation of the tender process and allocation of the tender	Q1: Training to all relevant managers to be processed within 60 days	Training was done in Q2 Most tenders are finalised within validity periods
	Ensure that inventory is safeguarded and accounted for	Variance between actual stock, the subledger and general ledger	Actual stock reconciled to subledger and general ledger Quarterly stocktaking	Reconciliations are done monthly Stocktaking is done every quarter; the latest stocktaking was done at year end
	Ensure that all assets are safeguarded and accounted for	Variance between actual assets, the subledger and general ledger	Actual reconciliation to subledger and general ledger Six-monthly asset verification	Reconciliations are done monthly The last asset verification was done in March 2008 All assets were verified through a physical verification process in order to ensure that all assets are accounted for This project was completed in March 2008

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
Safety, Security and Facilities:				
	Manage the physical security at CIPRO	Security addressed at OPBDC Security appraisal	Q1: Contractor appointed Q2: Appraisal report	Private security staff replaced: 5 July 2007 Report on security improvement measures completed Training and upgrading on security access control completed
		Security at dti campus	Q2: Report to improve security	Submitted to the dti for execution Implementation planned for completion in Q4 The execution of physical security measures for Block F still awaited Three multi-zone metal detectors were purchased for effective screening of persons accessing the premises The dti/EDC security rectification plan for the dti campus is still in progress and not completed as planned
	Occupational health and safety maintained	Formal appointment inspections	Quarterly inspections	Quarterly inspections were done Health and Safety Committee meeting scheduled for April 2008
	Contingency planning	Contingency plans in place Contingency training done	Continuous Ninety employees per quarter	Contingency plans are in place, but need to be aligned with Business Continuity Management Plan Q4: Training incomplete and scheduled to be ongoing Staff was subjected to briefing sessions, as training was not conducted as anticipated and approval was sought for a resource to fulfil this role and occupational health and safety

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
	Information security to MISS Policy	Information security audit and report implementation of security classifications	Q4: Complete audit Q1, Q2 Y3: Rollout	Audit was not finalised due to the lack of resources and the availability of NIA security advisor
	Personnel security	Awareness sessions Number of staff vetted	Awareness: 50 officials per quarter Vetting: 25 per quarter	Ongoing process Vetting of officials ongoing The process still ongoing as new staff are being subjected to the process
BUSINESS RELATIONS, MARKETING AND COMMUNICATION				
Management of customer complaints through all spheres	Improved quality of service Customer satisfaction surveys Regional coordination	Surveys conducted Improved client satisfaction indication Feedback used to improve service delivery	Q2 onward Q2, Q4: External independent survey Continuous coordination	Handling ad hoc complaints from the office of the CEO, Minister and DG Q4: Outstanding: CET and CMT brainstorm action plan and implementation of recommended improvements Request to CET and CMT with regard to action plan
Ensure the services and appearances of CIPRO Image is standardised and professional	Professional customer interface	Professional, aesthetic, attractive, smooth-flowing public interface	Q1 and Q4: Interface reviewed	Interface areas brightened up, neatened, professional look
	Signage/plasma screen requirements compiled and forwarded to facilities	Proper signage and plasma screens in place to educate clients	Q2 and Q4: Signage installed at head office	LCD/plasma screen process with ICT, problems with regard to moving CIPRO to new premises vs costs Various notice boards procured
	Customer Service Charter	Compliance to the turnaround times indicated in the charter	Q3: Charter in place	Charter in process
Customer education	Training of stakeholders, eg SEDA, Post Office and LIBSA	Participants' feedback received and evaluated	Q1 to Q2: Pilot project with SA Post Office in Eastern Cape Quarterly: Roving seminars	Observation and monitoring to see the extent of compliance with training or degree of deviation from the expected norm Educate people on CIPRO's services and offerings, especially cooperatives Create an awareness and training campaign on dti second economy Educate CIPRO partners on how to form/register different types of entities

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
Customer Contact Centre service improvement	Ensure that service level agreement is put in place, monitored and maintained	Signing of service level agreements Deviations from service level agreements and interventions	Q1: Service level agreement signed Monitoring continuous	Service level agreement signed on 23 February 2007
Internal communication:				
Internal magazine (LISO)	LISO	Feedback with letters to editor	Q4: LISO not distributed, time delay	LISO to be distributed at end of April 2008
E-communication	Informative e-mails, intranet, CIPRO website	Accurate dissemination and control of information	Q4: When needed to alert officials on a daily basis	Done continuously, notices via e-mail and on the web, as well as LCD screens from the dti Intranet not operational due to delays Internal monthly newsletter from CEO's desk
General staff meetings	Staff confidence in management Information dissemination and feedback	Clear understanding of requirements Staff feedback	Q4: staff meeting	Taking place weekly (Fridays) to fast-track project delivery and planning This is done on a specified format and placed on PMO drive Two-weekly activity log sheet for each unit to track activities and outcome dates related to responsible person
Events calendar	Increased flow of information in the organisation	Staff feedback	Q4: Update events calendar	Events calendar complete for 2008/09 Ad hoc events not on the calendar evaluated as per budget and need Dates from the dti to the people received up to August 2008

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
ADVOCACY AND COORDINATION				
CORE BUSINESS				
Participation in stakeholder forums with professional bodies	Address division-specific issues obtained from feedback	Feedback from stakeholders in forums	Continuous	Participated in EBi networking session Participated in Proudly SA CEO breakfast forums LIBSA ECDC SEDA SAPO
Build and maintain strategic partnerships and relationships with clients and stakeholders both international and national, eg EPO, WIPO, OHIM, JICA, ARIPO, NAFCO, BUSA, CHAMSA, SAPO, government departments, media, Banking Council, JSE	Sharing of workshops with partners Contribute to decision-making that impacts on the economy Provide regular information to paint a correct picture of CIPRO Client understanding and satisfaction Obtain important information from them that will assist CIPRO Use their outlets as possible distribution channels Become a reference model for SADC, NEPAD and other African countries Protection of IP rights across countries Attending international treaties	Membership, as well as strengthening partnership by signing service level agreements or memoranda of understanding with institutions Ranking in comparison to other similar offices Integrated schedules with JSE with prospectuses and timetable, in view of acts governing CIPRO's activities	Continuous maintenance of relationships Q1: Service level agreement with SEDA and LIBSA	Q3: WIPO assemblies (CIPRO represented at the annual assemblies by CEO, COO, Elena Zdravkova and Fleurette Coetzee) Proposed conference for all CEOs of African company registries Invitation to Mexico to visit CIPRO (postponed to February 2008) Permission to host ARIPO Council 2008 Mexican delegation visited CIPRO Attended ARIPO Council 2007 in Lesotho and tabled proposal to host 2008: permission granted Ms Charlotte: IP Registrar of Seychelles visited CIPRO CRF planning and preparation of submission to gain permission to host 2009 CRF in South Africa Peru Embassy: Trademark Communicate situation regarding the trademark: awaiting reply
Build relationships with dti and other COTII institutions	One-stop shop Elimination of duplication Ease of interaction Reducing clients' frustration	Changes in registration levels Alliances formalised	Continuous	Q3: Participating in Taking dti to the People campaign in which all COTTi's are participating in Mpumalanga and the Western Cape

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
Administration of active production filing	Production filing actively administered	Production filing administered according to the service level agreement	Continuous	<p>Filing and recordkeeping system in place due to Q3 admin PA</p> <p>Process doing well</p> <p>DPU backlog affecting file take-on for CC files</p> <p>Metrofile rolled out new system in January 2008, where CIPRO was not involved in any testing</p> <p>Problems noted and forwarded to Metrofile for addressing</p> <p>Training took place with authorised users</p> <p>January beginning of fourth year of tender</p> <p>Arbitration in third phase of completion, SLA still not signed off</p> <p>Overtime interfiling backlog in place</p> <p>Submissions underway to obtain a contract manager, quality assurors and resources to interfile company documentation</p> <p>ICT also assisting with file tracking process within CIPRO: business case to be developed</p>
LEGAL				
Cooperate with CCRD: input to corporate law reform	Law reform aligned with business realities of CIPRO	Feedback from stakeholders in forums	Continuous (CCRD is coordinating the corporate law reform process)	<p>Bill completed the public consultation and comment phase during April 2007</p> <p>Redrafted, taking into account all comments received</p> <p>Q2: NEDLAC report completed and entering into the updating of the bill phase</p>

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
FINANCE				
Internal stakeholders	Support function to all the business units in CIPRO	Effective advice and assistance	Continuous	Continuous support to all functions Provide advice and support Procure services and goods as per request Verify all reports for policy compliance and recommend to CEO
External stakeholders	Account for CIPRO's income and expenditure to the Auditor-General, National Treasury, Parliament, SCOPA and ultimately to the general public	Specific reporting done on time as required	Continuous	Monthly reporting to the dti and National Treasury done Third progress report submitted to SCOPA Financial statements for the 2006/07 financial year submitted to the Auditor-General for audit purposes Audit (unqualified) and annual report completed
Reporting to the dti	As a trading entity of the dti, CIPRO needs to report to the DG and Minister	Specific reporting done on time as required	Continuous	Report for April and May 2007 was done on 14 June 2007 due to the external audit process All other reporting requirements are adhered to
HUMAN CAPITAL				
Involve all divisions for inputs on human capital aspects	Shared inputs on problem identification and problem solution	Increased participation Regular management/supervisor meetings held	Quarterly employee communication sessions with CEO Improving the communication between line manager and reportees by ensuring regular staff meetings	Communication sessions held
Provide an organisational structure that aligns and supports the strategy	Successful implementation of the new structure Stabilisation of the organisation Increased capacity for improved service delivery	Discussions and consultation with unions and line managers Input from DPSA and approval from DG Identification and filling of key vacancies Job profiles completed Job evaluation completed Organisational structure approved Costing of organisational structure	Q1: Structure approved Q2: Key vacancies filled Q3: Ongoing filling of vacancies Q4: Ongoing filling of vacancies	Structure was approved in November 2007 Managers were reminded regarding the filling of vacant posts in order to meet the end of June deadline Staff movements (secondment) guidelines being finalised Human resources delegations for Human Resource Management completed

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
Leave administration and management	Reduced audited findings on leave administration and management	Auditor-General's reports Identification of key role-players (leave administrators in sections) Regular reports on leave utilisation	Ongoing Interventions per quarter	Strike days (overpayment) deducted Health Risk Committee appointed and meetings scheduled for evaluation of incapacity leave Draft strategy on leave of absence submitted to the CFO Health Risk Committee meetings scheduled for evaluation of incapacity leave Proposal from SP obtained for sick leave abuse (decision pending a time and attendance system) Daily statistics on attendance submitted to managers Daily reports still not submitted on time Time access control system unreliable for reconciliation with time and attendance register ICT to assist with new system
INFORMATION AND COMMUNICATION TECHNOLOGY				
Service management	Managed services support	Service support processes measured according to ITIL best practices	Ongoing	Columbus and Vantage were acquired The estimate at this stage is that the Columbus project will be finished by Q2 of 2008/09 Additional systems analyst/modellers are utilised to assist with the definition and implementation of CIPRO ICT support processes on Columbus and Vantage Additional hardware (four servers) were also acquired An outsourcing strategy has been drafted and the compilation of an RFQ is in process (Q1 of 2008)

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
	Managed services delivery Maintained solutions Supported solutions Administered systems Administered networks	Service delivery processes measured according to ITIL best practices Maintain ICT solutions according to service level agreement Functionally support ICT solutions according to service level agreement	Ongoing	The Autonomy K2 project (Verity search engine for name searches) was successfully implemented The website project to standardise and stabilise the technology was successfully implemented during January 2008 The design document of the annual returns was completed and distributed for approval The optimisation of the dispatch server module was successfully implemented
Systems development	Developed solutions maintained	ICT solution development according to business requirement specifications Testing	Ongoing	An operational change management forum (CCB) was established The following projects were identified and are in the planning and analysis phase: decentralisation, annual returns for CC, CM29 for fraud prevention, billing and commemorative certificates Work sessions to define a way forward with regard to future CIPRO solutions were conducted A way forward solution road map was compiled The back-scanning tender responses were evaluated
ICT trends analysis (R&D)	Available ICT patterns, best practices, guidelines and principles	Benchmarked results	Ongoing	Various routes to explore the quickest way to implement an ECM solution were investigated The tender route (SITA 398) will be used
Advisory services	Architecture, quality, risk, security, governance and ICT advice	Aligned and integrated architecture Process information solution technology	Ongoing	Columbus and Vantage modelling standards were defined and implemented This was accepted by the TQM division The Columbus contextual and conceptual models were approved

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
Infrastructure stabilisation	Sufficient capacity Active management	Amount of unplanned operational disruptions Systems downtime Availability of services and products	Q3 to Q4	The current printer and photocopier infrastructure does not support the business needs The current architecture does not support the growth of manpower and business that CIPRO currently handles An outsourcing strategy to mitigate these risks was drafted and the compilation of an RFQ is in process (Q1 of 2008) An interim lease agreement for the above risks is in the approval process
ICT portfolio management	Managed ICT portfolio	Attainment of strategic ICT goals	Ongoing	The 2008/09 ICT adjustment budget was reviewed and submitted for approval An ICT business plan for 2008/09 was reviewed with new CIO and submitted The biggest risk in the ICT environment is a shortage of skilled manpower to support the business needs
Implement a formal testing environment	Implement a formal testing environment	People, processes, infrastructure for environment in place	Q4	A formal testing environment for all CIPRO solutions (including IP solutions) was established that entails testing process documentation that was compiled and approved A server was configured for the testing environment and a version control tool (Plastic) was successfully implemented
Acquisition of various ICT software and hardware	All planned hardware and software implemented	Effective and efficient ICT infrastructure (software and hardware) acquired, installed and configured	Ongoing	MS enterprise agreement, Oracle and Informix licence and maintenance agreements were concluded A hundred new desktops were acquired, configured and are in the process of being deployed in CIPRO A further 30 laptops were acquired, awaiting delivery (expected on 18 April 2008)

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
STRATEGIC SUPPORT				
Manage TQM policies	Reviewed quality policy	Timely revision of policies Compliance with the policy review procedures	Q4: Updated policy	The quality policy statement will be amended once ISO certification has been extended to include all CIPRO functions and processes
	Reviewed policy on policy drafting in CIPRO	Timely revision of policies Compliance with the policy review procedures	Q4: Updated policy	Policy on policy drafting in CIPRO reviewed, presented to PRC, approved and communicated within CIPRO
Manage the programme management office	Expertise informal project management Administration of programme management office processes and project review processes Formalised projects	Project reporting	Continuous	Programme management office managed with expert consultants put in place as an interim measure until positions have been filled Central repository for all project documents put in place and maintained Microsoft Project 2007 training provided for future project managers Assistance provided with planning of various projects Administration of PRC done actively.
CORPORATE GOVERNANCE, AUDIT AND RISK				
Reduce risk and fraud	Reduce the risks, weaknesses, fraud and corruption	Business risk register maintained	Q2: Annual risk assessment report Q2: Input to and review of annual financial report	A round of workshops underway to get final product from all units The deadline date of end of March 2008 was not met Workshops carrying on well into April 2008
	Continuous feedback on how the risk is reduced or eliminated	Feedback meetings Reports	Quarterly meetings with Risk Committee Monthly register updated Quarterly status reports	This will be developed as per the above comment
	Recovery plan implemented for operational issues	Report on disaster recovery status at Risk Management Committee	Quarterly review	The simulation has been undertaken and the process is currently being finalised Disaster recovery processes to be tested

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
	Fraud or corruption register indicating all cases and status	Report on status of all reported cases, including forensic cases	Monthly and quarterly	Fraud and labour issues: 30 cases reported, of which 19 have been concluded Eleven cases pending
Internal audit	Ensure an unqualified report Reduction in weak controls and procedures	Follow-up audits on previous findings of Internal Audit Unit and Auditor-General	Quarterly audit reports Annual financial report	No staff employed as the two Deputy Director posts have disappeared from the CAR structure The following reports are in review stage: revenue, expenditure, supply chain management (procurement), PMO, inventory: year-end stocktake, inventory: special (cartridges and obsolete computers and printers) Currently being undertaken: senior managers' declarations of interest
	Internal audit plan	Approved internal audit plan	Quarterly Audit Committee meetings	Final audit plan finalised in the Audit Committee meeting held on 21 February 2008
Corporate governance	Full compliance to corporate governance	Fully complaint to adopted King II report for government entity purposes	Monthly review of compliance Quarterly review and reporting Annual financial report	This will be undertaken in conjunction with the risk management process
	Ensure that corporate governance is not a tick box approach, but rather a control on the application of systems and elimination of such weaknesses	Weaknesses identified	Monthly review of compliance Quarterly review and reporting Annual financial report	This has been reviewed under the internal audit process Weaknesses are still apparent The Financial Division has tightened a large number of areas and the environment is falling in line with the best practices
BUSINESS RELATIONS, MARKETING AND COMMUNICATION				
Media monitoring	Impact of articles and publications on CIPRO addressed	Number of publications dealt with	Continuous	Service provider has been appointed that provides comprehensive coverage
CIPRO website review	Redesign "look and feel" Update CIPRO website content Customer Service Charter available on the web	Accessibility User-friendliness Updated regularly	Q1: Redesign Continually keep up to date	Website has been updated and redesigned

