

**SA COUNCIL FOR THE
PROPERTY VALUERS PROFESSION**

**SOUTH AFRICAN COUNCIL FOR
THE PROPERTY VALUERS
PROFESSION**

ANNUAL REPORT

2015/2016 FINANCIAL YEAR

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1. SACPVP'S GENERAL INFORMATION

REGISTERED NAME: SA Council for the Property Valuers Profession

PHYSICAL ADDRESS: 77 Kariba Street
LYNNWOOD GLEN
PRETORIA

POSTAL ADDRESS: P O BOX 114
MENLYN
0063

TELEPHONE NUMBER/S: 027 12 348 8643

FAX NUMBER: 027 12 348 7528

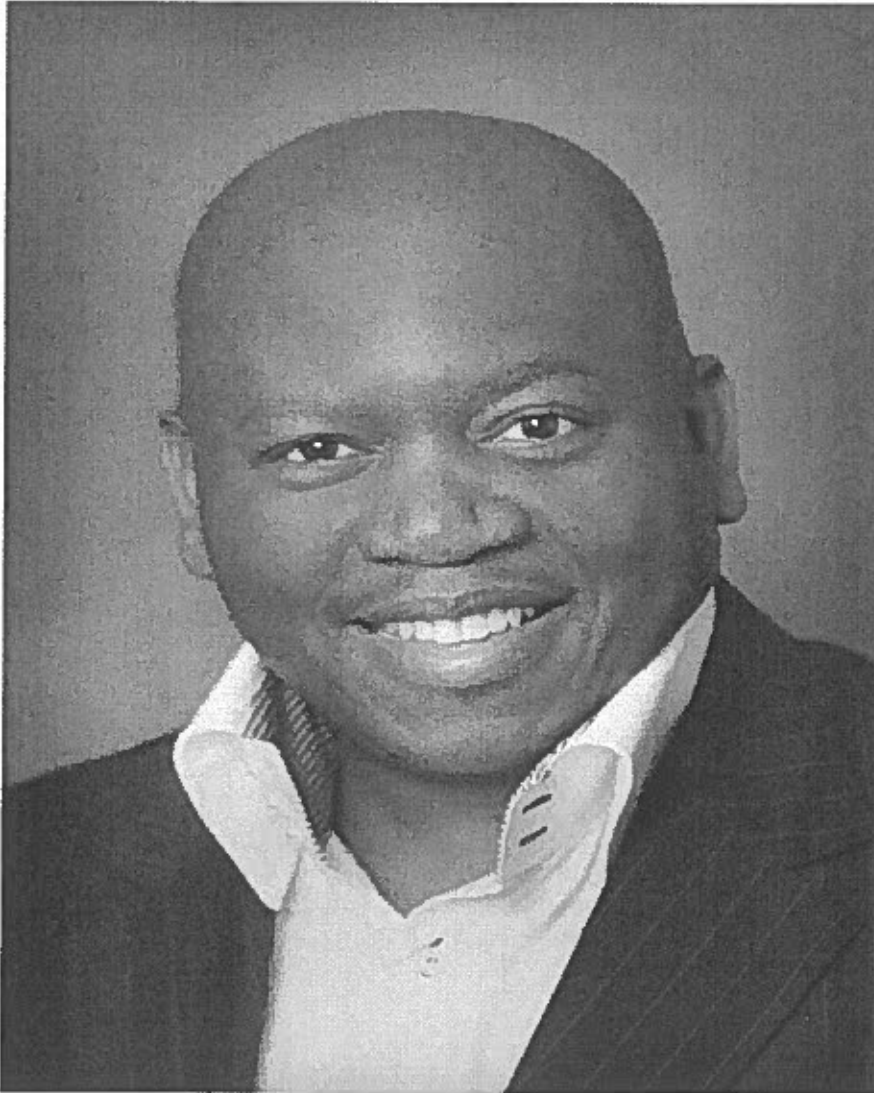
EMAIL ADDRESS: Registrar@Sacpvp.co.za

WEBSITE ADDRESS: www.sacpvp.co.za

EXTERNAL AUDITORS: Geyser & du Plessis

BANKERS: ABSA BANK

3. FOREWORD BY THE PRESIDENT



President of SACPVP
Mr Molefi Kubuzie

prepared to face these challenges head on with the support of its key partners, namely, the government, CBE and voluntary associations. This year is poised to be a very exciting year ahead for the Council, especially based on the set new strategic thrust.

This year the council would like to practically give back and support the registered persons and the profession, demonstrably so.

Lastly, I would like to thank all Council members for their hard work and dedication and diligence they have displayed during the current and the past financial year and also the support from government generally and CBE in particular.



Molefi Kubuzie (Mr)
President

South African Council for the Property Valuers Profession

31 August 2016

- Regulatory challenges

The rejection of the SACPVP application to publish its identified work has the potential to dampen the spirit to promote the profession and encourage non-registered persons to register.

SACPVP continues to receive complaints from the public about unregistered persons doing valuations for various purposes, mainly divorce matters. Following the above mentioned rejection, only police can deal with these non-registered persons. Only after the approval by the Competition Commission can SACPVP be able to deal with unregistered persons. This will criminalize anyone who performs valuation without being registered with this Council. It is not uncommon for a valuer to be accused of under-valuing and over-valuing of the same property depending on what a party hopes to benefit from the sale of the property in question. While one could argue that these cases could be settled through Alternative Dispute Resolution (ADR), until this is accepted within our built environment councils, resolving these will remain too elaborate and an expensive exercise. The essence of this is that each respondent be afforded an opportunity for a fair hearing.

As a measure to keep professionals abreast of developments in the valuers profession, compliance to Continuing Education and Training (CET or CPD) is gaining momentum. CET was first introduced in April 2007 and those professional registered by then are in their second cycle of CPD until 2017. Professionals are required to obtain eight points per annum and 40 points before the end of the cycle. The number of CPD points will be increased to 50 for professionals registering in 2016 onwards; as mentoring candidates will be a qualifying activity for the first time. All valuers will be required to have 50 points from 2017 per five year cycle.

- Registration of professional

From this year SACPVP will be hosting a week-long practical workschool where will be honing their knowledge from presentation by experienced valuers. SACPVP has noted that more professional would like to attend this workschool to keep abreast by professional developments and to gain CET points. In a quest to increase the number of professionals, The Council continues to increase the number of candidates who pass admission examinations to become professionals. This is achieved by holding pre-examination workshops before each examination to be written by candidates. The results of those who attended these workshops tend to be better than those who did not attend. More emphasis is placed on Financial Mathematics and the legal aspects of valuation. This initiative has improved the number of candidates who pass the admission examinations to become professionals.

- Programme accreditation

SACPVP continues to recognize valuation programmes being offered at various tertiary institutions throughout the country. During the year under review, four programmes have been granted full accredited at three institutions, viz., the University of Pretoria (BSc Real Estate together with BSc Honours in Real Estate), the University of Johannesburg (B Com Finance together with B Com Finance Honours) and the Cape Peninsula University of Technology (National Diploma in Real Estate). Apart from day/ evening classes, the Cape Peninsula's programme will be offered as a block release programme throughout the country to accommodate students that may not make it for regular class attendance. The foregoing takes the total number of accredited programmes to nine. Other programmes are the University of Free State (Masters Programme in Land Development), University of the Witwatersrand (a four year BSc in Property Studies and the University Cape Town (BSc Together with BSc Honours in Property Studies, a Post Graduate Diploma in Property Studies and a Masters Degree in Property Studies).

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by our auditor Messrs Geyser & du Plessis.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines as contained on the attached Annual Financial Statements.

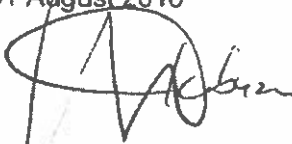
The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of SACPVP for the financial year ended 31 March 2016.

Yours faithfully,



Matsobane Seota (Mr)
Registrar and Chief Executive Officer of SACPVP
Matsobane Seota
31 August 2016



Molefi Kubuzie (Mr)
President
South African Council for the Property Valuers Profession
31 August 2016

7. LEGISLATIVE AND OTHER MANDATES

7.1 Legislative Mandates

The SACPVP derives its goal from its Act – Property Valuers Profession Act, 2000 (Act No. 47, 2000). These goals are:

- To provide for the registration of property Valuers;
- To protect the members of the public / property owners by providing for the regulation of the property Valuers profession; and
- To transform the property Valuers profession in order to deliver on the needs of the South African society based on internationally recognised best practice while progressively reflecting the demographics of the country.

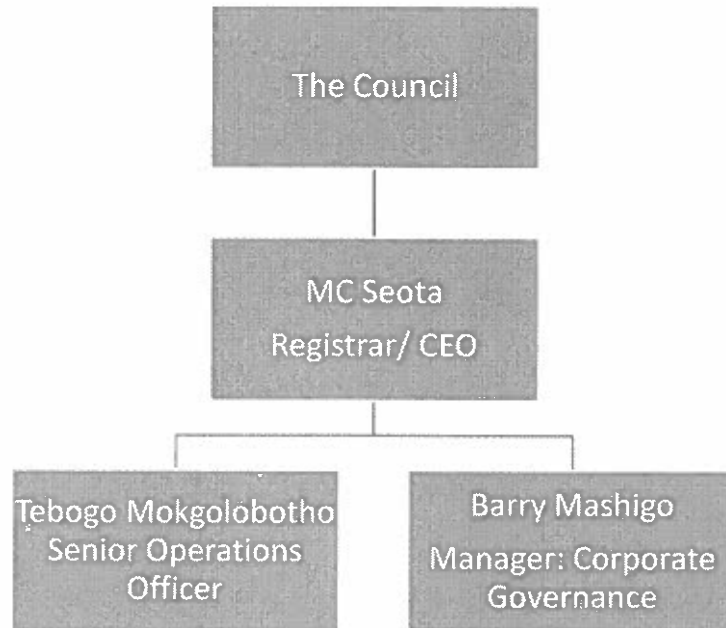
SACPVP executes its mandate informed and attentive to a variety of legislations, regulations, collective agreements and policies which amongst others are, but not limited to:

Short Title of the Act	Purpose of the Act
The Constitution of the Republic of South Africa, 1996	The Constitution is the supreme law of the land. No other law or government action can supersede the provisions of the Constitution.
Consumer Protection Act, 2008	To promote a fair, accessible and sustainable marketplace for the consumer.
Council for the Built Environment Act, 2000	To provide for the establishment of the Council For the Built Environment and matters incidental thereto.
Quantity Surveying Profession Act, 2000	To provide for the establishment of the Council for the Quantity Surveying Profession and matters incidental thereto.
Public Finance Management Act, 1999	To regulate financial management and to ensure that all revenue, expenditure, assets and liabilities of Government departments or entities are managed efficiently and effectively.
Basic Conditions of Employment Act, 1997	Employment conditions that govern the employee- employee relationship at the Council
Employment Equity Act, 1998	Applies to all employers and workers and protects workers and job seekers from unfair discrimination, and also provides a framework for implementing affirmative action.
Promotion of Administrative Justice Act, 2000	To give effect to the right to administrative action that is lawful, reasonable and procedurally fair and to the right to written reasons for administrative action as contemplated in section 33 of the Constitution of the Republic of South Africa, 1996.
Occupational Health and Safety Act, 1993	The Occupational Health and Safety Act aims to provide for the health and safety of persons at work.
Construction Charter	Provides a framework for the construction sector to address BBBEE, enhance capacity and increase productivity in the sector to meet world best practice.
Property Valuation Act No. 17 of 2014	Establishment of the Office of the Valuer General to deal with national and provincial valuation matters in the Department of Rural Development and Land Reform as well as valuations for any acquisition or disposal of state property.
Property Charter	Promote the BBBEE Act relating to the property sector
Administration of Estate Act No. 66 of 1965	Appointment of appraisers for valuation of immovable property
Competition Commission Act, 1998	Ensures competitiveness of business to protect small business and new entrants

Table 1: Legislative Mandates

8. MANAGEMENT STRUCTURE

The council has a staff complement of eight persons, three being the executive. Its functions are categorised into registration and public protection. The executive structure, is as follows:



1. SITUATIONAL ANALYSIS

1.1 Introduction

The degree and level of specialization in the training of valuers are continually being reviewed in the light of new developments in the financial, legal, economic and technological environments.

South Africa has embarked on the largest state spending on infrastructure in its history. This will result in a return on investment large enough to sustain the further development cycles needed by the developmental state.

SACPVP has identified that there is a change in business and industry in the demand for graduates who may not necessarily become practising Valuers but have the training, skill and knowledge to play an advisory role. It is necessary for the Council to pursue research in these fields to encapsulate those persons and institutions providing valuation advice, including financial, legal, economic and investment.

In line with councils in the built environment SACPVP has resolved that a four year degree be a minimum academic qualification for professional registration as from 2019. There are now five tertiary institutions offering seven accredited valuation qualifications. SACPVP has further resolved to conduct various workshops in major metros to train and develop registered persons.

1.2 Service Delivery Environment

Given the close link between property markets and economic performance, people, governments, banks and commercial organisations are looking for more certainty around standards and ethics. As a result of monitoring the implementation of the Act and changes in the internal and external environment several areas were identified where some changes are necessary. SACPVP is currently involved in current projects, both nationally, regionally and internationally; including but not limited to some of the following projects:

International Valuation Standards Council:

- training of Valuers in machinery as well as business valuations
- Input into valuation standards and customising the standards to suit local conditions

1.3 Organisational environment

1.3.1 Strategic Goal 1: To increase the revenue of SACPVP

Outcome	Objectives	Key Performance Indicator	Baseline 2012	2015/16 Target / Measure	How we performed: Number	How we performed: %
Larger organisation	Improvement in retention of registered persons	% decrease in total cancellations	New indicator	>5%	87 of 2060	4%
	Better value for customers to stakeholder management	% average of first point call resolution	New indicator	80%		
		% of queries responded to within 5 days	80%	85%		
	Increase in registrations	% increase in registrations	New Ca Val 7%	New Ca Val 10%	146 of 643	22%
			Prof 10%	Prof 10%	48 of 1401	3%
	Facilitate candidate training	Number of candidates trained for examination preparation	60 candidates	75 candidates	74	98%
Introduce Practical examinations in place of Practical workschool before Admissions Exams for SRPA	Number of candidates to submit practical examinations	10	10	N/A	N/A	
Improved financial management	Increase in revenue from existing sources, total income	% increase in revenue from these sources	10%	15%	(467k)	(9.5%)
	Increase revenue opportunities	Income other than annual fees as a % of total income received	15%	15%	R572k	11%
	Improve Credit Management	% annual fee collected within [60] days from invoice Age Analysis- 60,90,120d	63%	65%	62%	72%

Outcome	Objectives	Key Performance Indicator	Baseline	2015/16 Target / Measure	How we performed
Improve technology utilisation	Enhance information management systems, i.e., automate / document processes and adopt best practice	Investigate and approve the automation / mechanisation of registration process	New indicator	To introduce in 2016/17	N/A
		Number of process, data and information areas mapped and documented	New indicator	80%	N/A
	Increase the technological reach of SACPVP by registered persons	Investigate the system	New indicator	To introduce in 2017	N/A
Increased understanding and awareness of consumer rights	Improve public protection	Number of public education campaigns held	New indicator	To introduce in 2017	N/A
		Number of information articles or reports produced for public benefit	New indicator	To introduce in 2017	N/A
Efficient regulatory function		% of cases managed within agreed procedural timescales	6	>60%	75%
	Improve measurement and self-assessment	Availability of the standard setting framework/ std operating procedures	New indicator	To introduce in 2017	N/A
		Develop self-assessment tool and the number of formal self-assessments conducted	New Indicator	To introduce in 2017	N/A
		% of reports / outputs produced accurately and on time			
	Produce accurate management (including month end, control,	% of matters of emphasis effectively addressed through audits	100%	100%	100%

1.3.4 Strategic Goal 4: To reposition SACPVP in the market place

Outcome	Objectives	Key Performance Indicator	Baseline	2015/16 Target / Measure	How we performed
A SACPVP that is a learning site and a resource centre for skills development and transfer	Increase research and development	Number of research papers. Number of persons accessing the reports	New indicator	N/A	N/A
SACPVP seen as a thought leader in the sector	Create new registration categories	Persons registered in new categories created	New indicator	Policy as per approved SACPVP guidelines	N/A