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
PROJECTS				
DISQUALIFIED DIRECTORS' REGISTER (DDR)				
Disqualified Directors' Register	A searchable database of persons disqualified to be appointed or to act as directors in companies as per section 218 of the Companies Act	Rejection of CM29s from being processed due to disqualification	Q1: Test against CM29 registration process and link programme to line of business system Q1: Access to DDR for the public Q2: Marketing	Development and integration of system delayed due to limitations on development staff Launch for public disclosure in Q2 (September 2007) Maintenance facility launched in October 2007 Marketing completed in Q1
PREPARE TO ACCEDE TO INTERNATIONAL AGREEMENTS				
Madrid Protocol (different filing requirements, labelling and processes)	Madrid Protocol has been deferred to 2008/09 financial period to reduce backlog in searching	Reduction of trademark backlog (six months by December 2006) Amendment to legislation Preparation of systems and staff	Y1: Preparation for deposit Q1 Y2: Deposit of instrument	Still in process
Hague Agreement on Designs	Prepare the office to deal with the internal design applications filed through the office	Prepare administration instructions in terms of the legislation as amended by CCRD to accommodate the internal design application processing by the office	Q4: Dependent on legislative change via CCRD and volumes filed per year	Still in process
PAPER TO DIGITAL (ENTERPRISE ADMINISTRATION SYSTEM)				
Implement full e-lodgement capability	Data integrity and security enhanced Reduced chance for human error Reduction in processing steps E-services accessible through the web Reduction in incorrect information queried Reduction in number of intermediaries			The programme manager has been appointed and is in the process of defining the programme context
Implement common website	Common CIPRO website implemented	Platform that enable electronic business transactions via this website	Q4	Website has been implemented

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
Cooperatives system e-lodgement	Electronic lodgement of cooperatives	All functions done on electronic system Response times for registrations of new cooperatives	Q1: Basic system in place Q2: Full lodgement functionality	Q1: Phase one of ICT systems implemented
Lodgements of documents for close corporations and companies	Electronic lodgement of company and close corporation documents	Volumes of documents lodged electronically per type	Q2: High volume of close corporation documents Q3: Other close corporation and company documents	In progress according to plan
Develop and launch of final phase of annual return for close corporations	Increased data integrity Cleansing of CIPRO database records by deregistration of inactive entities Increased restoration of CIPRO records by active recapturing of information as corrected by annual returns upon lodgement	Uptake of annual returns Volumes of associated deregistrations	Q4: Start implementation	Pilot phase has been established Target to go live in September 2008
IP online filing	E-filing of IP forms for all domains	Growing registration of IP online users and applications by type System operational	Q1: Development and testing on e-lodgement Q2: TM1, P25, P2 and P8 and P1, P2, P8 and P7 and P1, P2 and P6 Q3: Integration to billing Q4: E-lodgements on copyright and designs to be developed and tested (dependent on IT-preparedness)	In progress according to plan
Electronic disclosure of information	Disclose documentation electronically	Scan all documents Implement digital signatures Disclose relevant documents electronically	Initiative to roll out with electronic improvement of IT	In progress
Electronic patent journal and e-patent database	Patent information electronically available	System in place Volume of usage and diversity of clients	Q1 to Q2: E-patent journal Y2 Q1: E-patent database in place	Investigating the patent scope system In process of submitting the business case for scanning the P7 and P8 forms with the financial aid of DST

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
Document management system (including automated workflow for paper disclosure centre)	Disclosure of information to clients faster and electronic Improved and controlled process flow System-enabled operational management	System in place Volume of usage and diversity of clients Systems reporting	Q4: Business case Y2: Implementation	Incorporated into CIPRO Transition Programme to kick off in 2008/09
Elimination of backlogs	Documents back on files Turnaround times normalised			
Elimination of interfiling backlog		Documents available on files for use internally and for clients	Q4: Backlog eliminated	Done
Elimination of trademark backlog		Turnaround time	Q4: Dependent on staffing and training)	Reduced markedly
Imaging of paper files	Integrate images into disclosure system Operating from images rather than paper	Imaging project for all domains in place Volume of documents imaged	Q2: Business case Q2 Y4: Imaging process	Incorporated into CIPRO Transition Programme to kick off in 2008/09
IMPLEMENT NEW COOPERATIVES ACT				
Training of Cooperatives Unit staff, Call Centre staff and Customer Care staff	Staff are knowledgeable about new Cooperatives Act, new forms and constitutions Clients are advised and assisted in terms of the new Cooperatives Act	Training completed	Q1	Training conducted as part of action plan: completed in July 2007 SEDA training was excluded from the project: will be done during future SEDA training as and when conducted by BRMC
Data-capturing of historic cooperatives information	Information is available to send letters to cooperatives and to answer enquiries from clients	Cooperatives' details are captured and available on computer	Q4	To be done as part of a new cooperatives' project yet to be registered and initiated (estimated at Q3)
Conversion of old registration numbers to new format	Communication with stakeholders and cooperatives about the implementation of the new Cooperatives Act	Volume of conversions Number of enquiries received about new registration numbers	Q1 to Q4: Systematically	Completed as part of action plan in July 2007 Certificates of disclosure are issued on demand for old cooperatives that were converted

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
Blanket exemption from annual financial statements Submission for newly registered cooperatives	Registrations are able to continue, even when a cooperative has not appointed an auditor	Decrease in non-compliance with Cooperatives Act	Q2 to Q4	To be done as part of a separate cooperatives' project yet to be defined and registered
Storage of cooperatives' files	Secure off-site space for files	File storage and space problems sorted out	Q2 to Q4: Review Metro-file tender or get new supplier	Finance and registrar cooperatives to determine storage need To be done as part of a separate cooperatives' project yet to be defined and registered
ORGANISATIONAL PERFORMANCE MANAGEMENT				
Management information system	Management information on hand to manage production and individual performance	Management information system in use	Q2: Companies reporting Y2 Q2: IP reporting in place	Quarterly reporting
Balanced Scorecard implementation	Organisational performance measured	Balanced Scorecard measures in place	Q2: Interim reporting Q4: Conceptualisation Q4 Y2: Implementation	Decided to move to governmental frameworks
DATA INTEGRITY				
Data Integrity Project	Improved reliability of information and credibility of the office Improved usability of information	Project progress Queries received	Q3 to Q4: Project planned Y2: Implementation in process Y3: Complete	Implementation still in process
IMPLEMENTATION OF STABILISED FINANCIAL ENVIRONMENT				
Supply chain management	Update, implement and monitoring of supply chain management policy, delegations and procedures	Adoption and implementation of consistent legislative and policy framework Train line managers on supply chain management policy, delegations and procedures Update the supplier database	Q1	Supply chain management policy and procedure manual developed and implemented Training was conducted for all line managers on the supply chain management policy and procedures Supplier database updated during May 2007
Financial systems	Implementation of financial management system	Implementation of ACCPAC	Q1: Phase 1 complete Q2: Phase 2	Phase 1 of the ACCPAC implementation completed Phase 2 implementation to commence in Q2 Phase 2 implementation: 80% completed

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
Revenue system	Provision of an integrated revenue billing system	Successful implementation of a revenue billing system	Q3: 100% implementation	
Budgetary implementation and coordination	Coordination of the implementation and training initiatives, as well as monitoring implementation of the budget	Roll-out of budget	Q1: Financial management training to all managers Q1 to Q4: Monthly management reports	Decentralised budget for the 2008/09 financial year developed Financial management training conducted for all senior staff A finance support forum established to monitor and manage budget implementation
Financial reporting	Monthly revenue and expenditure reports	Timely publishing of accurate reports	According to National Treasury time frames	Comply with National Treasury requirements
Space planning and relocation	Addressing current space planning requirements Consolidation of CIPRO functions into single facility	Staff needs addressed Sufficient space and ICT equipment available	Q1: Current space needs Q1: Project to commence Y2: Complete	Space analysis completed in Q1 and submitted to the dti Submitted request for approval to move to a new building that will accommodate the needs of CIPRO Department of Public Works invited to tender for accommodation for CIPRO and bids closed on 11 March 2008 Bids are currently being evaluated Additional accommodation was secured in Block E for the SS Division
HUMAN CAPITAL				
Align people performance to CIPRO strategy and maximise employees' contribution through competency development	Individual performance measured and linked to the organisational performance measures	Performance contracts Performance reviews Annual performance evaluation Performance rewards and corrective measures	Quarterly	CEO/CET pda drafts Work plans in process Four reviews completed Evaluation completed Projected rewards to be presented to CET PricewaterhouseCoopers has been appointed to assist CIPRO to instill a high-performance culture: a cultural gap analysis and change readiness assessment has been performed, based on one-on-one interviews CIPRO staff at all levels have been involved in workshops aimed at operationalising the eight CIPRO values Change agents were appointed, representing all levels in CIPRO

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
	Trained staff	Workplace skills plan submitted to PSETA Impact programmes to evaluate training	Q1 Quarterly	Workplace skills plan and annual training report submitted, quarterly training report drafted TO and PM in process to develop impact
	Trained ICT resources	Skilled ICT resources	Ongoing	Ongoing
Strategic management of human capital	Human capital established as a strategic partner	Customer Satisfaction Index (CSI)	Baseline to be developed in Q2 and quarterly monitoring and improvement after that	Baseline developed
		Implemented HR strategy aligned to CIPRO's strategic plan	Q1	Strategy revised
		Human capital strategic partnership model developed	Q1	Model in developing stage
		Service level agreements with business units implemented	Q2	Still to be discussed
Employee Wellness Programme	Managed employee health and wellbeing	Needs assessment on employee health and wellness	Q1	Wellness survey scheduled for Q1 of 2009 Kgothatso Health and Wellness launched Senior Aged Employee Programme on track
		Preventative programmes	Q1 to Q4	Oral health and organ donor awareness done
		Management reports	Quarterly	Feedback given to Senior Manager: Performance and Development
		Work-life balance programme	Q2 to Q4	Continuing
		Disability awareness	Q1 to Q2	CIPRO took part in Casual Day on the first Friday of September Staff were encouraged to make a donation of R10 at any participating welfare organisation, Absa outlet, Game or Dion for the official Casual Day sticker (proceeds benefit persons with various disabilities)

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
		Implementation of HIV/AIDS strategy	Q1	Epicentre appointed to facilitate VCT campaign Dates to be confirmed once HR budget is finalised (for the procurement of promotional items) Strategy session held with peer care counsellors Preparations underway for the commemoration of World AIDS Day This year CIPRO will be hosting the event in collaboration with the dti on 30 November
Maintain harmonious employee relations	Managed employee relations	Misconduct managed Grievances managed Incapacity managed Role-player consultation managed	Q1 to Q4	Proper consultation in place with labour on misconduct, investigations, reports Consultations in place to address and avert grievances Consultations in place (incapacity) Ongoing consultation for matter affecting role-players working towards clearly identified roles and responsibilities
Management of employee benefits	Administrative efficiency of employee benefits	Quarterly audits Unqualified HR report from the Office of the Auditor-General Structure implemented on PERSAL	Continuous	Temporary employee appointed until December 2007 for administration of time and attendance register (full-time employee to be appointed to fulfil this role) Serious backlog on reports not submitted on time Two terminations (retirement and resignation) One PILIR case referred to health risk manager Two transfers to CIPRO

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
ENTERPRISE ARCHITECTURE				
Implement enterprise architecture	Implemented ICT governance	ABC of governance implemented	Q1 to Q3	Governance policy has been approved and is in the process to be implemented
	Implemented enterprise architecture	Enterprise architecture method, framework, infrastructure established Baseline enterprise architecture developed	Q1 to Q3	The "as is" information artefacts were modelled with regard to the current infrastructure Represented CIPRO on the interoperability standards Established and implemented quality assurance control processes with regard to day-to-day operations, especially in the software, hardware and network infrastructure
	Implemented knowledge management capability	Knowledge management method and framework established Administer knowledge base according to service level agreement	Q2 Ongoing	Focused on the following activities: metamodels with regard to data and database management, strategic planning, network node model, solution architecture, committee structure model Reporting templates were defined
OBTAINING ISO 9001:2000 CERTIFICATION				
Introduce the total quality management concepts	Informed CIPRO staff	Feedback sessions for all staff	Q1: One feedback session Q2: One feedback session Q3: One feedback session Q4: One feedback session	Filming of quality management system orientation programme completed 310 staff members attended the quality management system orientation programme 29 managers attended ISO awareness training The remainder is scheduled for Q4 Quality management system concepts and updates communicated in CIPRO's LISO publication, face-to-face and e-mail notices
Effect changes to business processes	Amended processes	Compliance to change control procedures	Continuous	Compliance achieved

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
CIPRO quality management system project	Quality management system	Modelled business processes	Q1: Trademarks Q1: Patents + Design + Copyright Q1: Companies Q1: Close corporations Q1: Corporate Information Unit Q1: ISO Q1: Measurement	Milestones achieved according to project plan
		Published quality management system	Q1	Quality management system published
		Marketed quality management system	Q4	The quality management system launch is planned for the end of February 2008: all CIPRO staff and key role-players will be invited The management event will be outsourced, but coordinated by the BRMC Unit Media releases are planned in conjunction with the launch
		Quality management system plan to sustain system Quality teams in place	Q4	
Measure the performance of the quality management system	Internal audit	Compliance to ISO 9001 standards	Q3: One internal quality management system audit	Internal and third party audits conducted as planned
Obtain ISO 9001 certification	First-stage SABS audits conducted Final ISO 9001 certification audit conducted ISO 9001 certification	Compliance with ISO 9001 standards First-stage SABS audit records Final ISO 9001 certification audit records Corrective action records as clearance of audit findings ISO 9001 certification	Q3: First stage SABS audit Q3: Final ISO 9001 certification audit Q4: Clearance of audit findings Q4: ISO 9001 certification	Stage 1 SABS audit went smoothly, with minor corrections recommended The outcome of the final SABS (certification) audit was very positive No audit findings were raised and CIPRO is being recommended for certification Clearance of audit findings not necessary ISO certification is subject to approval of the SABS Approvals Board: this was completed in Q4
Project handover	Completed project Project handed over	Project report Project handover records	Q4: Project report Q4: Project handover	Project handed over

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
DISASTER RECOVERY				
Disaster recovery	Reduce backup window Reliable restore solution Data available as and when requested Improvement of the backup archiving solution Operational failover ICT site	Disaster recovery in place Failover ICT site tested	Q3 to Q4: Disaster recovery in place Q4: Failover tested	Tender for the appointment of a service provider completed and awarded The tender for the development of a Disaster Recovery and Business Continuity Plan was awarded to PWC The business impact analysis was completed The Business Continuity Management Strategy was completed Business continuity management simulation exercise was completed All phases of the Disaster Recovery Plan and business continuity management project was handed over by PWC and is in the process of being rolled out at CIPRO
BUSINESS RELATIONS, MARKETING AND COMMUNICATION				
Intranet establishment	Reviewed intranet that is actively used	Interactive intranet available Usage of intranet	Q1	Final stage of completion by IT outstanding and not activated yet as users default option BRMC to launch intranet and website after go-ahead from IT
Annual returns marketing and publicity	Participation and compliance Maximal effect on product Organisational awareness	Lodgement of close corporation annual returns Generation of income from close corporations Annual returns Compliance increase Volume changes		Process well on its way and advertising quotations complete, awaiting further inputs from Legal Division as to launch date
Print advertisements			Q2: Five major national newspapers	Q2: Three advertisements done for new pricing, DDR, branding in several magazines
Radio advertisements			Q3: Ten SABC radio stations	Continuing
Presentations			Q3	Q3: Ongoing

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
Radio interviews			Q4: Two per month	A weekly interview programme developed with community radio stations as part of CIPRO's offerings: this will run for a year, budget variance to be approved
Print interviews			Q4	Q3: Weekly interaction planned with identified media, process seems to fail as there is too much red tape to get approval
Roadshows	Participation and compliance Maximal effect on product Organisational awareness Cooperation by LED officials and provincial governments Increased use of CIPRO's offerings	Increase in the consumption of CIPRO's offerings Decrease in the number of clients coming to CIPRO (Pretoria) as people become aware of post offices Increase in the usage of e-lodgement	Join with department on roadshows: Two per month	Q3: Roadshows planned in the provinces with CIPRO's service level agreement agencies (LIBSA, RED Door, ECDC, etc) Awaiting strategic approval and budget approval Roadshows with dti currently being implemented
Exhibitions like Franchise Expo, BEE Exhibition, South African Fashion Week, NAFCOC Exhibition	Participation for maximal effect on product and organisational awareness	Marketing as and when required	Continuously on invitation	Q3: Exhibition and shows: NAFCOC (Durban), SAITEX (Gallagher Estate), SA Trade and Investment (Cape Town), Department of Foreign Affairs International Trade Fair, IP Law Enforcement Conference (Durban), North West Economic Expo
Brand awareness	Top-of-the-mind awareness of CIPRO brand by external clients, internal clients (staff and management) Increase staff and management pride in working for CIPRO Increase consumption of CIPRO's products and services	Media brand awareness campaign	Q1: Media campaigns to promote the CIPRO brand	Part of exhibitions and dti role-outs already completed Proactive campaigns in every province to take place as soon as strategic plan is approved in conjunction with service level agreement partners Billboard and community radio campaigns planned
Promotion of organisational direction, values, etc	Knowledge of CIPRO's vision and values by all staff and management	Printing and framing of CIPRO vision and values posters Production of pocket-sized fliers with CIPRO's vision and values	Q2: Production of posters and fliers	Produced and posters placed at strategic points Fliers printed and notice board up at client interface areas

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
Events	All internal and external events well organised and fruitful, eg year-end function, launches, Women's Day, Tourism Indaba	Report back, monitoring and evaluation of events		Year-end function Women's Day
World IP Day	Promote creativity in the country	World IP Day hosted	Q1: Organise International World IP Day in conjunction with IP, CCRD and dti marketing	Completed
Media briefing	Inform the media and public about the status of CIPRO	Media briefing held	Q2: Organise a media briefing session	Ongoing, media release done on annual report
SA Post Office partnership	Empower small and medium businesses with information and business management skills	Launch of CIPRO-SA Post Office partnership	Q2: Launch the CIPRO-SA Post Office partnership in conjunction with core business, SAPO and dti marketing	Decentralisation process on course, handled by Wynand Swart
Parliamentary outreach	Provide an opportunity to clean database	Directors confirmed or deleted according to correct documentation	Q1	Completed by Training Section
Publications:				
Annual reports	Report on the financial and performance status of the organisation	Publication and distribution of reports on time	Q1: Compile, print annual report Q2: Dispatch to Parliament, National Treasury, dti and the Auditor-General Q3: Dispatch to all other stakeholders	Completed, press release done Copies sent to CIPRO CET, CMT, DG, SARS, Auditor-General, and National Treasury: rest to be distributed as per approved list
Information brochures	Participation for maximal effect on product and organisational awareness	Increased awareness of CIPRO's offerings Increased consumption of CIPRO's products and services Increased usage of e-lodgement, post offices and IP online	Q1: Translate and print CIPRO brochures in six official languages (English, Afrikaans, Zulu, Sotho, Venda and Tsonga) and distribute to the respective provinces	Completed in English Reprint already in process to fill up stock Translation in Zulu, Xhosa, Sotho as part of the decentralisation process done and in the process of proofreading A4 and A0 frames for posters installed to be used for communication to public at the Customer Interface Section

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
DECENTRALISATION				
Decentralisation of CIPRO offerings	Achieve geographic presence Accessible registration for all			Ongoing Decentralisation project with SA Post Office
Decentralised ICT infrastructure	Decentralised ICT infrastructure in support of office decentralisation	ICT enablement according to business requirement specifications	Q1: ongoing	Ongoing Decentralisation project with SA Post Office
Roll-out	Regional offices in Limpopo, Gauteng, KwaZulu-Natal and Cape Town 32 SEDA offices KwaZulu-Natal Post Office pilot Eastern Cape cooperatives lodgement point LIBSA	Established offices	Q4: Preparation for regional roll-out Q1 to Q4: Systematic roll-out of other pilot options listed Continuous monitoring of pilots	CIPRO and service level agreement partners and SA Post Office roll-out ongoing and handled by the Decentralisation Unit
	Prepilot project Limpopo	Regional manager in place at LIBSA	Q1	Roll-out took place
	Full national roll-out	Full presence	Q3 to Y2	Continuing

ACTIVITY	TARGETED OUTPUTS	PERFORMANCE INDICATORS	QUARTERLY MILESTONES/TARGETS	ACTUAL AND COMMENT
MULTIYEAR PROJECTS/YEAR PROJECTS				
Employee of Choice Strategy: establishing CIPRO as the best government department to work for	Implemented Employee of Choice Strategy	Approved Employee of Choice Strategy Internal climate survey reports External climate survey reports (Deloitte) High-performance culture implementation plan Approved retention strategy Employment equity plan submitted to Department of Labour Succession plan: implemented mentoring programme	Y1 to Y3	Review of Employee of Choice Strategy completed Deloitte survey on best company to work for completed PricewaterhouseCoopers appointed to assist CIPRO to instill a high-performance culture Change agents have been appointed, representing all levels in CIPRO A talent and skills retention programme has been launched
Cooperate with CCRD on establishment of public entity	Legislative framework developed Project for migration planned and in implementation	Project progress and approvals	Y1: Participation in project team, legislative changes Y2: Systems changes	Discussions revived with future meetings Bill updated and finalised: awaiting Cabinet availability for presentation
Investigation of a unified business application for CIPRO's environment	Old applications to be web-enabled (eg e-services) Decision on IP and companies system direction taken	Web usage of different systems aspects Strategy worked out for new system	Y2: New system strategy Y3 to Y4: Implementation	Due to complexity, still in planning phase
Analyse database and develop information packages	Alternative revenue stream Information packages for sale	Value of information sold Increase in sales	Y2 onwards: Dependent on data integrity	Data packages still in development phase



2007/133643/23

EMERALD FIRE TRADING
2007/133643/23
COMPANIES AND INTELLECTUAL
PROPERTY REGISTRATION OFFICE
EMERALD FIRE TRADING
326
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EMERALD FIRE TRADING
2007/133991/23
COMPANIES AND INTELLECTUAL
PROPERTY REGISTRATION OFFICE
BIG TACKLE TRADING 2
2007/133991/23
COMPANIES AND INTELLECTUAL
PROPERTY REGISTRATION OFFICE
BIG TACKLE TRADING 1
2007/133991/23
BIG TACKLE TRADING 1
2007/133991/23

Annual financial statements

for the year ended 31 March 2008

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PO Box 429
Pretoria
0001

Accounting Officer's responsibility for the annual financial statements for the year ended 31 March 2008

The financial statements for the 2007/08 financial year are prepared in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP) and incorporate disclosure in line with the accounting philosophy of the entity and the requirements of the Public Finance Management Act, 1999 (Act No 1 of 1999). The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting officer is responsible for the preparation and integrity of the financial statements and related information included in the annual report. In order for the accounting officer to discharge these responsibilities, as well as those bestowed on him in terms of the Public Finance Management Act and other applicable legislation, he has developed, and maintains, a system of internal controls.

The internal controls include a risk-based system approach of internal accounting 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 includes a regular review of their operations by the accounting officer and independent oversight by an audit committee.

The Auditor-General, as external auditor, is responsible for reporting on the financial statements. The accounting officer approved and signed the annual financial statements for the year ended **31 March 2008, as set out on pages to**

Mr T Matona

Director-General (Accounting Officer: CIPRO)

Report of the Accounting Officer

Sound financial management principles and proper financial controls were introduced at CIPRO, with the objective to ensure that all the issues raised by the Auditor-General are addressed. This was in response to the weak internal control environment as reported by the Auditor-General in 2005/06, which resulted in policies and procedures being either non-existent or not strictly followed or enforced.

A vigorous management intervention programme was put in place to achieve this objective. The result of these management interventions is that CIPRO received an unqualified report from the Auditor-General for the 2006/07 financial year. For the 2007/08 financial year controls were reviewed and improved as part of the ongoing management intervention to ensure sound financial management.

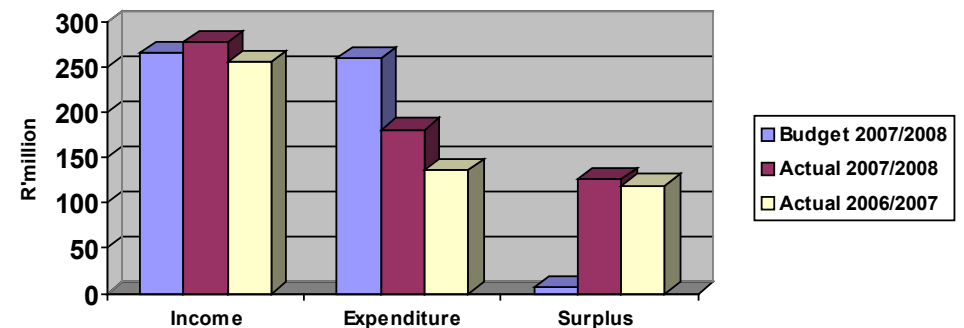
However, many challenges still remain and in order to attend to these issues, CIPRO has developed strategies that will address the findings of the Auditor-General. The main objectives that will receive further priority in the 2008/09 financial year are as follows:

- Structural review and filling of vacancies with the right people with the right skills (the positions of CEO, CFO and CIO already filled)
- Performance management, both individual and organisational, implemented
- Implementation of improved internal controls and corporate governance
- Review and improvement of ICT infrastructure, stability and bandwidth
- Implementation of electronic initiatives to improve access for clients
- Implementation of a quality management system with ISO 9001:2000 certification
- Establishment of a customer service culture with specific initiatives
- Preparation for decentralisation of specific functions to ensure availability and accessibility of certain services nationally
- Implementation of skills development programmes
- Business continuity (disaster recovery)
- Elimination of backlogs and improvement of turnaround times

Review of operating results

The budget reflected in the report relates to the adjusted budget for the 2007/08 financial year. The Medium-term Revenue and Expenditure Framework (MTREF) for 2007/08 was prepared within the context of CIPRO's strategy, and taking into consideration the changing economic environment. Strengthening the link between policy priorities and expenditure is at the core of medium-term budgeting. The 2007/08 adjusted budget contains over- and under-expenditure, as well as the transfer of funds during the financial year. A graphic presentation of the total operation results is shown in the graph below:

Operating Results 2007/08



The overall operating results for the year ending 31 March 2008 are as follows:

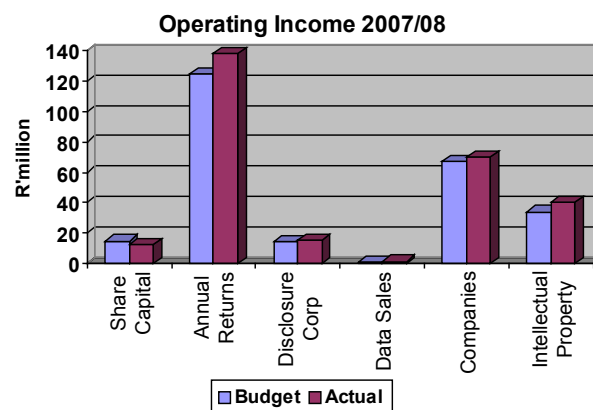
TABLE 3.1: Overall operating results

Description	Adjusted budget 2007/08	Actual 2007/08	Variance actual/adjusted budget	Actual 2006/07
	R'million	R'million	R'million	R'million
Income				
Operating income	256,6	277,7	21,1	236,5
Other	0	0,3	0,3	6,1
Interest	9,8	30,0	20,2	13,3
TOTAL	266,4	308,0	41,6	255,9
Expenditure				
Operating expenditure	260,5	181,6	(78,9)	136,0
Closing surplus	5,9	126,4	120,5	119,9
TOTAL	266,4	308,0	41,6	255,9

The actual operating income for CIPRO increased by 17,4% from 2006/07. This can, inter alia, be attributed to the stricter control of annual return fee collection. The actual expenditure for the same period increased by 33,5%. All indications are that income from business operations will still grow, but probably not at the same intensity.

Income:

The following graph indicates the breakdown per income source:



Analysis of operating income (excluding other income, such as interest received):

Table 3.2: Analysis of operating income

Income	Budget 2007/08 R'million	Actual 2007/08 R'million	Variance / Budget		Actual 2006/07 R'million
			2007/08 R'million	%	
Share capital	14,7	12,6	(2,1)	(14,3)	10,5
Annual returns	125,1	138,2	13,1	10,5	120,5
Corporate information	14,1	15,4	1,3	9,2	13,0
Data sales	1,1	1,3	0,2	18,2	1,1
Companies and close corporations	67,3	69,9	2,6	3,9	65,1
Intellectual property	34,3	40,3	6,0	17,5	26,3
Total	256,6	277,7	21,1	8,2	236,5

The actual share capital income is substantially lower (14,3%) than the 2007/08 budget of R14,7 million, which highlights the uncertain nature of this source of income. It is difficult to estimate the income for the financial year and a conservative approach was followed when determining the budget for this item. Intellectual property and annual return income exceeded the budget for the 2007/08 financial year by R6,0 million (17,5%) and R13,1 million (10,5%) respectively. It is expected that the future income from this source will see a steady growth as annual returns for close corporations will be introduced in the 2008/09 financial year. The growth in income also reflects the positive response from business to the stricter collection measures introduced by CIPRO.

Expenditure:

The graph below indicates the breakdown per main expenditure group.

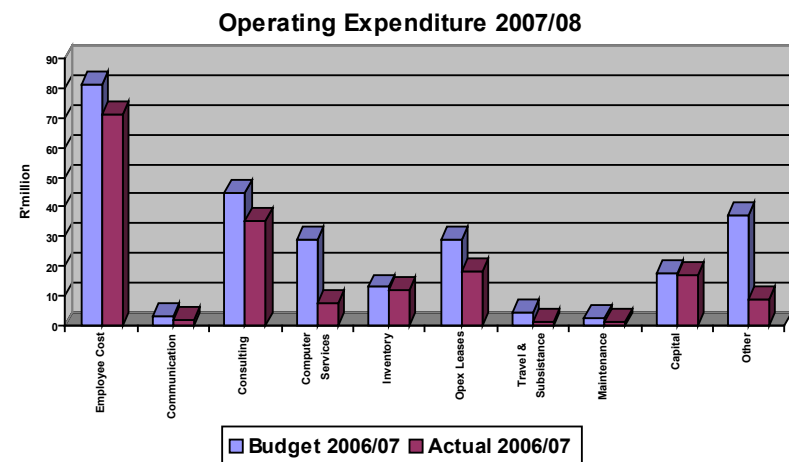


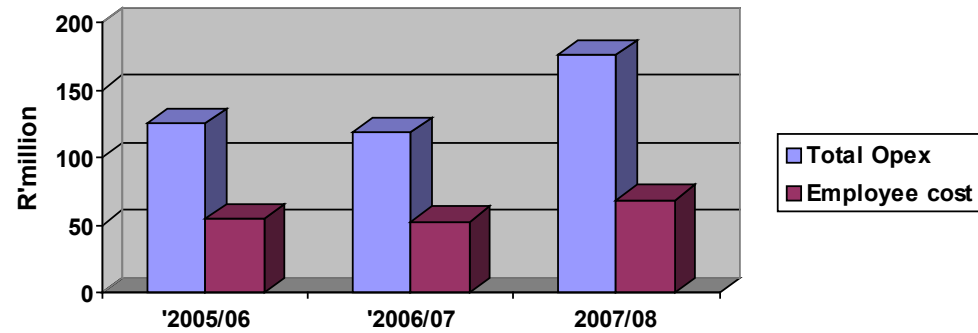
TABLE 3.3: Analysis of operating expenditure

Expenditure	Budget 2007/08 R'million	Actual 2007/08 R'million	Variance		Actual 2006/07 R'million
			2007/08 R'million	%	
Employee cost	81,6	71,1	10,5	12,9	54,6
Communication cost	3,0	1,9	1,1	36,7	3,2
Consulting	44,8	35,3	9,5	21,2	13,6
Depreciation	0	7,0	(7,0)	-	7,1
Operating expenditure – leases	28,7	17,9	10,8	37,6	16,1
Travel and subsistence	4,0	3,1	0,9	22,5	1,5
Computer services	29,0	7,1	21,9	75,5	7,4
Inventory	12,7	12,0	0,7	5,5	8,3
Maintenance	2,2	1,1	1,1	50,0	1,9
Capital (small office equipment)	17,3	16,7	0,6	3,5	5,3
Other operating expenditure	37,2	8,4	28,8	77,4	14,7
TOTAL	260,5	181,6	78,9	30,3	133,7

In order to improve service delivery to clients, urgent system improvement initiatives to the amount of R108 million was included in the 2007/08 budget of CIPRO. However, the actual performance against these budget allocations did not meet expectations, due to the following:

- Back Scanning Project – CIPRO is currently exposed to a major risk, as all its documents are stored in paper format with no electronic backup. A tender was issued during the 2007/08 financial year through SITA to procure the services of a service provider to scan all relevant documents. It was anticipated to spend 30% (R36 million) of the Back Scanning Project budget of R120 million during the 2007/08 financial year. Due to delays by the SITA tender and procurement process in awarding the tender to a successful vendor, the allocation was not used. The tender adjudication is currently in process and implementation will commence in the 2008/09 financial year. Initial indications are that the total project cost will amount to R220 million. A project sponsor and programme manager has been allocated to this initiative. The project is prioritised to mitigate the risk of mission-critical documents that are not secure.
- Stabilising of information technology systems – Various initiatives were planned that include the procurement of new IT programs and support systems. However, due to the fact that the CIO was only appointed from January 2008 and that the new ICT architecture had to be vetted by him, some of the funds will only be expensed in the 2008/09 financial year.
- Other under-expenditure related to the non-filling of vacancies - some positions on the organisational structure was only approved at the end of November 2007. In this regard, an amount of R23 million was included in the 2007/08 budget for the filling of new urgently required positions.