University	Programme	Accreditation Status
University of Cape Town	BSc together with BSC Hons in Property Studies	Full Accreditation
	Post Graduate Diploma in Property Studies	Full Accreditation
	MSc in Property Studies	Full Accreditation
University of Johannesburg	B Com Hons (Property Valuation & Management) together with BCom Finance, Advanced Diploma or Bridging Course in Finance (refer to UJ for details)	Full Accreditation
University of Pretoria	BSc Hons Real Estate	Full Accreditation
	MSc Real Estate	Full Accreditation
University of Free State	Master of Land and Property Development Management (MLPM) Property Valuation	Conditional Accreditation
University of the Witwatersrand	BSc in Property Studies (four years)	Conditional Accreditation
Cape Peninsula University of Technology	National Diploma in Real Estate (Property Valuation): five course 1 level subjects	Full Accreditation
University of South Africa	National Diploma in Real Estate (Property Valuation)	Discontinued end of 2011 academic year

Table 4: Total number of registered Candidate Single Residential Property Assessors by race and gender

Candidate Valuers	SACPVP TOTAL NUMBER OF REGISTERED CANDIDATES BY RACE & GENDER				TOTAL
	Black	White	Indian	Coloured	
Gender					
Male	3	7	0	2	12
Female	1	3	0	0	4
Total	4	10	0	2	16

Table 5: Total number of registered Professional Valuer by race and gender by 31 March 2016

Candidate Valuers	SACPVP TOTAL NUMBER OF REGISTERED CANDIDATES BY RACE & GENDER				TOTAL
	Black	White	Indian	Coloured	
Gender					
Male	57	532	27	15	631
Female	19	96	8	7	130
Total	76	628	35	22	761

Table 6: Total number of registered Professional Associate Valuer by race and gender

Professional Associate Valuers	SACPVP TOTAL NUMBER OF REGISTERED CANDIDATES BY RACE & GENDER				TOTAL
	Black	White	Indian	Coloured	
Gender					
Male	67	371	18	30	486
Female	58	68	10	5	141
Total	125	439	28	35	627

The table below show the programmes are accredited by SACPVP.

Table 8: Accredited programmes as of March 2016.

University	Programme	Accreditation Status
University of Cape Town	BSc together with BSC Hons in Property Studies	Full Accreditation
	Post Graduate Diploma in Property Studies	Full Accreditation
	MSc in Property Studies	Full Accreditation
University of Johannesburg	B Com Hons (Property Valuation & Management) together with BCom Finance, Advanced Diploma or Bridging Course in Finance (refer to UJ for details)	Full Accreditation
University of Pretoria	BSc Hons Real Estate	Full Accreditation
	MSc Real Estate	Full Accreditation
University of Free State	Master of Land and Property Development Management (MLPM) Property Valuation	Conditional Accreditation
University of the Witwatersrand	BSc in Property Studies (four years)	Conditional Accreditation
Cape Peninsula University of Technology	National Diploma in Real Estate (Property Valuation): five course 1 level subjects	Full Accreditation
University of South Africa	National Diploma in Real Estate (Property Valuation)	Discontinued end of 2011 academic year

The complaints process offers a means of redress for complaints about SACPVP registered persons, however before a complaint is lodged with the SACPVP it is expected that the complainant gives the member an opportunity to address the conduct subject to complaint.

Where a matter is reported before Council and the council has reasonable grounds to suspect that a registered persons has committed an act which may render the registered person guilty of improper conduct. The Council may refer this matter to the Investigating Committee appointed in terms of Section 18 of the Act where after the Investigating Committee will table a report in terms of Section 29(2) (b) and (4) for consideration by the Council and decision in terms of Section 30(1) of the Act whether the registered person be charged with misconduct or not.

During the reporting period, nine (9) complaints, which are detailed below.

The nature of complaints received were:

- a. Four(4) complaints of improper conduct against registered person;
- b. Five (5) reported matters relate to mediation or disputes were the parties failed to agree on assessed value leading to both submitting their dispute to SACPVP for mediation.

In the 2015/2016 financial year six matters from the previous financial year were settled between the parties either through withdrawal or settlement.

1. INTRODUCTION

The council submits its Annual Financial Statements as well as its Annual Report to both the Council for the Built Environment and the Department of Public Works (DPW).

2. EXECUTIVE AUTHORITY

Statutorily, the council reports to the Department of Public Works. The DPW Minister appoints members of the council. DPW has raised an issue about the council not being PFMA compliant. This matter is still being negotiated as compliance with PFMA warrants appointment of certain key personnel, e.g., a Chief Financial Officer.

3. THE ACCOUNTING AUTHORITY / COUNCIL

The council was appointed by the Minister of Public Works in terms of the Property Valuers Profession Act, 2000 (Act No. 47 of 2000).

The role of the council is to register property valuers and to regulate the profession, ensuring the protection of the public against the (improper) conduct those registered. One key responsibility of council members is to appoint the Registrar who will also act as the Chief Executive Officer of the council. Also to ensure that staff are appointed to achieve the mandates of the PVP Act. See other SACPVP functions under Part A, item 7.2 supra.