Actual: Total Opex vs Employee Cost



From the graph it is clear that employee cost is the largest expense group and reflects the nature of the business of CIPRO, namely that of a service organisation. It will also be noted that the actual total expenditure for the 2007/08 financial year is 33,5 % higher than the expenditure for the 2006/07 financial year. The actual expenditure is, however, substantially less than the 2007/08 budget and can be attributed to the level of vacancies.

Retained earnings and provisions

Detailed particulars of the funds, reserves and provisions are stated in the financial statements and Note 10 in the Notes to the Financial Statements.

TABLE 3.4: Details of retained earnings and provisions

Description	2007/08 R'million	2006/07 R'million
Retained earnings	333,2	206,7
Provision for accumulated leave	5,1	3,9
Provision for service bonus	2,0	1,6
Provision for merit awards	1,2	1,0
Provision for legal costs	0,18	0,04

Retained earnings increased by 61,2% during 2007/08 and will be used to fund special capital projects to the value of R350 million that have been approved for implementation in the next three financial years, starting in the 2007/08 financial year. These projects relate to the upgrading of IT infrastructure, the implementation of a new IT architecture, decentralisation of specific CIPRO offerings and the introduction of e-services. All other provisions are set aside in accordance with statutory guidelines.

Debtors

Trade debtors

The business model of CIPRO is based on a deposit system for customers transacting with the organisation. This means that customers must first deposit money into the bank account of the organisation before any transaction can be processed. Any transaction with CIPRO by the customer is billed against the customer's account. CIPRO is currently in the process of developing a business case to improve the current income system in order to eliminate the identified weaknesses and to provide management reports for financial management purposes.

Patent Cooperation Treaty (PCT) debtors

Included in trade and other receivables is an amount of R48 612 in respect of PCT debtors that arose from international patent applications under the PCT system, which includes transmittal fees, fees for priority documents, basic fees and search fees that are payable one month from the date of receipt of the international application by CIPRO.

Staff debtors

Staff debtors relate primarily to recoveries of private telephone expenses from staff members according to a policy adopted by management. The total outstanding staff debtors related to private telephone expenditure as at 31 March 2008 amounts to R54 701. Other staff debtors relate to the repayment of bursaries and other advances, and amount to R116 528.

Audit Committee

The function of the Audit Committee, which was established on 29 October 2002, is to identify risk areas, evaluate internal controls and monitor the implementation of corrective measures. In the 2007/08 financial year, the Audit Committee met on the following dates:

- 17 May 2007
- 18 July 2007
- 19 November 2007
- 20 February 2008

The composition of the Audit Committee for the financial year ending 31 March 2008 was as follows:

- Mr AC Coombe – Chairperson – Independent
- Mr L Yanta – Member – Independent

- Mr D Braithwaite – Member – Independent
- Mr T Matona – Director-General: the dti
- Mr KW Sendwe – Chief Executive Officer: CIPRO

Risk management

On 12 September 2006 CIPRO re-established its Risk Management Committee in terms of sections 38 and 51 of the Public Finance Management Act (PFMA Act), and National Treasury Regulations, section 3.2 (risk management strategy), and compiled a corporate risk management register.

The composition of the Risk Management Committee for the financial year ending 31 March 2008 was as follows:

- Mr L Yanta – Chairperson – Independent
- Mr KW Sendwe – Chief Executive Officer: CIPRO
- Mr R de Lorenzo – Acting Head: Compliance, Audit and Risk
- Mr R du Toit – Chief Financial Officer
- Mr D Marumo – Acting Chief Operating Officer

The purpose of the Risk Management Committee is to review corporate risk management and control processes and to monitor the following key strategic risks identified:

- Outdated IT architecture and data integrity
- Embedded vendors and critical outsourced services
- Wasteful and inefficient expenditure, fraud, theft and corruption
- Poor performance and organisational inefficiency
- Organisational staff capacity, capability, knowledge retention and culture
- Completeness of income and fee levels
- Legal and regulatory compliance
- Customer/client service and stakeholder integration
- Business continuity and security
- Corporate image and reputation
- BEE procurement targets
- Corporate social responsibility and environment

In the 2007/08 financial year, the Risk Management Committee met on the following dates:

- 16 May 2007
- 19 February 2008

Asset management

For the past three (3) financial years, ie 2004/05, 2005/06 and 2006/07, the Fixed Assets Register was not properly updated with additions of new assets, donations of redundant and obsolete assets, disposal of damaged and unserviceable assets, losses of assets during a specific financial year, internal transfers of assets from one location (workstation) to another and assets sent for repairs and replaced with new assets.

In order to update the asset register as required in terms of IAS 16, an asset verification and useful life exercise was conducted at the end of the financial year 2007/08. The outcome of the exercise was as follows:

- A number of assets could not be verified, were found to be damaged and were reported as lost in terms of the approved asset management policy. These assets were written off and a net book value adjustment of R144 105,28 was done in the 2007/08 financial statements.
- Management also evaluated the outcome of the useful life analysis and the possible impact on the financial statements. Based on the assessment, it was found that the carrying amount of existing fixed assets did not materially differ from its recoverable amount. Therefore, no adjustment was deemed necessary. CIPRO is also currently in the process of replacing all old IT equipment.

Substantial changes since balance sheet date

2007/08 budget: Fiscal policy and budget framework

The MTREF for 2008/09 was prepared within the context of CIPRO's strategy and taking into consideration the changing economic environment. Strengthening the link between policy priorities and expenditure is at the core of medium-term budgeting.

Strategic objectives

CIPRO's broad strategy is to mould the organisation over the next five years into a world-class entity that provides an effective and enabling legal and administrative framework for enterprises and intellectual property in support of national growth objectives and stakeholder expectations.

To achieve this, the main strategic thrusts are to:

- increase South Africa's future competitiveness and growth objectives through phased restructuring and institutional transformation that focus on skills, technology, infrastructure and organisational efficiency and effectiveness;
- modernise service delivery through the implementation of web-based, easily accessible and well-supported electronic initiatives;
- establish a decentralised geographic presence within South Africa with service delivery on the doorstep of every economic citizen;
- reduce the administrative burden on business through integration and cooperation between government entities and business; and
- change the organisation's income base and contribute to business growth and competitiveness by providing value-adding services and information to its stakeholders.

The total funds required over the next three years to fund the prioritised programmes and initiatives amount to R364,3 million. The difference between the amount required and the total retained earning of R333,2 million will be funded from the annual operating budget, limited to affordability. Any additional operating budget requirements for these initiatives will have to be funded from the relevant divisional budget through a process of reprioritisation of existing budget allocations.

Future fee structure approach

Building on the achievements so far, CIPRO is committed to an integrated planning approach providing adequate links between policy development, planning and budgeting, which CIPRO regard as essential to the sustainable development of the organisation. This approach is expressed in the corporate strategic plan that represents a mid- to long-term perspective. The annual business plan, including a budget derived from the corporate strategic plan, provides the organisation with a well-developed management tool that supports it in developing a modern management culture.

In order to achieve the aforesaid, CIPRO will have to generate sufficient and sustainable revenue, and the approach below to develop a fee structure is presented.

CIPRO is aware that the fee structure and policy significantly influences its relationship with clients and other central stakeholders. CIPRO therefore aims at charging transparent and fair tariffs for accurate information and high-quality services.

The fee structure and policy have to be in line with two central objectives:

- Fees collected for services provided by CIPRO needs to support national economic growth objectives.
- Fees paid by clients have to be clear, transparent, fair and appropriate.

Over the next medium-term budget framework the fee structure will be revised to support the following principles:

- The fees charged should be affordable and support economic growth objectives.
- Fees for the registration of companies, close corporations and cooperatives are to be phased out as annual returns are introduced.
- Annual returns should form the basis of generating sufficient revenue to sustain service delivery.

- Fee structure for companies, close corporations and cooperatives should be restructured to only accommodate fees for ad hoc service requests such as enquiries, amendments etc.
- Intellectual property fees should be reviewed to reflect the actual cost of rendering specific services and to align to international standards.

These principles will have the following benefits for the organisation and its stakeholders:

- The fee structure will be simplified.
- Revenue systems, processes and controls will be simplified, reducing possible irregularities.
- Certainty in terms of annuity revenue will be created for CIPRO. This will assist in planning and budgeting.
- National economic objectives will be supported, as the start-up costs relating to the establishment of businesses will be more affordable.

Service level agreements (SLAs)

As part of its service delivery strategy, CIPRO entered into the following SLAs for periods longer than 12 months with external service providers and other departments/governmental organisations:

TABLE 3.5 List of service providers

Name of service provider	Period of SLA	Scope (purpose)
Metrofile	1 January 2005 to 31 December 2009	Provision of a storage facility. The physical function of filing and storage of files
Limpopo Business Support Agency (LIBSA)	9 April 2008 until terminated by either party, giving 30 days' written notice	Participation in the CIPRO decentralisation programme to effect accessibility and availability of CIPRO's products and services to the public
Eastern Cape Development Corporation	6 July 2007 until terminated by either party, giving 30 days' written notice	
Department of Economic Development and Tourism	15 April 2008 until terminated by either party, giving 30 days' written notice	
Durban Chamber of Commerce	28 January 2008 until terminated by either party, giving 30 days' written notice	
Trade and Investment KwaZulu-Natal	4 February 2008 until terminated by either party, giving 30 days' written notice	

Gauteng Enterprise Propeller	12 February 2008 until terminated by either party, giving 30 days' written notice	
South African Post Office	15 February 2008 to 14 February 2010 (2 years)	Improving accessibility of CIPRO's products and services to the public
Garylinc Biz Technology	1 May 2007 to 31 October 2008	E-recruitment services
Deloitte	2007 – 2009 (three years)	Participation by CIPRO in "Best Company to Work for" Survey – done annually by Deloitte
Customer Contact Centre of the Department of Trade and Industry (CCC)	1 January 2007 until either party terminates such SLA	Stipulation of service levels in order for CCC to provide a reliable and stable customer interface when customers contact the dti
Shared Information Communication Technology Services	9 March 2007 until either party terminates such SLA	Stipulation of service levels for the delivery of specific information and communication technology services to CIPRO
The Department of Trade and Industry (dti)	1 April 2006 to 31 March 2008 (2 years)	Agreement defined the mandate from the dti to CIPRO in respect of corporate governance issues as outlined in the PFMA, as well as the roles and responsibilities of both parties in this respect

Mr T Matona

Director-General (Accounting Officer: CIPRO)

Date:

Report of the Audit Committee...

insert here...

Report of the Auditor-General to Parliament

on the financial statements and performance information
of CIPRO for the year ended 31 March 2008

Report on the financial statements

Introduction

1. I have audited the accompanying financial statements of the Companies and Intellectual Property Registration Office (CIPRO) which comprise the balance sheet as at 31 March 2008, income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages [xx] to [xx].

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and in the manner required by the Public Finance Management Act, 1999 (Act No 1 of 1999) (PFMA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No 31057 of 15 May 2008. Those standards require that I comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

8. In my opinion the financial statements present fairly, in all material respects, the financial position of the Companies and Intellectual Property Registration Office as at 31 March 2008 and its financial performance and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and in the manner required by the PFMA.

Emphasis of matter

Without qualifying my audit opinion, I draw attention to the following matter:

Highlighting critically important matters presented or disclosed in the financial statements

Irregular and fruitless and wasteful expenditure

9. In note 2.1.2 of the annual financial statements, CIPRO has disclosed irregular expenditure of R2 471 366 and fruitless and wasteful expenditure of R74 608.

Other matters

Without qualifying my audit opinion, I draw attention to the following matters that relates to my responsibilities in the audit of the financial statements:

Matters of governance

10. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

TABLE 3.6: Matters of governance

Matters of governance	Yes	No
Audit committee		
The trading entity had an audit committee in operation throughout the financial year.	x	
The audit committee operated in accordance with approved, written terms of reference.	x	
The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10.	x	
Internal audit		
The trading entity had an internal audit function in operation throughout the financial year.	x	
The internal audit function operates in terms of an approved internal audit plan.	x	
The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2.	x	
Other matters of governance		
The annual financial statements were submitted for audit as per the legislated deadlines (section 40 of the PFMA).	x	
The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		x
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	x	
The prior year's external audit recommendations have been substantially implemented.	x	
SCOPA resolutions have been substantially implemented.	x	

Other reporting responsibilities

Report on performance information

11. I have reviewed the performance information as set out on pages xx to xx.

Responsibility of the accounting officer for the performance information

12. The accounting officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the trading entity.

Responsibility of the Auditor-General

13. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No 31057 of 15 May 2008.

14. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

15. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings (performance information)

Non-compliance with regulatory requirements

Content of strategic plan

16. The strategic plan of CIPRO did not include the measurable objectives, expected outcomes, programme outputs, indicators (measures) and targets of the entity's activities as required by Treasury Regulation 5.2.3(d).

Other reports

17. Investigations

- 17.1 A forensic investigation was conducted by an independent consulting firm on request of the entity. The investigation was initiated based on allegations that quotations are being submitted by similar entities and/or entities owned by the same individuals and that quotations may have been generated by the entity's supply chain staff. The investigation resulted in various recommendations being made by the forensic investigators for the entity to consider and implement.
- 17.2 A special investigation was also conducted by the internal auditors on request of the entity. The investigation was on controls relating to monitoring of compliance and performance for various contracts. The investigation was still ongoing at the reporting date.