Composition of the Council

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: committee / Ministerial team)	No. of Meetings attended
M Kubuzie	President	28 January 2014	N/A	MBA, BA, BEd, and BTech in Real Estate	Valuation and Strategic Mgt	None	Management & Transformation Comm	6
C Gavor	Vice President	28 January 2014	N/A	MBA, MSc and BSc in Land Economy	Valuation	None	Education and Registration and Mgt Comms	12
H Ndlovu	Chair of Investigations Comm	28 January 2014	N/A	ND Real Estate	Valuation	None	Registration; Education and Investigations Comms	9

SD Kuppan	Member	28 January 2014	N/A	ND Estate	Real Valuation	None	Education and Registration Comms	9
N Betela	Member	28 January 2014	N/A	ND Estate	Real Valuation	None	Education and Registration Comms	8
DB de Wet	Member	28 January 2014	N/A	ND Estate	Real Valuation	None	Education Marketing and Investigation Comms	10
ND Naidoo	Chair of Marketing & Public Relation Comm	28 January 2014	N/A	ND Estate; BAdmin	Real Valuation	None	Marketing & Public Relations and Transformation	8
CP Lawrence	Chair of Transformation Comm	28 January 2014	N/A	BTech Estate (Property Valuation)	Real Valuation	None	Transformation Comm	7
CD Kneale	Member	28 January 2014	N/A	Fellow of Chartered Institute of Secretaries and Administrators	Company Secretary	Chair of Audit and Risk Committee for Financial Intelligence Centre	Transformation; Registration Comms	5

Committees

Committee	No. of meetings held	No. of members	Name of members
Education	4	5	C Gavor, N Naidoo, SD Kuppan, HV Ndlovu; D de Wet,
Registration	4	5	C Gavor, SD Kuppan, HV Ndlovu, N Betela, KC Kneale
Marketing & Public Relations	3	2	N Naidoo, D de Wet
Investigations	3	2	SD Kuppan, D de Wet
Transformation	3	3	C Lawrence, CD Kneale, M Kubuzie, ND Naidoo

Remuneration of council members

The remuneration scale of council members has been determined in accordance with Treasury Guidelines for remuneration of board members. All council members are remunerated per attendance of meetings. The following council members were remunerated as follows during the year under review.

Name	Remuneration	Total
M Kubuzie	57,600	57,600
C Gavor	101,842	101,842
N Betela	36,200	36,200
D de Wet	65,400	65,400
SD Kuppan	47,300	47,300
ND Naidoo	102,880	102,880
HV Ndlovu	53,350	53,350
CP Lawrence	8,560	8,560
CD Kneale	12,180	12,180
TOTAL	485,312	485,312

4. RISK MANAGEMENT

The committee will be formed in the next financial year.

5. FRAUD AND CORRUPTION

SACPVP is part of the Council for the Built Environment Fraud awareness and Prevention initiative. Plans to draft a policy for this are underway for the next financial year.

6. CODE OF CONDUCT

All registered persons are subject to the Code of Conduct which is sent to them at first and subsequent registration/s with the council. A summary of this code is presented at each workshop, educational seminar and conference to keep Valuers constantly aware thereof. Any breach of the code is subject to disciplinary measures as contained in the Property Valuers Profession Act, 2000.

PART D: HUMAN RESOURCE MANAGEMENT

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	0	0	3
Semi-skilled	4	0	0	4
Unskilled	1	0	0	1
Total	8	0	0	8

No appointments and no resignations in the year under review.

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	0	0
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	0	0
Other	0	0
Total	0	0

Labour Relations: Misconduct and disciplinary action

There were no employee misconduct or disciplinary measures taken against any employee.

PART E: FINANCIAL INFORMATION

10/10/2016

SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

FINANCIAL STATEMENTS

for the year ended

31 MARCH 2016



GEYSER & DU PLESSIS

**Geregistreerde Rekenmeesters & Ouditeure
Registered Accountants & Auditors**

Waterkloofweg 267 Waterkloof Road Pretoria 0181
Posbus / PO Box 95288 Waterkloof 0145
Telefoon / Telephone (012) 346 2030
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SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

FINANCIAL STATEMENTS

for the year ended

31 MARCH 2016

Members of the Council

M Kubuzie (President)
 C K Gavor (Vice-President)
 C P Lawrence
 H V Ndlovu
 N D Naidoo
 S D Kuppan
 C D Kneale
 N C Betela
 D B de Wet
 M C Seota (Registrar)

Business address

77 Kariba Street
 Lynnwood Glen
 Pretoria
 0081

Bankers

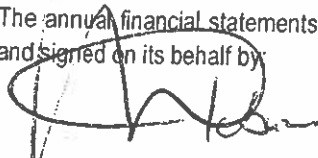
ABSA Bank Limited
 Investec Private Bank

Auditors

Geyser and du Plessis, Pretoria

APPROVAL BY COUNCIL

The annual financial statements enclosed on pages 5 to 19 were approved by the Council on 22 July 2016 and signed on its behalf by:



PRESIDENT - M Kubuzie



REGISTRAR - M C Seota

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The following supplementary annexure does not form part of the financial statements and is unaudited:

Annexure - Other operating expenses

**GEYSER & DU PLESSIS**

**Geregistreeerde Rekenmeesters & Ouditeure
Registered Accountants & Auditors**

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SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

REPORT OF THE INDEPENDENT AUDITORS TO THE PRESIDENT AND MEMBERS

for the year ended

31 MARCH 2016

To the President and Members

We have audited the financial statements of the South African Council for the Property Valuers Profession set out on pages 7 to 18, which comprise the statement of financial position as at 31 March 2016, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Council's Responsibility for the Financial Statements

The Council's members are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice as applied in South Africa and for such internal control as the Council's members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Vennote - Partners: JC Greyling, J Leiding, FC Vorster

Konsultante - Consultants: JH du Plessis

SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

REPORT OF THE INDEPENDENT AUDITORS TO THE PRESIDENT AND MEMBERS - CONTINUED

for the year ended

31 MARCH 2016***Opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of the South African Council for the Property Valuers Profession as at 31 March 2016, and its financial performance and cash flows for the year then ended in accordance with generally accepted accounting practice as applied in South Africa.