Appreciation

18. The assistance rendered by the staff of CIPRO during the audit is sincerely appreciated.

Auditor-General

Pretoria
31 July 2008





Balance Sheet

as at 31 March 2008

		2008	2007
		R	R
Assets			
Non-current assets		18 959 343	9 457 875
Property, plant and equipment	3	10 830 547	8 759 660
Intangible assets	4	8 128 796	698 215
Current assets		375 979 320	242 822 738
Inventories	5	743 506	1 005 885
Trade and other receivables	6	5 441 896	1 822 131
Cash and cash equivalents	7	369 793 918	239 994 722
Total assets		394 938 663	252 280 613
Equity and liabilities			
Equity		337 726 212	211 290 345
Capitalisation reserve	9	4 562 148	4 562 148
Retained earnings	23	333 164 064	206 728 197
Current liabilities		57 212 451	40 990 268
Trade and other payables	12	48 688 257	31 882 197
Provisions	10	8 524 194	6 733 355
Current portion of finance lease liability	11	-	2 374 716
Total equity and liabilities		394 938 663	252 280 613

Income Statement

for the year ended 31 March 2008

		2008	2007
		R	R
Revenue	Note 13	277 718 219	236 556 772
Other operating income	14	334 312	6 142 354
Total income from operations		278 052 531	242 699 126
Total operating expenditure		(181 627 858)	(133 691 968)
Audit fees	18	(5 224 246)	(1 244 743)
Advertising cost		(3 344 433)	(2 646 527)
Bank charges		(4 714 100)	(1 311 925)
Communication costs		(1 868 221)	(3 199 874)
Consulting and professional fees	15	(35 280 345)	(13 562 908)
Depreciation and amortisation	16	(7 020 087)	(7 129 347)
Employee costs	17	(71 113 286)	(54 508 385)
Finance costs		(70 113)	(232 193)
Internet and network costs		(7 155 704)	(5 952 760)
Operating leases	18	(17 905 821)	(15 959 835)
Publications, printing and stationery	18	(11 864 177)	(13 451 013)
Travelling and subsistence		(3 085 623)	(1 548 212)
Other operating expenses		(12 981 702)	(12 944 246)
Surplus from operations	18	96 424 673	109 007 158
Finance income	19	30 011 194	13 346 663
Net surplus for the year	23	126 435 867	122 353 821

Statement of Changes in Equity

for the year ended 31 March 2008

	Capitalisation reserve	Retained earnings	Total
	R	R	R
Balance at 1 April 2006	4 562 148	84 374 376	88 936 524
Net surplus for the year	-	122 353 821	122 353 821
Balance at 31 March 2007	4 562 148	206 728 197	211 290 345
Net surplus for the year	-	126 435 867	126 435 867
Balance at 31 March 2008	4 562 148	333 164 064	337 726 212

Cash Flow Statement

for the year ended 31 March 2008

		2008	2007
		R	R
Cash flows from operating activities		146 465 669	131 305 544
Cash generated from operations	21	116 524 588	118 191 074
Interest income	19	30 011 194	13 346 663
Finance cost		(70 113)	(232 193)
Cash flows from investing activities		(16 666 473)	(5 954 674)
Acquisition of property, plant and equipment	3	(7 804 531)	(5 600 790)
Acquisition of intangible assets	4	(8 861 942)	(353 884)
Cash flows from financing activities			(877 553)
Repayment of finance lease liability	11	-	(877 553)
Net increase in cash and cash equivalents		129 799 196	124 473 317
Cash and cash equivalents at beginning of year		239 994 722	115 521 405
Cash and cash equivalents at end of year	7	369 793 918	239 994 722

Accounting policies

1.1 Principal accounting policies

The principal accounting policies and the disclosures made in the financial statements conform to South African Statements of Generally Accepted Accounting Practice (SA GAAP) on a basis consistent with prior years. International Reporting Standard (IFRS)7 requires disclosure on financial instruments and has been implemented in the 2007/08 financial statements as disclosed in Note 8 in the notes to the annual financial statements.

1.2 Basis of preparation

The financial statements are prepared on the historical cost basis. The presentation currency of the financial statements is South African rand and figures are rounded to the closest rand. The financial statements are prepared on a going-concern basis.

1.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Depreciation is provided on the straight-line basis, over the estimated useful lives of assets on the following basis:

	Number of years
Computer equipment	3
Office furniture and other equipment	5

The assets' residual values and useful lives are reviewed and adjusted where appropriate at each balance sheet date. Where appropriate, expected residual values are taken into account in determining the depreciable values of the assets. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal of an asset is determined as the difference between sale proceeds and the carrying amount of the asset and is recognised in

the income statement in the year in which it occurs.

Maintenance and repairs, which neither materially add to the value of the assets, nor appreciably prolong their useful lives, are recognised in the income statement in the year incurred.

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases.

1.4 Intangible assets

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

Capitalised computer software, licence and development expenditure is stated at cost less accumulated amortisation and any impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets, which has been set at three years.

The difference between the net disposal proceeds and the carrying amount of an intangible asset is the gain or loss on disposal of that asset. These gains and losses are recognised in the income statement in the year in which they occur.

1.5 Impairment

The carrying amounts of all the entity's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a discount rate that reflects current market assessments

of the time value of money and the risks specific to the asset. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the income statement whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation), had no impairment been recognised in prior years.

1.6 Leases

Finance leases

Leases are classified as finance leases where the terms of the lease substantially transfer all the risks and rewards of ownership to the lessee.

Assets held under finance leases are capitalised as property, plant and equipment at their cash equivalent cost. The corresponding liability is included in the balance sheet as a finance lease obligation. The cash equivalent cost is the lower of the fair value of the asset and the present value of the minimum lease payments at inception of the lease. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

Rentals in respect of operating leases with fixed escalations are recognised as an expense on a straight-line basis over the term of the lease so as to account for the time pattern of the lessee's benefit.

1.7 Inventories

Inventory is stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing locations and conditions.

Obsolete, redundant, damaged and slow-moving inventory is provided for in the income statement.

1.8 Financial instruments

Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below.

A financial instrument is recognised if the entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the entity's contractual rights to the cash flows from the financial assets expire or if the entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the entity's obligations specified in the contract expire or are discharged or cancelled.

Financial instruments are subsequently measured as follows:

Loans and receivables

Trade and other receivables originated by the entity are stated at cost less provision for doubtful debts. Provision is made when there is objective evidence that CIPRO will not be able to collect the debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and deposits on call, net of any bank overdrafts, all of which are available for use by the entity unless otherwise stated. For purposes of the cash flow statement, cash equivalents consist of cash and cash equivalents as defined.

Trade and other payables

Trade payables, which are normally settled within 30 days from receipt of invoice, are recognised and carried at original invoice amount. Trade and other payables are stated at their nominal values.

Investments

Investments are initially recorded at cost and subsequently carried at amortised cost. Any subsequent impairment is included in the determination of other net income.

1.8 Derecognition of financial assets and liabilities

Financial assets

Financial assets are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the company has substantially transferred substantially all risks and rewards of ownership.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

1.9 Revenue recognition

Income

Revenue represents fees for services rendered and is recognised on registration of the application for South African registrations and other services, and on transferring of the application files abroad for international registrations. Advance payments on debtor accounts are only recognised on the rendering of services. Revenue on annual returns is recognised on the cash basis due to the nature of the services rendered. Companies liable for paying annual returns are not considered as debtors, but are deregistered on failure to pay the due fees.

Unallocated income

Deposits, which are not allocated to an agent code within 36 months of receipt, are recognised as revenue. If subsequent evidence is obtained, the revenue is derecognised.

Government grants

Government grants received as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future-related costs are recognised as income in the period in which they become receivable.

1.10 Finance income

Finance income comprises interest income on funds invested, gains on the disposal of financial assets and changes in the fair value of financial assets at fair value through profit or loss. Finance income is recognised as it accrues, using the effective interest method.

1.11 Finance cost

Finance expenses comprise interest expenses on borrowings, changes in fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

1.12 Provisions

Provisions are recognised when the entity has a present legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money, and where appropriate, the risk specific to the liability.

1.13 Employee benefits

Post-employment benefits

Retirement

The entity provides a defined contribution plan for the benefit of its employees. The contributions from employees and the entity are paid into the Government Employees' Pension Fund. The entity's contributions to the fund are charged to the income statement in the year to which they relate.

The entity is not liable for any deficits due to the difference between the present value of the benefit obligations and the fair value of the assets managed by the Government Employees' Pension Fund. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of CIPRO.

Medical

No contributions are made by the entity to the medical aid of retired employees.

Short- and long-term benefits

The cost of all short-term employee benefits, such as salaries, bonuses, housing allowances, medical and other contributions, is recognised during the period in which the employee renders the related service.

The vesting portion of long-term benefits is recognised and provided for at balance sheet date, based on current salary rates.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The entity recognises

termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. If the benefit falls due more than 12 months after the balance sheet date, it is discounted to present value.

1.14 Critical accounting estimates and judgments

Management makes estimates and assumptions concerning the future in applying its accounting policies. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are detailed in the notes to the financial statements where applicable. Management continually evaluates estimates and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Details of management accounting estimates and judgements are disclosed under the relevant notes.

Notes to the annual financial statements

for the year ended 31 March 2008

2.1 Public sector practices and policies

2.1.1 Related party transactions

The entity operates as a trading entity of the dti within the South African government environment. In line with prevailing government practices, the entity is not entitled to accrue for certain of its revenue. On the other hand, it is also not obligated to pay for certain expenditure. The income and expenditure not recorded in the entity's income statement are for disclosure purposes only, as follows:

Income

CIPRO services are rendered free of charge to other government entities. The total amount for such services cannot be quantified, as no process has been introduced to record such transactions.

Expenditure

Included in the total rental cost for Block F at the dti Campus are costs related to the utilisation of the call centre facilities of the dti. The total value for such services cannot be quantified, as no process has been introduced to record such transactions.

The above services are classified as related party transactions. Other related party transactions are disclosed below:

TABLE 3.7: Summary of related party transactions as required in terms of IAS 24 (AC 126)

Name	Relationship	Nature of transaction	Transactions 2008 R	Balance due at 31 March 2008 R	Transactions 2007 R	Balance due at 31 March 2007 R
Department of Agriculture	Service provider	Salary claim	12 284	-	205 695	-
Department of Correctional Services	Service provider	Salary claim	-	-	30 834	-
Department of Justice	Service provider	Legal services	63 367	-	43 186	-
Department of Public Works	Service provider	Repairs to building	19 566	-	-	-
Department of Trade and Industry	Parent department	Lease of building and other operating expenditure	8 366 079	41 932	11 052 803	413 037
Government Employees' Pension Fund	Pension fund	Pension fund contribution	6 354 944	-	1 168 054	-

Name	Relationship	Nature of transaction	Transactions 2008 R	Balance due at 31 March 2008 R	Transactions 2007 R	Balance due at 31 March 2007 R
Government Printing Works	Service provider	Printing fees	8 553 172	269 304	5 164 965	2 085 881
Human Sciences Research Council	Service provider	Customer care survey	793 326	-	-	-
SABS Commercial (Pty) Ltd	Service provider	ISO accreditation	74 019	74 019	-	-
SAMDI Training	Service provider	Training fees	127 800	-	48 000	-
SITA	Service provider	IT services	9 126 650	3 098 854	6 748 109	560 111
South African Post Office	Service provider	Postal fees	49 137	-	-	-
South African Revenue Service	Receiver of revenue	Employment tax payments	8 834 869	30 176	6 541 911	-
Statistics South Africa	Service provider	Information	-	-	12 224	-

Other related party transactions relate to key management personnel, of which detailed information is disclosed in note 17.

2.3 Public Finance Management Act reporting requirements as required in terms of section 40(3)(b) of the act

	2008	2007
	R	R
No material losses have occurred during the current financial year due to criminal conduct, nor any unauthorised, irregular expenditure, fruitless or wasteful, except as indicated below:		
Loss of property, plant and equipment (refer to note 3.1)	144 917	4 999
Inventory loss (refer to note 5)	16 725	341 801
During the physical verification of inventory, a difference was identified between the physical stock and the theoretical stock (condoned before payment). These differences were a result of:		
<ul style="list-style-type: none"> • stock items not correctly allocated to the expense accounts within the accounting system; and • stock items that cannot be accounted for. 		
Fruitless expenditure	74 608	
Leasing of HP infrastructure – penalties for late payment in terms of lease agreement (condoned before payment)		25 110
Irregular expenditure	2 471 366	6 157 335
The expenditure is due to the prescribed approval process for the deviation of the tender process not being followed.		
The expenditure relates to recording and transcription services, cashier services and storage facility expenditure.		
	2 400 000	
<ul style="list-style-type: none"> • A service provider was appointed in 2004 to render a cashier service for CIPRO. The contract expired in May 2007 and, as it was deemed to be part of the decentralisation initiative, the said services should have formed part of the new agreement. However, due to an administrative oversight the cashier services were not included in the new agreement, although the required service has been rendered. Condonation was requested from the accounting officer for this omission and a new tender process has been initiated. • The amount of R71 366 related to expenditure paid where condonation was obtained before payment was effected. 		
The amount of R71 366 comprises the following:	9 566	
<ul style="list-style-type: none"> • Recording and transcription services: the prescribed approval process was not followed (condoned before payment). • Leasing of storage facilities: the contract was extended without prior approval (condoned before payment). • Rental of three high-volume multi-functional copiers (condoned before payment). 	9 000	52 800

3. Property, plant and equipment

3.1 Total assets (including leased assets)

	Cost R	Accumulated depreciation R	Carrying amount R
31 March 2008			
Computer equipment	20 571 810	(12 655 938)	7 915 872
Furniture and other equipment	6 570 863	(3 656 188)	2 914 675
	<u>27 142 673</u>	<u>(16 312 126)</u>	<u>10 830 547</u>
31 March 2007			
Computer equipment	23 339 219	(15 323 055)	8 016 164
Furniture and other equipment	3 673 259	(2 929 763)	743 496
	<u>27 012 478</u>	<u>(18 252 818)</u>	<u>8 759 660</u>

Reconciliation of carrying amounts

	Computer equipment R	Furniture and other equipment R	2008 R	2007 R
Opening balance: 1 April	8 016 164	743 496	8 759 660	9 411 738
Acquisitions during the year	4 846 776	2 957 755	7 804 531	5 600 790
Disposals during the year	(142 620)	(2 297)	(144 917)	-
Depreciation for the year	(4 804 448)	(784 279)	(5 588 727)	(6 257 686)
Asset adjustment at net book value	-	-	-	4 818
Carrying amount at end of year	<u>7 915 872</u>	<u>2 914 675</u>	<u>10 830 547</u>	<u>8 759 660</u>

The carrying value of plant and equipment held under finance leases at 31 March 2008, included above, are disclosed in note 3.2. Leased assets are pledged as security for the related finance lease liabilities. For more details relating to the finance leases, refer to note 11.

3.2 Leased assets	Cost	Accumulated depreciation	Carrying amount
	R	R	R
31 March 2008			
Computer equipment	6 571 968	(6 571 968)	0
31 March 2007			
Computer equipment	6 571 968	(5 659 195)	912 773
Reconciliation of carrying amounts	Computer equipment	2008	2007
	R	R	R
Opening balance: 1 April	912 773	912 773	3 103 429
Depreciation for the year	(912 773)	(912 773)	(2 190 656)
Carrying amount at end of year	-	-	912 773

An independent service provider performed an investigation on property, plant and equipment. The outcome of this asset verification exercise resulted in a write-off of R1 44 917 as set out below:

	Cost	Accumulated depreciation	Net book value
Duplicate assets	205 656	(71 905)	133 751
Lost assets	72 424	(64 240)	8 184
Unverified assets	824 285	(821 303)	2 982
	1 102 365	(957 448)	144 917

A decision was taken by management to write off these assets.

Fair value of assets:

At balance sheet date, management reassessed the useful life of existing fixed assets as required per IAS 16. Based on the assessment, it was found that the carrying amount of existing fixed assets does not materially differ from its recoverable amount. Therefore, no adjustment was deemed necessary.

4. Intangible assets

4.1 Assets (including leased assets)

	Cost R	Accumulated amortisation R	Carrying amount R
31 March 2008			
Capitalised computer software and licences	16 839 932	(8 711 136)	8 128 796

31 March 2007

Capitalised computer software and licences	7 977 990	(7 279 775)	698 215
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Reconciliation of carrying amounts:

	2008 R	2007 R
Opening balance: 1 April	698 215	1 215 992
Acquisitions during the year	8 861 942	353 884
Amortisation for the year	(1 431 361)	(871 661)
Carrying amount at end of year	8 128 796	698 215

4.2 Leased intangible assets

	Cost R	Accumulated amortisation R	Carrying amount R
31 March 2008			
Software	1 216 605	(1 216 605)	-

31 March 2007

Software	1 216 605	(1 047 632)	168 973
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Reconciliation of carrying amounts

	2008 R	2007 R
Software		
Opening balance: 1 April	168 973	574 508
Amortisation for the year	(168 973)	(405 535)
Carrying amount at end of year	-	168 973

The leased assets comprise computer software and are encumbered as detailed in note 11

5. Inventories

	2008	2007
	R	R
Stationery and consumable stores	760 231	1 347 686
Stock write-off	(16 725)	(341 801)
	<hr/> 743 506	<hr/> 1 005 885

6. Trade and other receivables

	2008	2007
	R	R
Trade debtors	4 345 411	1 385 167
PCT debtor	48 612	33 813
	<hr/> 4 394 023	<hr/> 1 418 980
Employee advances	171 229	305 551
Provision for doubtful debts	-	(1 091)
Other debtors	-	51 098
Deposits	27 594	47 593
Prepaid expenses *	849 050	-
	<hr/> 5 441 896	<hr/> 1 822 131
* Prepaid expenses:		
- Three-year software maintenance agreement	790 341	-
- Payment of equipment to be shipped from overseas	58 710	-
	<hr/> 849 050	<hr/> -

7. Cash and cash equivalents

	2008	2007
	R	R
Bank balance	5 641 584	35 759 592
Cash on hand	6 268	12 250
Call account – Corporation for Public Deposits (CPD)	364 146 066	204 222 880
	<hr/> 369 793 918	<hr/> 239 994 722

8. Management of financial risk

Interest rate risk

The entity manages its interest rate risk by only investing its funds in accounts at financial institutions where the accounts accrue interest at market-related interest rates. In terms of National Treasury Regulations all surplus funds are deposited in the call account – Corporation for Public Deposits (CPD).

Credit risk

Reputable financial institutions are used for investing and cash handling purposes. At balance sheet 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 balance sheet after taking into account that all debtor services are now paid for in advance.

Financial risk management

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

Financial assets that potentially subject CIPRO to concentrations of credit risk consist mainly of cash and trade receivables. CIPRO's cash and short-term deposits are placed with high credit quality financial institutions and the South African Reserve Bank. Credit risk with respect to trade receivables is limited due to the fact that most of CIPRO's revenue transactions are carried out on a prepaid basis. CIPRO's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Accordingly, CIPRO has no significant concentration of credit risk.

Exposure to credit risk

The maximum exposure to credit risk at the reporting date from financial assets was as follows:

TABLE 3.8 Exposure to credit risk

	2008	2007
Cash and cash equivalents	369 793 918	239 994 722
Other receivables	5 441 896	1 822 131
Total	375 235 814	241 816 853

Concentration of credit risk

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

TABLE 3.9 Concentration of credit risk

	AAA and government		Unrated	
	2007	2008	2007	2008
Cash and cash equivalents	239 994 722	369 793 918		-
Other receivables		-	1 822 131	5 441 896

Ageing of financial assets

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

TABLE 3.10: Ageing of financial assets

	Neither past due nor impaired		Past due but not impaired, less than 5 months		Past due but not impaired, more than 5 months		Carrying value	
	2007	2008	2007	2008	2007	2008	2007	2008
Cash and cash equivalents	239 994 722	369 793 918		-		-	239 994 722	369 793 918
Other receivables	1 794 537	5 407 485		6 817	27 594	27 594	1 822 131	5 441 896

Market risk

Market risk is the risk that changes in market prices, eg the interest rate will affect the value of the financial assets of CIPRO.

Interest rate risk

CIPRO's exposure to interest risk is managed by investing on a short-term basis in current accounts and the Corporation for Public Deposits to ensure maximum interest on surplus funds. The risk arises when there are interest rate changes downward, as this is likely to reduce the interest income on invested funds. CIPRO's risk on the finance leases arises when interest rates increase, thereby increasing the liability on the leased assets.

Sensitivity analysis

CIPRO is exposed to interest rate changes in respect of returns on its investments with financial institutions and interest payable on finance leases contracted with outside parties. A change in the market interest rate would have increased/(decreased) the surplus for the year by the amounts below:

TABLE 3.11: Sensitivity analysis

	Change in investments		Increase/(decrease) in the surplus for the year			
			Upward change		Downward change	
	2007	2008	2007	2008	2007	2008
Cash and cash equivalents	1%	1%	100	54 162	(100)	(54 162)
Finance lease	1%	1%	(19 349)	(5 843)	19 349	5 843

Liquidity risk

CIPRO's risk to liquidity is a result of the funds available to cover future commitments. Taking into consideration CIPRO's current funding structures and availability of cash resources, the organisation regards this risk to be low, provided National Treasury approves the retention of surplus.

Exposure to liquidity risk

The following table reflects CIPRO exposure to liquidity risk from financial liabilities:

TABLE 3.12: Exposure to liquidity risk

	Carrying amount		Total cash flow		Contracted cash flow within 1 year		Contractual cash flow within 2-5 years	
	2007	2008	2007	2008	2007	2008	2007	2008
	Other financial liabilities	31 882	48 322	31 882	48 322	31 882	48 322	-
Lease liabilities	2 375	-	2 375	-	2 375	-	-	-

Fair Value

At 31 March 2008 and 31 March 2007, the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other trade payables and short-term loans approximate their value.

9. Capitalisation reserve

The Department of Trade and Industry transferred certain assets and liabilities to the entity on its establishment in April 2002. The carrying amounts of assets and liabilities, taken over at fairly determined estimated values at date of establishment were as following:

	2008	2007
Total assets	10 036 194	10 036 194
Total liabilities	(5 474 046)	(5 474 046)
	4 562 148	4 562 148

10. Provisions

TABLE 3.13: Provisions

	Opening balance		Provision raised/(reversed)		Provision utilised		Closing balance		Current portion	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
		R		R		R		R		R
Leave pay benefits	3 598 676	3 993 695	533 027	1 239 722	(138 008)	(170 671)	3 993 695	5 062 746	3 993 695	5 062 746
Service bonuses	1 554 215	1 661 620	1 661 620	2 037 448	(1 554 215)	(1 661 620)	1 661 620	2 037 448	1 661 620	2 037 448
Legal provisions	19 600	41 040	41 040	184 000	(19 600)	(41 040)	41 040	184 000	41 040	184 000
Merit awards	967 000	1 037 000	996 792	1 167 493	(926 792)	(964 493)	1 037 000	1 240 000	1 037 000	1 240 000
	6 139 491	6 733 355	3 232 479	4 628 663	(2 638 615)	(2 837 824)	6 733 355	8 524 194	6 733 355	8 524 194

- Leave pay benefits and service bonuses are in terms of the conditions of service of CIPRO.
- Provision has been made for settlement costs that are expected to be incurred in respect of legal cases against CIPRO that existed at year end, but were not yet settled.
- Merit awards are based on 1,5% of the total budgeted salary expenditure as per policy.

11. Finance lease liability

	2008	2007
	R	R
	-	-
Total finance lease liability	-	2 374 716
Less: short-term portion included in current liabilities	-	(2 374 716)

The finance lease liability was secured by the leased assets referred to in notes 3.2 and 4.2. The liability was repayable in monthly instalments, totalling R249 527 (2007: R249 527), payable in advance, commencing on 1 June 2004. The finance lease expired during the financial year and all assets were returned to the lessor.

Total future minimum finance lease payments under non-cancellable finance leases

	Total	Interest	Principal
2008	R	R	R
Less than one year	-	-	-
Between two and five years	-	-	-
	-	-	-
	-	-	-
2007			
Less than one year	3 100 645	725 929	2 374 716
Between two to five years	-	-	-
	3 100 645	725 929	2 374 716

12. Trade and other payables

	2008	2007
	R	R
Trade creditors and accruals	19 044 100	9 668 248
Income received in advance	29 644 157	22 213 949
	48 688 257	31 882 197

The carrying amount approximates fair value because of the short period to settlement of these obligations. Trade payables are non-interest-bearing and are normally settled on 30-day terms. Other payables (income received in advance) are non-interest-bearing and are recognised as revenue on the date of registration of a transaction.

13. Revenue

	2008	2007
	R	R
Intellectual property	40 301 332	26 332 285
Data sales	1 388 637	1 056 123
Corporate information	15 365 919	13 004 952
Companies and close corporations	69 902 462	65 114 865
Increase in company share capital	12 558 848	10 516 925
Annual returns – companies	138 201 021	120 531 622
	277 718 219	236 556 772

14. Other operating income

	2008	2007
	R	R
Grant received from Department of Science and Technology*	-	3 500 000
Recovery of prior year expenditure	50 970	2 131 250
Other income	129 692	97 569
Recovery of expenses (in respect of staff telephone accounts)	153 650	413 535
	<hr/> 334 312	<hr/> 6 142 354

*Grant received to develop and implement an electronic patent database

15. Consulting and professional fees

	2008	2007
	R	R
The amount consists of payments made to consultants for services rendered. These services relate to the following:		
• Specialist information technology consultants	24 165 725	2 270 970
• Management consultants	4 167 419	2 027 638
• Short-term staffing requirements	6 947 201	9 264 300
	<hr/> 35 280 345	<hr/> 13 562 908

16. Depreciation and amortisation

	2008	2007
	R	R
Depreciation		
• Computer equipment	4 804 448	5 618 910
• Furniture and other equipment	784 278	638 776
Amortisation of intangible assets	1 431 361	871 661
	<hr/> 7 020 087	<hr/> 7 129 347

17. Employee costs

	2008	2007
	R	R
Total per the income statement	71 113 286	54 508 385

Employee costs include the gross remuneration of the following senior staff:

Chief Executive Officer (2007 = 5 months)	881 113	428 397
• Remuneration	845 115	418 897
• Travel allowance and other	35 998	9 500
• Performance bonus	-	-
Acting Chief Executive Officer *	-	74 095
• Remuneration	-	74 095
• Travel allowance and other	-	-
• Performance bonus	-	-
Acting Chief Operating Officer*	572 177	480 815
• Remuneration	548 927	463 724
• Travel allowance and other	23 250	17 091
• Performance bonus	-	-
Chief Financial Officer (2007 = 3 months)	669 191	156 191
• Remuneration	663 523	154 823
• Travel and cellphone allowance	5 668	1 368
• Performance bonus	-	-
Acting Executive manager: Compliance Audit and Risk *	572 841	502 243
• Remuneration	562 800	502 243
• Travel allowance	10 041	-
• Performance bonus	-	-
Acting Chief Information Officer *	601 720	347 648
• Remuneration	579 368	347 496
• Travel allowance	22 352	152
• Performance bonus	-	-
Chief Information Officer (2008 = 3 months)	195 188	-
• Remuneration	182 054	-
• Travel allowance	13 134	-
• Performance bonus	-	-
Executive Manager: Strategic Support (2008 = 9 months)	394 063	488 011
• Remuneration	388 008	459 289
• Travel allowance	6 055	28 722
• Performance bonus	-	-

<i>Other information</i>	2008	2007
Total establishment	513	459
Headcount at 31 March	416	368
Vacant as at 31 March	97	91

* Acting allowance received for 2007/08.

18. Surplus from operations

	2008	2007
	R	R
Surplus from operations after taking into consideration the following expenditure:		
Audit and Risk committees	140 254	47 097
External audit fees	2 408 396	636 196
• Regularity audit	1 989 989	636 196
• Computer audits	418 407	-
Forensic investigations	897 844	522 618
Internal audit fees (co-sourced)	1 777 752	319 103
Legal fees	291 546	842 617
Operating lease charges	17 905 821	15 982 108
• Vehicles	430 609	337 669
• Furniture and other equipment	280 420	868 770
• Property	7 613 127	11 082 803
• Off-site storage facility	9 581 665	3 692 866
Publication, printing and stationery	11 864 177	13 451 013
• Government printers	7 490 660	8 529 889
• Stationery	2 512 902	2 096 791
• Other	1 860 615	2 824 333

	2008	2007
	R	R
19. Finance income		
Interest received	30 011 194	13 346 663

20. Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases.

	0 – 1 year	2 – 5 years	Total
	R	R	R
2008			
Buildings (dti Campus lease)	7 644 996	-	7 644 996
Motor vehicles	196 755	690 959	887 714
Off-site storage facility: Metrofile	6 757 879	-	6 757 879
	<u>14 599 630</u>	<u>690 959</u>	<u>15 290 589</u>
2007			
Buildings (dti Campus lease)	11 671 234	-	11 671 234
	<u>11 671 234</u>	<u>-</u>	<u>11 671 234</u>

The dti Campus lease

As a formal agreement in respect of the premises CIPRO occupies at the dti Campus has not been finalised yet, only the known lease commitment for year 1 is reflected above. Although the lease cost after year one is not known, it is expected that the cost will increase equal to the average CPI. During the year the cost relating to the lease of Block F at the dti campus was renegotiated to a reduced amount without a reduction in the usage or benefit.

Based on the aforesaid assumption, it is estimated that the lease payment for year 2 to 5 will amount to R36 319 380.

Off-site file storage

A contract was entered into for off-site file storage over a five-year period (2004 – 2009). The cost relating to this contract is based on a cost-plus basis, and the expected expenditure for 2008/09 is reflected above.

21. Notes to the cash flow statement

	2008	2007
	R	R
Profit from operations	96 424 673	109 007 158
Adjusted for non-cash flow items:		
Depreciation of property, plant and equipment	5 588 726	6 257 686
Amortisation of intangible assets	1 431 361	871 661
Loss in disposal of property, plant and equipment	144 917	(4 818)
Movement in provision for leave pay	1 069 051	395 020
Movement in provision for service bonuses	375 828	107 405
Movement in provision for legal cases	142 960	21 440
Movement in provision for merit awards	203 000	70 000
Provision for bad debt	-	1 091
Finance cost	70 113	232 193
Cash flows before changes in working capital	105 450 629	116 958 836
(Increase)/decrease in inventories	262 379	297 046
(Increase)/decrease in trade and other receivables	(3 619 765)	(901 476)
Increase/(decrease) in trade and other payables	14 431 345	1 836 668
Cash generated from/(utilised in) operations	116 524 588	118 191 074

22. Taxation

The entity is not liable for any income tax in terms of section 10(1)(a) of the Income Tax Act, as amended. The entity is exempt for value-added taxation in terms of a tax authorities' directive dated 21 January 2003.

23. Contingent liabilities

23.1 Housing guarantees

There are contingent liabilities in respect of guarantees given by CIPRO in terms of public service assistance for staff housing loans. Housing guarantees are secured by the pension fund of the relevant employee, and the current value of the individual's pension fund is sufficient to cover the guarantee amount. History indicates that no expenditure realised in this regard. The likelihood of a possible outflow of resources is remote and no liability is recognised in the financial statements.

At balance sheet date, management reassessed the fair value of the contingent liability of housing guarantees as required per IAS 37. No fair value adjustment was deemed necessary.

23.2 Legal liabilities

The legal contingent liability is a result of a dispute with a service provider and is currently under arbitration, of which the outcome is uncertain.

23.3 Surplus for the year

The surplus for the year of R126 435 867 has been classified as a contingent liability at 31 March 2008. In terms of Treasury Regulation 19.7.1, CIPRO needs to declare any surplus to National Treasury at the end of the financial year. National Treasury may apply such surplus to reduce any proposed allocation to the trading entity or require that all or part of it be deposited in the Exchequer bank account. A request was submitted to National Treasury to retain the surplus for the 2007/08 financial year in order to fund the 2008/09 budget as approved by the accounting authority.

24. Changes to comparatives

Additional information was included to make the financial statements more relevant and comparable with current year information:

- a. Income statement – Other operating expenditure was unbundled and more categories of operating expenditure was included for the purpose of clarity.
- b. Note 15, consulting and professional fees – More specific information was included in the note regarding the type of consulting and professional services sourced.
- c. Note 17, employee costs – The executive team of CIPRO was restructured during the financial year and only employees that formed part of the executive team at 31 March 2008 was included for comparative and disclosure purposes.
- d. Note 18, surplus from operations – More detailed information was included for disclosure purposes.

2008
R

2007
R

526 403

607 783

-

20 000

25. PCT Trust Account

	2008 R	2007 R
Funds received to which CIPRO is not entitled are accounted for separately and deposited into a separate bank account. Only the amounts relating to services rendered by CIPRO have been accounted for in CIPRO's books.		
PCT creditors	1 262 085	1 083 408
- Funds received from South African clients to be paid over to the World Intellectual Property Organisation and the International Searching Authority		
Balance in the PCT bank account	1 262 085	1 083 408
Any cost associated with the maintaining of the separate trust bank account, or any interest received on such trust funds, is for the account of CIPRO.		

26. Standards and interpretations issued but not yet effective or not applicable

At the date of finalisation of these financial statements, the following international financial reporting standards were issued, but not yet effective:

TABLE 3.14: Standards and interpretations issued

IFRS	Effective date	Reason not effective
IAS 1 (AC 101) Revised – Presentation of Financial Statements	Annual periods commencing on/after 1 January 2009	This statement will not impact the results, but will likely result in certain additional disclosures in future.
IAS 23 (AC114) Revised (January 2008) – Borrowing Costs	Annual periods beginning on or after 1 January 2009	This statement will not impact the results and is not applicable to the business of CIPRO.
IAS 27 (AC132) Revised – Consolidated and Separate Financial Statements	Annual periods beginning on or after 1 July 2009	This statement will not impact the results and is not applicable to the business of CIPRO.
IAS 32 (AC 125) – Financial instruments: Presentation amendments	1 January 2009	This statement will not impact the results, but will likely result in certain additional disclosures in future.
IFRS 2 – Share-based Payment	February 2004	The reporting requirement is not applicable to the business of CIPRO.
IFRS 3 – Business Combinations	March 2004	The reporting requirement is not applicable to the business of CIPRO.
IFRS 8 – Operating Segments	Annual financial statements for periods beginning on or after 1 January 2009	This statement will not impact the results and is not applicable to the business of CIPRO.
IFRIC 12 – Service Concession Arrangements	On or after 1 January 2008	This statement will not impact the results and is not applicable to the business of CIPRO.
IFRIC 13 – Customer Loyalty Programmes	Annual periods beginning on or after 1 July 2008	This statement will not impact the results and is not applicable to the business of CIPRO.
IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	Annual periods beginning on or after 1 January 2008 Earlier application is permitted	This statement will not impact the results and is not applicable to the business of CIPRO.