Other reports

As part of our audit of the financial statements for the year ended 31 March 2016, we have read the Council's Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report are the responsibility of the Council. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.


.....
FC VORSTER CA (SA)

GEYSER & DU PLESSIS
Registered Auditors (S A)

PRETORIA

Date

22 July 2016

SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

COUNCIL'S REPORT

for the year ended

31 MARCH 2016

Introduction

The Council hereby presents its report on its activities for the year ended 31 March 2016.

Nature of business

The South African Council for the Property Valuers Profession is a non-profit making statutory body that is governed by the Property Valuers Profession Act (Act No. 47 of 2000) and was granted exemption from taxation by the South African Revenue Service. The main statutory functions of the Council are:

- to provide for the registration of professionals, candidates and specified categories in the property valuers profession;
- to provide for the regulation of the relationship between the South African Council for Property Valuers Profession and the Council for the Built Environment.
- to provide for the protection of the public regarding the conduct of registered persons.

Statements of responsibility

The Council is responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements.

The Council is also responsible for the entity's system of internal financial control. These are designed to provide reasonable, but not necessarily absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets and to prevent and detect misstatement and loss. Nothing has come to the attention of the Council to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the Council has every reason to believe that the entity has adequate resources in place to continue in operation for the foreseeable future.

Overview of financial results

The results of the entity and its state of affairs are set out in the financial statements and do not, in our opinion, require further comments. It should be noted that the fixed property of the Council is reflected at its market value of R3 500 000 in the financial statements of the Council. The office building has been revalued on 4 June 2012 at a revaluation value of R3 500 000.

Administration of Bursary and Internship Schemes

Between 2007 and 2013, the Council administered a bursary scheme and an internship scheme on behalf of the Local Government: Sector Education and Training Authority (LGSETA) and the Department: Cooperative Governance and Traditional Affairs (CoGTA). The aim of these schemes was to increase the number of property valuers within municipalities so as to facilitate the implementation of the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004). During the 2012/2013 financial year, some of the funds intended for this scheme were reallocated and used for the development of municipal qualifications. There has not been any funds transfer during the year under review.

SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

COUNCIL'S REPORT - CONTINUED

for the year ended

31 MARCH 2016

Events subsequent to year-end

There have been no facts or circumstances of material nature that have occurred between the accounting date and the date of this report.

Going concern

The members have reviewed the Council's budget and cash flow forecast for the year ending 31 March 2017. On the basis of this review and in the light of the current financial position, the members are satisfied that the Council is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

Council

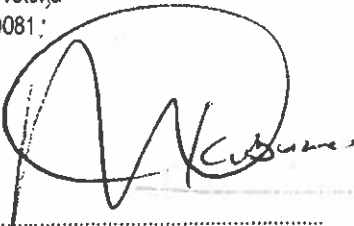
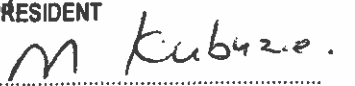
The Council is a statutory body juristic person, established by section 2 of the Property Valuers Profession Act, 2000 (Act No. 47 of 2000). The Council was appointed on 28 January 2014, by the Minister of Public Works for a period of four years. The Council can be regarded as the legal custodian of the property valuers profession in South Africa.

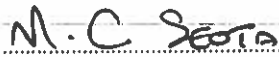

Business address

77 Kariba Street
Lynnwood Glen
Pretorja
0081:

Postal address

P O Box 114
Menlyn
0063


.....
PRESIDENT

.....


.....
REGISTRAR

.....

SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

STATEMENT OF FINANCIAL POSITION

as at

31 MARCH 2016

	Notes	2016 R	2015 R
ASSETS :			
NON-CURRENT ASSETS			
Property, plant and equipment	1	3 551 625	3 580 149
CURRENT ASSETS			
Cash and cash equivalents	2	2 401 936	3 324 576
Deposits	3	2 396 179	3 287 959
Receivables	4	3 326	3 326
		2 431	33 291
TOTAL ASSETS		5 953 560	6 904 724
 EQUITY AND LIABILITIES :			
RESERVES			
Accumulated funds		4 843 626	5 784 754
Non-distributable reserves		2 381 566	3 322 694
		2 462 060	2 462 060
CURRENT LIABILITIES			
Payables	5	1 109 934	1 119 970
Provisions	6	839 163	893 200
		270 770	226 770
TOTAL EQUITY AND LIABILITIES		5 953 560	6 904 724

SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended

31 MARCH 2016

	Notes	2016 R	2015 R
GROSS REVENUE	7	4 426 304	4 892 916
OTHER OPERATING INCOME	8	571 631	388 485
		4 997 935	5 281 402
COUNCIL AND COMMITTEE MEETINGS		(502 286)	(898 592)
EMPLOYEE COSTS		(3 612 582)	(2 983 625)
DEPRECIATION		(28 524)	(30 240)
OTHER OPERATING EXPENSES	9	(2 132 336)	(1 445 820)
		(1 277 793)	(76 874)
INVESTMENT INCOME	10	337 056	322 761
FINANCE COSTS		(391)	(50)
NET SURPLUS FOR THE YEAR		(941 128)	245 836

SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

STATEMENT OF CHANGES IN EQUITY

for the year ended

31 MARCH 2016

	Non-distributable reserves R	Accumulated funds R	Total R
BALANCE AT 31 MARCH 2014	2 462 060	3 076 858	5 538 918
NET SURPLUS FOR THE YEAR	<u>-</u>	<u>245 836</u>	<u>245 836</u>
BALANCE AT 31 MARCH 2015	2 462 060	3 322 694	5 784 754
NET SURPLUS FOR THE YEAR	<u>-</u>	<u>(941 128)</u>	<u>(941 128)</u>
BALANCE AT 31 MARCH 2016	<u><u>2 462 060</u></u>	<u><u>2 381 566</u></u>	<u><u>4 843 626</u></u>

SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

STATEMENT OF CASH FLOWS

for the year ended

31 MARCH 2016

	Notes	2016 R	2015 R
CASH FLOW FROM OPERATING ACTIVITIES		(891 781)	1 017 971
Cash received from registered persons and related entities		4 457 164	4 859 626
Cash paid to suppliers and employees		(5 685 610)	(4 164 365)
Cash (utilized in) / generated from operations	11	(1 228 446)	695 260
Investment income		337 056	322 761
Finance costs		(391)	(50)
CASH FLOW FROM INVESTMENT ACTIVITIES		-	-
Proceeds on disposal of assets		-	-
Acquisition of fixed assets		-	-
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(891 780)	1 017 972
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3 287 959	2 269 988
CASH AND CASH EQUIVALENTS AT END OF YEAR	2	2 396 179	3 287 959

SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

SUMMARY OF ACCOUNTING POLICIES

for the year ended

31 MARCH 2016**Presentation of financial statements**

The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent with those applied in the previous year.

Accounting policies

The financial statements are prepared in accordance with the historical cost convention.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may ultimately differ from these estimates.

1. Property, plant and equipment

Land and buildings are carried at revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Other property, plant and equipment are stated at cost less accumulated depreciation.

Any increase in an assets' carrying amount, as a result of a revaluation, is credited directly to equity in the revaluation reserve. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Depreciation is calculated on the straight-line-basis to write off the cost of each asset over its estimated useful life as follows:

- Office equipment @ 20% per annum
- Office furniture and fittings @ 10% per annum
- Computer equipment @ 33.3% per annum
- Computer software @ 50% per annum
- Website Development @ 50% per annum

Major improvements to items of property, plant and equipment are capitalized. Repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Gains or losses on disposal or retirement of an asset are determined by reference to their carrying amounts and are taken into account in determining operating profit.

Impairment of assets

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

SUMMARY OF ACCOUNTING POLICIES - CONTINUED

for the year ended

31 MARCH 2016**2. Financial instruments***Financial assets*

The entity's principal financial assets are bank balances and cash and trade receivables.

Financial liabilities

Financial liabilities are classified according to the substance of contractual arrangements entered into. Significant financial liabilities include trade and other payables.

Recognition

Financial instruments are initially recognised using the trade date accounting method.

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below:

- *Cash and cash equivalents*
Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits with banks and bank overdrafts.
- *Accounts receivable*
Accounts receivable are stated at nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.
- *Accounts payable*
Accounts payable are stated at their nominal value.

3. Revenue

Revenue from registration, annual and other fees is recognised on receipt and is net of value-added tax.

4. Provisions

Provisions are recognised when the following conditions have been met:

- The Council has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- A reasonable estimate of the obligation can be made.

A present obligation is considered to exist when the Council has no realistic alternative but to make the transfer of economic benefits. The amount recognised as a provision is the best estimate at the reporting date of the expenditure required to settle the obligation. Only expenditure related to the purpose for which the provision is raised is charged against the provision.

SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

NOTES TO THE FINANCIAL STATEMENTS

for the year ended

31 MARCH 2016

	Total R	Office buildings R	Office equipment R	Office furniture R	Computer equipment R	Website and database development R	Computer software R
1. Property, plant and equipment - 2016							
Carrying value beginning of year	3 580 149	3 500 000	20 514	38 873	20 755	-	7
- At cost	913 066	-	221 654	115 254	138 584	163 919	273 655
- At revaluation	3 500 000	3 500 000	-	-	-	-	-
- Accumulated depreciation	(832 917)	-	(201 140)	(76 381)	(117 829)	(163 919)	(273 648)
Movements during the year							
- Purchases, acquisitions and improvements	-	-	-	-	-	-	-
- Revaluations	-	-	-	-	-	-	-
- Depreciation	(28 524)	-	(7 584)	(5 929)	(15 010)	-	-
Carrying value end of year	3 551 625	3 500 000	12 930	32 944	5 745	-	7
- At cost	913 066	-	221 654	115 254	138 584	163 919	273 655
- At revaluation	3 500 000	3 500 000	-	-	-	-	-
- Accumulated depreciation	(861 441)	-	(208 724)	(82 310)	(132 839)	(163 919)	(273 648)

SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

for the year ended

31 MARCH 2016

	Total R	Office buildings R	Office equipment R	Office furniture R	Computer equipment R	Website and database development R	Computer software R
Property, plant and equipment - 2015							
Carrying value beginning of year	3 610 389	3 500 000	29 507	45 107	35 768	-	7
- At cost	913 066	-	221 654	115 254	138 584	163 919	273 655
- At revaluation	3 500 000	3 500 000	-	-	-	-	-
- Accumulated depreciation	(802 677)	-	(192 147)	(70 147)	(102 816)	(163 919)	(273 648)
Movements during the year							
- Purchases, acquisitions and improvements	-	-	-	-	-	-	-
- Revaluations	-	-	-	-	-	-	-
- Depreciation	(30 240)	-	(8 993)	(6 234)	(15 013)	-	-
Carrying value end of year	3 580 149	3 500 000	20 514	38 873	20 755	-	7
- At cost	913 066	-	221 654	115 254	138 584	163 919	273 655
- At revaluation	3 500 000	3 500 000	-	-	-	-	-
- Accumulated depreciation	(832 917)	-	(201 140)	(76 381)	(117 829)	(163 919)	(273 648)

SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

for the year ended

31 MARCH 2016

	2016 R	2015 R
1. <u>Property, plant and equipment - continued</u>		
Office building situated at 77 Kariba Street, Pretoria is described as Erf 221, Lynnwood Glen, Pretoria		
The office building was revalued at R3 500 000 on 4 June 2012 by a professional valuer - Gugu Makongwana.		
The total carrying value at the end of the year for property, plant and equipment:	3 551 625	3 580 149
2. <u>Cash and cash equivalents</u>		
Absa Bank Limited	1 128 154	2 103 895
Investec Private Bank	1 266 720	1 183 944
Cash on hand	1 305	121
	2 396 179	3 287 959
3. <u>Deposit</u>		
Municipal deposit	3 326	3 326
	3 326	3 326
4. <u>Receivables</u>		
S A Revenue Services - VAT	2 431	33 291
	2 431	33 291
5. <u>Payables</u>		
CBE levies	12 658	10 082
SARS PAYE	50 107	-
Carried forward	62 764	10 082

SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

for the year ended

31 MARCH 2016

	2016 R	2015 R		
<u>Payables - continued</u>				
Brought forward	62 764	10 082		
Income received in advance	668 866	859 004		
Sundry creditors	107 534	24 115		
	839 163	893 200		
	839 163	893 200		
6. <u>Provisions</u>				
	Opening balance R	Additions R	Utilised during the year R	Total R
	R	R	R	R
<i>Reconciliation of provisions - 2016</i>				
- Bonus provision	54 241	70 895	(54 241)	70 895
- Leave pay provision	172 529	199 876	(172 529)	199 876
	226 770	270 770	(226 770)	270 770
	226 770	270 770	(226 770)	270 770
<i>Reconciliation of provisions - 2015</i>				
- Bonus provision	62 417	54 241	(62 417)	54 241
- Leave pay provision	177 805	172 529	(177 805)	172 529
	240 222	226 770	(240 222)	226 770
	240 222	226 770	(240 222)	226 770
7. <u>Gross revenue</u>				
Annual fees			3 940 104	4 359 395
Examination fees			326 102	294 312
Registration fees			160 098	239 209
			4 426 304	4 892 916
			4 426 304	4 892 916

SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

for the year ended

31 MARCH 2016

	2016 R	2015 R
8. <u>Other operating income</u>		
Conferences, seminars and workshops	411 180	114 668
Rent received	116 100	115 430
Accreditation visit charge	40 000	80 000
Other	2 632	2 691
Duplicate certificates	1 719	16 068
Practical workschool	-	31 500
Conference sponsorship	-	21 930
Income from insurance claim	-	6 199
	571 631	388 485
	571 631	388 485
9. <u>Other operating expenses</u>		
<i>Other operating expenses include:</i>		
- Audit services	39 973	41 602
	39 973	41 602
	39 973	41 602
10. <u>Investment income</u>		
Interest received	337 056	322 761
	337 056	322 761
	337 056	322 761

SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

for the year ended

31 MARCH 2016

	2016 R	2015 R
11. <u>Notes to the statement of cash flow</u>		
<u>Reconciliation of net income with cash generated from operations</u>		
Net income	(941 128)	245 836
Adjustments for:		
- Profit / (Loss) on disposal of assets	-	-
- Finance costs	391	50
- Investment income	(337 056)	(322 761)
- Depreciation	28 524	30 240
	(1 249 269)	(46 634)
Changes in working capital	20 823	741 894
- Increase in creditors	(10 036)	775 185
- Decrease / (Increase) in debtors	30 860	(33 291)
	(1 228 446)	695 260

ANNEXURE

SOUTH AFRICAN COUNCIL FOR THE PROPERTY VALUERS PROFESSION

Established by Section 2 of The Property Valuers Profession Act, 2000

OTHER OPERATING EXPENSES

for the year ended

31 MARCH 2016

	2016 R	2015 R
Conferences and seminars	617 146	91 006
Fees for bookkeeper	211 622	201 190
Remuneration for Council work	189 229	130 537
Postage and communications	157 211	120 541
Disciplinary hearings and legal services	143 068	74 981
Database upgrades and computing	130 002	101 507
Municipal rates, taxes and levies	114 953	92 447
Marketing and refreshments	113 565	125 162
Membership fees IVSC	72 160	69 690
Repairs and maintenance	64 890	73 347
Consulting fees	59 024	12 780
Auditors' remuneration	39 973	41 602
Bank charges	33 596	41 286
Staff recruitment, training and welfare	31 667	33 278
Printing and stationery	31 452	33 132
Security	31 004	11 876
Training and workshops	23 366	56 842
Examination expenses	19 547	18 646
Insurance	18 196	44 811
IT expenses	12 995	-
Subsistence and travel expenses	11 548	51 079
Subscriptions	5 566	5 197
Advertisements and notices	559	2 829
Recordings and transcripts	-	9 879
General	-	2 520
Penalties paid - SARS	-	1 653
Competition Commission application fees	-	-
	<u>2 132 336</u>	<u>1 445 820</u>