Management is of the view that the adoption of these standards in future will have no material impact on the financial statements of CIPRO, as most of them are not applicable to the business of CIPRO.



Human capital

review

TABLE 4.1: Personnel costs by programme

Programme	Total voted expenditure (R'000)	Compensation of employees expenditure (R'000)	Training expenditure (R'000)	Professional and special services (R'000)	Compensation of employees as a percentage of total expenditure	Average compensation of employees: cost per employee (R'000)	Employment
CIPRO	0	0	0	0	0	0	432

TABLE 4.2: Personnel costs by salary band

Salary band	Compensation of employees cost (R'000)	Percentage of total personnel cost for department	Average compensation: cost per employee (R)	Total personnel cost for department, including goods and transfers (R'000)	Number of employees
Skilled (levels 3 to 5)	2 944	4.2	173 176	70 208	17
Highly skilled production (levels 6 to 8)	42 239	60.2	129 567	70 208	326
Highly skilled supervision (levels 9 to 12)	17 750	25.3	290 984	70 208	61
Senior management (levels 13 to 16)	4 019	5.7	446 556	70 208	9
Contract (levels 6 to 8)	687	1	98 143	70 208	7
Contract (levels 9 to 12)	581	0.8	145 250	70 208	4

Salary band	Compensation of employees cost (R'000)	Percentage of total personnel cost for department	Average compensation: cost per employee (R)	Total personnel cost for department, including goods and transfers (R'000)	Number of employees
Contract (levels 13 to 16)	1 265	1.8	316 250	70 208	4
Periodical remuneration	180	0.3	45 000	70 208	4
TOTAL	69 665	99.2	161 262	70 208	432

TABLE 4.3: Salaries, overtime, home owners' allowance and medical aid by programme

Programme	Salaries (R'000)	Salaries as a percentage of personnel cost	Overtime (R'000)	Overtime as a percentage of personnel cost	Home owners' allowance (R'000)	Home owners' allowance as a percentage of personnel cost	Medical aid (R'000)	Medical aid as a percentage of personnel cost	Total personnel cost per programme (R'000)
Business environment regulation, consumer services	48 436	69	2 867	4.1	883	1.3	3 289	4.7	70 208
TOTAL	48 436	69	2 867	4.1	883	1.3	3 289	4.7	70 208

TABLE 4.4: Salaries, overtime, home owners' allowance and medical aid by salary band

Salary band	Salaries (R'000)	Salaries as a percentage of personnel cost	Overtime (R'000)	Overtime as a percentage of personnel cost	Home owners' allowance (R'000)	Home owners' allowance as a percentage of personnel cost	Medical aid (R'000)	Medical aid as a percentage of personnel cost	Total personnel cost per salary band (R'000)
Skilled (levels 3 to 5)	2 156	73.2	84	2.9	60	2	196	6.7	2 945
Highly skilled production (levels 6 to 8)	29 799	70.2	2 286	5.4	708	1.7	2 419	5.7	42 476
Highly skilled supervision (levels 9 to 12)	12 428	69.4	415	2.3	112	0.6	564	3.1	17 918

Salary band	Salaries (R'000)	Salaries as a percentage of personnel cost	Overtime (R'000)	Overtime as a percentage of personnel cost	Home owners' allowance (R'000)	Home owners' allowance as a percentage of personnel cost	Medical aid (R'000)	Medical aid as a percentage of personnel cost	Total personnel cost per salary band (R'000)
Senior management (levels 13 to 16)	2 345	57.2	0	0	3	0.1	82	2	4 097
Contract (levels 6 to 8)	526	76.5	82	11.9	0	0	2	0.3	688
Contract (levels 9 to 12)	416	71.6	0	0	0	0	10	1.7	581
Contract (levels 13 to 16)	767	58	0	0	0	0	15	1.1	1 322
Periodical remuneration	0	0	0	0	0	0	0	0	180
TOTAL	48 437	69	2 867	4.1	883	1.3	3 288	4.7	70 207

TABLE 4.5: Employment and vacancies by programme at the end of the period

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Business environment regulation, consumer services, permanent	497	432	13.1	16
TOTAL	497	432	13.1	16

TABLE 4.6: Employment and vacancies by salary band at the end of the period

Salary band	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Skilled (levels 3 to 5), permanent	24	19	20.8	0
Highly skilled production (levels 6 to 8), permanent	358	328	8.4	0
Highly skilled supervision (levels 9 to 12), permanent	79	60	24.1	0
Senior management (levels 13 to 16), permanent	20	10	50	0
Contract (levels 6 to 8), permanent	7	7	0	7
Contract (levels 9 to 12), permanent	4	4	0	7
Contract (levels 13 to 16), permanent	5	4	20	2
TOTAL	497	432	13.1	16

TABLE 4.7: Employment and vacancies by critical occupation at the end of the period

Critical occupations	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Administrative related, permanent	21	17	19	7
Communication and information related, permanent	10	8	20	0
Economists, permanent	5	3	40	0
Finance and economics related, permanent	9	8	11.1	0
Financial clerks and credit controllers, permanent	6	5	16.7	0
Food services aids and waiters, permanent	1	1	0	0
General legal administration and related. professionals, permanent	7	5	28.6	0
Human resources and organisational development and related professionals, permanent	3	2	33.3	0
Human resources clerks, permanent	5	5	0	0
Human resources related, permanent	15	10	33.3	0
Information technology related, permanent	5	4	20	0
Legal related, permanent	21	20	4.8	0
Library mail and related clerks, permanent	5	2	60	0
Logistical support personnel, permanent	7	5	28.6	0
Other administrative and related clerks and organisers, permanent	333	308	7.5	7
Other administrative policy and related officers, permanent	9	9	0	0
Other information technology personnel., permanent	4	3	25	0
Other occupations, permanent	1	0	100	0
Safety health and quality inspectors, permanent	1	1	0	0
Secretaries and other keyboard operating clerks, permanent	7	5	28.6	0
Security officers, permanent	3	3	0	0
Senior managers, permanent	18	7	61.1	2
Social work and related professionals, permanent	1	1	0	0
TOTAL	497	432	13.1	16

TABLE 4.8: Job evaluation

Salary band	Number of posts	Number of jobs evaluated	Percentage of posts evaluated	Number of posts upgraded	Percentage of upgraded posts evaluated	Number of posts downgraded	Percentage of downgraded posts evaluated
Contract (levels 6 to 8)	7	0	0	0	0	0	0
Contract (levels 9 to 12)	4	0	0	0	0	0	0
Contract (Band A)	2	0	0	0	0	0	0
Contract (Band B)	2	0	0	0	0	0	0
Contract (Band C)	1	0	0	0	0	0	0
Skilled (levels 3 to 5)	24	0	0	1	0	0	0
Highly skilled production (levels 6 to 8)	358	28	7.8	15	53.6	0	0
Highly skilled supervision (levels 9 to 12)	79	15	19	4	26.7	1	6.7
Senior management service (Band A)	15	6	40	0	0	0	0
Senior management service (Band B)	4	1	25	0	0	0	0
Senior management service (Band C)	1	0	0	0	0	0	0
TOTAL	497	50	10.1	20	40	1	2

TABLE 4.9: Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	5	0	1	5	11
Male	6	0	1	2	9
TOTAL	11	0	2	7	20
Employees with a disability	0	0	0	0	0

TABLE 4.10: Employees whose salary level exceeded the grade determined by the job evaluation [in terms of PSR 1VC3]

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation	No of employees in department
Legal and regulatory services	1	12	13	Job evaluation	1
TOTAL	1				
Percentage of total employment	0.2				432

TABLE 4.11: Profile of employees whose salary level exceeded the grade determined by the job evaluation [in terms of PSR 1VC3]

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	1	0	1
TOTAL	0	0	1	0	1
Employees with a disability	0	0	0	0	0

TABLE 4.12: Annual turnover rates by salary band

Salary band	Employment at beginning of period (April 2007)	Appointments	Terminations	Turnover rate
Skilled (levels 3 to 5), permanent	18	6	0	0
Highly skilled production (levels 6 to 8), permanent	331	49	21	6.3
Highly skilled supervision (levels 9 to 12), permanent	46	16	3	6.5
Senior management service (Band A), permanent	5	1	1	20
Senior management service (Band B), permanent	1	0	0	0
Senior management service (Band C), permanent	1	0	0	0
Contract (levels 6 to 8), permanent	0	15	8	0
Contract (levels 9 to 12), permanent	1	3	0	0
Contract (Band B), permanent	0	1	0	0
Contract (Band C), Permanent	1	1	0	0
TOTAL	404	92	33	8.2

TABLE 4.13: Annual turnover rates by critical occupation

Occupation	Employment at Beginning of Period (April 2007)	Appointments	Terminations	Turnover Rate
Administrative related, Permanent	15	4	1	6.7
Communication and information related, Permanent	7	1	0	0
Economists, Permanent	3	0	0	0
Finance and economics related, Permanent	6	1	0	0
Financial clerks and credit controllers, Permanent	5	0	0	0
Food services aids and waiters, Permanent	1	0	0	0
General legal administration & rel. professionals, Permanent	5	0	0	0
Human resources & organisat developm & relate prof, Permanent	1	1	0	0
Human resources clerks, Permanent	3	1	0	0
Human resources related, Permanent	7	5	2	28.6
Information technology related, Permanent	1	2	0	0
Legal related, Permanent	11	8	0	0
Library mail and related clerks, Permanent	2	0	0	0
Logistical support personnel, Permanent	5	0	1	20
Other administrat & related clerks and organisers, Permanent	304	66	26	8.6
Other administrative policy and related officers, Permanent	9	0	0	0
Other information technology personnel., Permanent	4	0	1	25
Safety health and quality inspectors, Permanent	1	0	0	0
Secretaries & other keyboard operating clerks, Permanent	5	0	1	20
Security officers, Permanent	2	0	0	0
Senior managers, Permanent	7	2	1	14.3
Social work and related professionals, Permanent	0	1	0	0
TOTAL	404	92	33	8.2

TABLE 4.15: Reasons why staff are leaving the department

Termination type	Number	Percentage of total resignations	Percentage of total employment	Total	Total employment
Death, permanent	8	24.2	2	33	404
Resignation, permanent	11	33.3	2.7	33	404
Expiry of contract, permanent	8	24.2	2	33	404
Dismissal: misconduct, permanent	1	3	0.2	33	404
Retirement, permanent	5	15.2	1.2	33	404
TOTAL	33	100	8.2	33	404
Resignations as a percentage of employment		8.2			

TABLE 4.16: Promotions by critical occupation

Occupation	Employment at beginning of period (April 2007)	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
Administrative related	15	2	13.3	9	60
Communication and information related	7	1	14.3	1	14.3
Economists	3	0	0	1	33.3
Finance and economics related	6	3	50	1	16.7
Financial clerks and credit controllers	5	0	0	1	20
Food services aids and waiters	1	0	0	0	0
General legal administration and related professionals	5	0	0	3	60
Human resources and organisational development and related professions	1	0	0	1	100
Human resources clerks	3	1	33.3	0	0
Human resources related	7	1	14.3	2	28.6

<i>Occupation</i>	<i>Employment at beginning of period (April 2007)</i>	<i>Promotions to another salary level</i>	<i>Salary level promotions as a percentage of employment</i>	<i>Progressions to another notch within salary level</i>	<i>Notch progressions as a percentage of employment</i>
Information technology related	1	0	0	0	0
Legal related	11	4	36.4	3	27.3
Library mail and related clerks	2	0	0	1	50
Logistical support personnel	5	1	20	0	0
Other administrative and related clerks and organisers	304	10	3.3	54	17.8
Other administrative policy and related officers	9	0	0	2	22.2
Other information technology personnel	4	0	0	5	125
Safety health and quality inspectors	1	0	0	0	0
Secretaries and other keyboard operating clerks	5	1	20	2	40
Security officers	2	0	0	0	0
Senior managers	7	1	14.3	4	57.1
TOTAL	404	25	6.2	90	22.3

TABLE 4.17: Promotions by salary band

<i>Salary band</i>	<i>Employment at beginning of period (April 2007)</i>	<i>Promotions to another salary level</i>	<i>Salary level promotions as a percentage of employment</i>	<i>Progressions to another notch within salary level</i>	<i>Notch progressions as a percentage of employment</i>
Skilled (levels 3 to 5), permanent	18	0	0	3	16.7
Highly skilled production (levels 6 to 8), permanent	331	13	3.9	62	18.7
Highly skilled supervision (levels 9 to 12), permanent	46	8	17.4	20	43.5
Senior management (levels 13 to 16), permanent	7	3	42.9	4	57.1

Salary band	Employment at beginning of period (April 2007)	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
Contract (levels 9 to 12), permanent	1	0	0	0	0
Contract (levels 13 to 16), permanent	1	1	100	1	100
TOTAL	404	25	6.2	90	22.3

TABLE 4.18: Total number of employees (including employees with disabilities) per occupational category (SASCO)

Occupational category	Male					Female					Total
	African	Coloured	Indian	Total Black	White	African	Coloured	Indian	Total Black	White	
Legislators, senior officials and managers, permanent	1	1	0	2	1	1	0	0	1	1	5
Professionals, permanent	44	4	4	46	7	29	4	4	37	17	113
Clerks, permanent	86	2	0	88	8	150	10	0	160	56	312
Service and sales workers, permanent	0	0	0	0	0	0	0	0	0	0	0
Elementary occupations, permanent	0	0	0	0	0	2	0	0	2	0	2
TOTAL	131	7	4	136	16	182	14	4	200	74	432
Employees with disabilities	0	1	0	1	0	0	0	0	0	1	2

TABLE 4.19: Total number of employees (including employees with disabilities) per occupational band

Occupational band	Male					Female					Total
	African	Coloured	Indian	Total black	White	African	Coloured	Indian	Total black	White	
Senior management, permanent	3	1	1	5	2	1	1	0	2	1	10
Professionally qualified and experienced specialists and mid-management, permanent	21	3	2	26	5	10	2	3	15	10	56

Occupational band	Male					Female					Total
	African	Coloured	Indian	Total black	White	African	Coloured	Indian	Total black	White	
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	87	2	1	90	9	163	9	1	173	60	332
Semi-skilled and discretionary decision making, permanent	9	0	0	9	0	6	2	0	8	2	19
Contract (top management), permanent	1	1	0	2	0	0	1	0	1	1	4
Contract (senior management), permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (professionally qualified), permanent	4	0	0	4	0	0	0	0	0	0	4
Contract (skilled technical), permanent	2	0	0	2	0	5	0	0	5	0	7
TOTAL	127	7	4	138	16	185	15	4	204	74	432

TABLE 4.20: Recruitment

Occupational band	Male					Female					Total
	African	Coloured	Indian	Total black	White	African	Coloured	Indian	Total black	White	
Senior management, permanent	0	0	0	0	0	0	0	0	0	1	1
Professionally qualified and experienced specialists and mid-management, permanent	10	1	0	11	1	2	1	1	4	0	16
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	17	0	0	17	1	29	1	0	30	1	49
Semi-skilled and discretionary decision making, permanent	4	0	0	4	0	1	1	0	2	0	6

Occupational band	Male					Female					Total
	African	Coloured	Indian	Total black	White	African	Coloured	Indian	Total black	White	
Contract (top management), permanent	1	0	0	1	0	0	0	0	0	0	1
Contract (senior management), permanent	0	0	0	0	0	0	0	0	0	1	1
Contract (professionally qualified), permanent	3	0	0	3	0	0	0	0	0	0	3
Contract (skilled technical), permanent	4	0	0	4	0	11	0	0	11	0	15
TOTAL	39	1	0	40	2	43	3	1	47	3	92

TABLE 4.21: Promotions

Occupational band	Male					Female					Total
	African	Coloured	Indian	Total black	White	African	Coloured	Indian	Total black	White	
Senior management, permanent	3	0	1	4	2	0	1	0	1	0	7
Professionally qualified and experienced specialists and mid-management, permanent	10	1	1	12	2	4	2	0	6	8	28
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	17	0	0	17	1	23	2	0	25	32	75
Semi-skilled and discretionary decision making, permanent	1	0	0	1	0	1	0	0	1	1	3
Contract (top management), permanent	1	1	0	2	0	0	0	0	0	0	2
TOTAL	32	2	2	36	5	28	5	0	33	41	115
Employees with disabilities	0	0	0	0	0	0	0	0	0		

TABLE 4.22: Terminations

Occupational band	Male					Female					Total
	African	Coloured	Indian	Total black	White	African	Coloured	Indian	Total black	White	
Senior management, permanent	0	0	0	0	1	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management, permanent	1	0	0	1	1	0	1	0	1	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	7	0	0	7	2	6	1	0	7	5	21
Contract (skilled technical), permanent	2	0	0	2	0	6	0	0	6	0	8
TOTAL	10	0	0	10	4	12	2	0	14	5	33

TABLE 4.23: Disciplinary action

Disciplinary action	Male					Female					Total
	African	Coloured	Indian	Total black	White	African	Coloured	Indian	Total black	White	
TOTAL	15	0	0	15	1	5	1	0	5	0	0

TABLE 4.24: Skills development

Occupational category	Male					Female					Total
	African	Coloured	Indian	Total black	White	African	Coloured	Indian	Total black	White	
Legislators, senior officials and managers	1	1	0	2	1	1	0	0	1	1	5
Professionals	38	4	4	46	7	29	4	4	37	17	107
Technicians and associate professionals	0	0	0	0	0	0	0	0	0	0	0
Clerks	86	2	0	88	8	145	10	0	155	56	307
Service and sales workers	0	0	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related trade workers	0	0	0	0	0	0	0	0	0	0	0

Occupational category	Male					Female					Total
	African	Coloured	Indian	Total black	White	African	Coloured	Indian	Total black	White	
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	2	0	0	2	0	2
TOTAL	125	7	4	136	16	177	14	4	195	74	421
Employees with disabilities	0	1	0	0	0	0	0	0	0	0	1

TABLE 4.25: Performance rewards by race, gender and disability

Demographics		Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
African	Female	17	182	9.3	277	16 273
	Male	9	131	7	148	16 492
Asian	Female	0	4	0	0	0
	Male	2	4	50	73	36 335
Coloured	Female	2	14	13.3	23	11 278
	Male	1	7	16.7	6	5 535
Total black	Female	19	200	9.5	299	15 748
	Male	12	142	8.6	227	18 886
White	Female	27	74	38	390	14 442
	Male	2	16	13.3	34	16 991
Employees with a disability		0	0	0	0	0
TOTAL		60	432	14	950	15 829

TABLE 4.26: Performance rewards by salary band for personnel below senior management service

Salary band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Skilled (levels 3 to 5)	1	19	5.3	7	7 000
Highly skilled production (levels 6 to 8)	47	328	14.3	612	13 021
Highly skilled supervision (levels 9 to 12)	10	60	16.7	254	25 400
Contract (levels 6 to 8)	0	7	0	0	0
Contract (levels 9 to 12)	0	4	0	0	0
Periodical remuneration	0	14	0	0	0
TOTAL	58	432	13.4	873	15 052

TABLE 4.27: Performance-related rewards (cash bonus) by salary band for senior management service

Senior management service band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Band A	2	9	22.2	77	3 850
Band B	0	2	0	0	0
Band C	0	1	0	0	0
Band D	0	1	0	0	0
TOTAL	2	13	15.4	77	3 850

TABLE 4.28: Foreign workers by salary band

Salary band	Employment at beginning of period	Percentage of total	Employment at end of period	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period	Total employment at end of period	Total change in employment
Highly skilled supervision (levels 9 to 12)	1	100	1	50	0	0	1	2	1
Contract (levels 13 to 16)	0	0	1	50	1	100	1	2	1
TOTAL	1	100	2	100	1	100	1	2	1

TABLE 4.29: Foreign workers by major occupation

Major occupation	Employment at beginning of period	Percentage of total	Employment at end of period	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period	Total employment at end of period	Total change in employment
Professionals and managers	1	100	2	100	1	100	1	2	1
TOTAL	1	100	2	100	1	100	1	2	1

TABLE 4.30: Sick leave for January 2007 to December 2007

Salary band	Total days	Percentage days with medical certification	Number of employees using sick leave	Percentage of total employees using sick leave	Average days per employee	Estimated cost (R'000)	Total number of employees using sick leave	Total number of days with medical certification
Skilled (levels 3 to 5)	80	83.8	12	3.2	7	20	377	67
Highly skilled production (levels 6 to 8)	2 752	78.7	292	77.5	9	982	377	2 165
Highly skilled supervision (levels 9 to 12)	404	74	56	14.9	7	376	377	299
Senior management (levels 13 to 16)	26	61.5	9	2.4	3	50	377	16
Contract (levels 6 to 8)	20	70	6	1.6	3	6	377	14
Contract (levels 9 to 12)	4	50	1	0.3	4	6	377	2
Contract (levels 13 to 16)	5	100	1	0.3	5	14	377	5
TOTAL	3 291	78	377	100	9	1 454	377	2 568

TABLE 4.31: Disability leave (temporary and permanent) for January 2007 to December 2007

Salary band	Total days	Percentage days with medical certification	Number of employees using disability leave	Percentage of total employees using disability leave	Average days per employee	Estimated cost (R'000)	Total number of days with medical certification	Total number of employees using disability leave
TOTAL	0	0	0	0	0	0	0	0

TABLE 4.32: Capped leave for January 2007 to December 2007

Salary band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2007	Number of employees who took capped leave	Total number of capped leave available as at 31 December 2007	Number of employees as at 31 December 2007
Highly skilled production (levels 6 to 8)	105	6	28	19	4146	149
TOTAL	105	6	28	19	4146	149

TABLE 4.33: Leave payouts

Reason	Total amount (R'000)	Number of employees	Average payment per employee (R)
Capped leave payouts on termination of service for 2008/09	65	9	7 222
Current leave payout on termination of service for 2008/09	29	7	4 143
TOTAL	94	16	5 875

TABLE 4.34: Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
Age group: 25 to 34 years old	Implementing behaviour change programme (monthly awareness)
Gender: Female	Gender empowerment initiatives
Single vs married	Intervention/sessions on psychosocial factors related to HIV/AIDS

TABLE 4.35: Details of health promotion and HIV/AIDS programmes

Question	Yes	No	Details, if yes
1. Has the department designated a member of the senior management service to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Sizwile Makhubu, Manager: Employee Health and Wellness
2. Does the department have a dedicated unit or have you designated specific staff members to promote the health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		The Manager: Health and Wellness drives all key interventions. He is assisted by 15 peer care counsellors. The budget is administered within the broader Human Resource Development budget.
3. Has the department introduced an employee assistance or health promotion programme for its employees? If so, indicate the key elements/services of the programme.	Yes		Annual Wellness Day, Annual VCT Day; gender initiatives, men's health, veterans programme, peer care counsellors' programme, executive wellness
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		Roselle Marais (Women's Forum), Eunice Mahlangu (Women's Forum), Jurel Tellie (Special Interest), Jonie Thokwane (HR), Motshabi Manyelo (Legal Unit), Nelly Bogoshi (Companies Unit), Marietjie Kruger (Finance Unit), Lydia Mabele (Legal Unit), Joel Mphahlele (Companies Unit), Lucas Tolamo (Scanning Unit), Lena Pretorius (Legal Unit), Moshibudi Modiba (Intellectual Property and Trademarks Unit), Johanna Mashatola (Close Corporation Unit)
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		Policy and procedure on HIV/AIDS and policy and procedure on employee wellness programme
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		Marketing and communication of HIV/AIDS policy, psychological education training for staff on HIV/AIDS in the workplace, introduction and implementation of diversity and disability programmes
7. Does the department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have achieved.	Yes		In 2007, 6% of 279 employees who underwent VCT tested positive. The total staff complement was 400.
8. Has the department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		Employee assistance programmes trend analysis, feedback/evaluation forms on all interventions

TABLE 4.36: Collective agreements

Subject matter	Date
None	

TABLE 4.37: Misconduct and discipline hearings finalised

Outcomes of disciplinary hearings	Number	Percentage of total	Total
Dismissal	13	16	3
Warnings	16	84	16
TOTAL	19	100	19

TABLE 4.38: Types of misconduct addressed and disciplinary hearings

Type of misconduct	Number	Percentage of total	Total
Misrepresentaion	1		
Extortion of funds	6		
Insubordination	1		
Breach of policies and regulations	3		
Unauthorised registration of documents	4		
Unauthorised absenteeism	1		
Attempted assault	1		
TOTAL	17		

TABLE 4.39: Grievances lodged

Number of grievances addressed	Number	Percentage of total	Total
TOTAL	6	10	6

TABLE 4.40: Disputes lodged

<i>Number of disputes addressed</i>	<i>Number</i>	<i>Percentage of total</i>	<i>Total</i>
Upheld	3	10	3
Dismissed	0	0	0

TABLE 4.41: Strike actions

<i>Strike actions</i>	<i>Total</i>
Total number of person working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

TABLE 4.42: Precautionary suspensions

<i>Precautionary suspensions</i>	<i>Total</i>
Number of people suspended	11
Number of people whose suspension exceeded 30 days	8
Average number of days suspended	85
Cost (R'000) of suspensions	0

TABLE 4.43: Training needs identified

Occupational category	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training	
Legislators, senior officials and managers	Female	2	0	18	0	18
	Male	3	0	30	0	30
Professionals	Female	54	0	50	0	50
	Male	59	0	70	0	70
Technicians and associate professionals	Female	0	0	200	0	200
	Male	0	0	110	0	110
Clerks	Female	216	0	5	0	5
	Male	96	0	5	0	5
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trade workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	2	0	0	0	0
	Male	0	0	0	0	0
Gender subtotals	Female	274	0	273	0	273
	Male	158	0	215	0	215
TOTAL		432	0	488	0	488

TABLE 4.44: Training provided

Occupational category	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training	
Legislators, senior officials and managers	Female	2	0	8	0	8
	Male	3	0	20	0	20
Professionals	Female	54	0	46	0	46
	Male	59	0	67	0	67
Technicians and associate professionals	Female	0	0	145	0	145
	Male	0	0	81	0	81
Clerks	Female	216	0	1	0	1
	Male	96	0	1	0	1
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trade workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	2	0	0	0	0
	Male	0	0	0	0	0
Gender subtotals	Female	274	0	200	0	200
	Male	158	0	169	0	169
TOTAL		432	0	369	0	369

TABLE 4.45: Injury on duty

<i>Nature of injury on duty</i>	<i>Number</i>	<i>Percentage of total</i>
Required basic medical attention only	8	50
Temporary total disablement	8	50
Permanent disablement	0	0
Fatal	0	0
TOTAL	16	100

TABLE 4.46: Report on consultant appointments using appropriated funds

<i>Project title</i>	<i>Total number of consultants that worked on the project</i>	<i>Duration: work days (hours)</i>	<i>Contract value in rand</i>
PMO: Office Manager	1	21486.5	1 361 756.80
PMO: Project Manager	1	4979.5	975,589.06



CIPRO

legal framework

TABLE 5.1: CIPRO legal framework

Type	Domain	Act
Administer	Intellectual Property	<ol style="list-style-type: none"> 1. Patents Act (Act 57 of 1978) 2. Trademarks Act (Act 62 of 1963 and Act 194 of 1993) 3. Designs Act (Act 57 of 1967 and Act 195 of 1993) 4. Copyright Act (Act 98 of 1978) 5. Registration of Copyright in Cinematography Films Act (Act 62 of 1977) 6. Merchandise Marks Act (Act 17 of 1941) - amended 2002 7. Intellectual Property Laws Rationalisation Act (Act 107 of 1977) 8. Counterfeit Goods Act (Act 37 of 1997) 9. Performer's Protection Act (Act 11 of 1967) 10. Unauthorised use of Emblems Act (Act 37 of 1961) 11. Stem van Suid-Africa Act (Act 2 of 1959) 12. Vlaglied Copyright Act (Act 9 of 1974)
Administer	Companies	<ol style="list-style-type: none"> 13. Companies Act (Act 61 of 1973) 14. Close Corporations Act (Act 69 of 1984) 15. Share Blocks Control Act (Act 59 of 1980) 16. Business Names Act (Act 27 of 1960) 17. Rationalisation of Corporate Laws Act (Act 45 of 1996)
Administer	Cooperatives	<ol style="list-style-type: none"> 18. Cooperatives Act, 1981 (Act 91 of 1981) 19. Cooperatives Act, 2005 (Act 14 of 2005)

Type	Domain	Act
Member	Treaty	20. Paris Convention Treaty 21. Patent Cooperation Treaty 22. Berne Convention Treaty 23. Budapest Treaty 24. TRIPS Agreement Treaty
Compliance	Operational	25. Public Finance Management Act 1 of 1999 26. Public Service Act 103 of 1994 27. Interception and Monitoring Prohibition Act 127 of 1992 28. Promotion of Access to Information Act 2 of 2000 29. Electronic Communications and Transactions Act 25 of 2002 30. Financial Intelligence Centre Act 38 of 2000
Compliance	Security	31. Control of Access to Public Premises and Vehicles Act 53 of 1985 32. Fire Brigade Act 99 of 1987 33. Hazardous Substances Act 15 of 1973 34. National Archives Act 43 of 1996 35. Security Officers Act 92 of 1987 36. Telecommunications Act 103 of 1996 37. The Trespass Act 6 of 1959
Compliance	Constitutional	38. The Constitution of the Republic of South Africa Act 108 of 1996 39. The Promotion of Equality and Prevention of Unfair Discrimination Act 2000 40. Protected Disclosure Act 27 of 2000 41. Promotion of Administrative Justice Act 3 of 2000
Compliance	Labour	42. Compensation for Occupational Injuries and Diseases Act 130 of 1993 43. Occupational Health and Safety Act 88 of 1993 44. Unemployment Insurance Act 30 of 1966 45. Labour Relations Act 28 of 1956 46. Employment Equity Act 55 of 1998 47. Skills Development Act 97 of 1998 48. Basic Conditions of Employment Act 3 of 1983 49. Unemployment Insurance Contributions Act 4 of 2002 50. Skills Development Levies Act 9 of 1999
Compliance	Financial	51. Limitation and Disclosure of Finance Charges Act 73 of 1968
Compliance	General	1. Preferential Procurement Policy Framework Act 5 of 2000 2. Disaster Management Act 57 of 2002

CIPRO

list of abbreviations and acronyms



ARIPO	African Regional Industrial Property Organisation	CRF	Corporate Registers Forum
BRMC	Business Relations, Marketing and Communication	DDR	Deregistered Directors' Register
BUSA	Business South Africa	DPSA	Department of Public Service and Administration
CAR	Compliance, Auditing and Risk	EA	Enterprise Architecture
CC	Close Corporation	EBI	Ekurhuleni Business Initiative
CCB	Change Control Board	ECDC	Eastern Cape Development Corporation
CCRD	Consumer and Corporate Regulatory Division	ECM	Enterprise Content Management
CEO	Chief Executive Officer	EPO	European Patent Office
CFO	Chief Financial Officer	ICT	Information and communication technology
CET	CIPRO Executive Team	IP	Intellectual/industrial property
CHAMSA	Chambers of Commerce and Industry South Africa	ITIL	IT Infrastructure Library
CIPRO	Companies and Intellectual Property Registration Office	JICA	Japan International Cooperation Agency
CIU	Corporate Information Unit	LED	Local Economic Development
CMT	CIPRO Management Team	LIBSA	Limpopo Business Support Agency
COTII	Council of Trade and Industry Institutions	MISS	Minimum Information Security Standards
CPD	Continued Professional Development	MTREF	Medium-term Revenue and Expenditure Framework

NAFCOC	National African Federation Chamber of Commerce and Industry	RFQ	Request for Quotation
NEPAD	New Partnership for Africa's Development	SADC	Southern African Development Community
OHIM	Office for Harmonisation of International Markets	SAITEX	South African International Trade Exhibition
OPBDC	Off-site Paper-based Disclosure Centre	SAPO	South African Post Office
PCT	Patent Cooperation Treaty	SCOPA	Standing Committee on Public Accounts
pda	Performance Development Assessment	SEDA	Small Enterprise Development
PFMA	Public Finance Management Act	SLA	Service Level Agreement
PILIR	Policy on Incapacity Leave and Ill-health Retirement	SP	Service Provider
PM	project management	SS Division	Strategic Support Division
PMO	Project Management Office	the dti	The Department of Trade and Industry
PRC	Project Review Committee	TO	Temporary Officials
PSET	Public Service SETA	TQM	Total Quality Management
PWC	PricewaterhouseCoopers	VCT	Voluntary Counselling and Testing
R&D	Research and Development	WIPO	World Intellectual Property Organisation

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