



Companies and Intellectual  
Property Commission

a member of **the dtic** group

# ANNUAL REPORT • 2022/2023





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# COMPANIES AND INTELLECTUAL PROPERTY COMMISSION

## ANNUAL REPORT 2022/2023



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## GLOSSARY OF TERMS

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

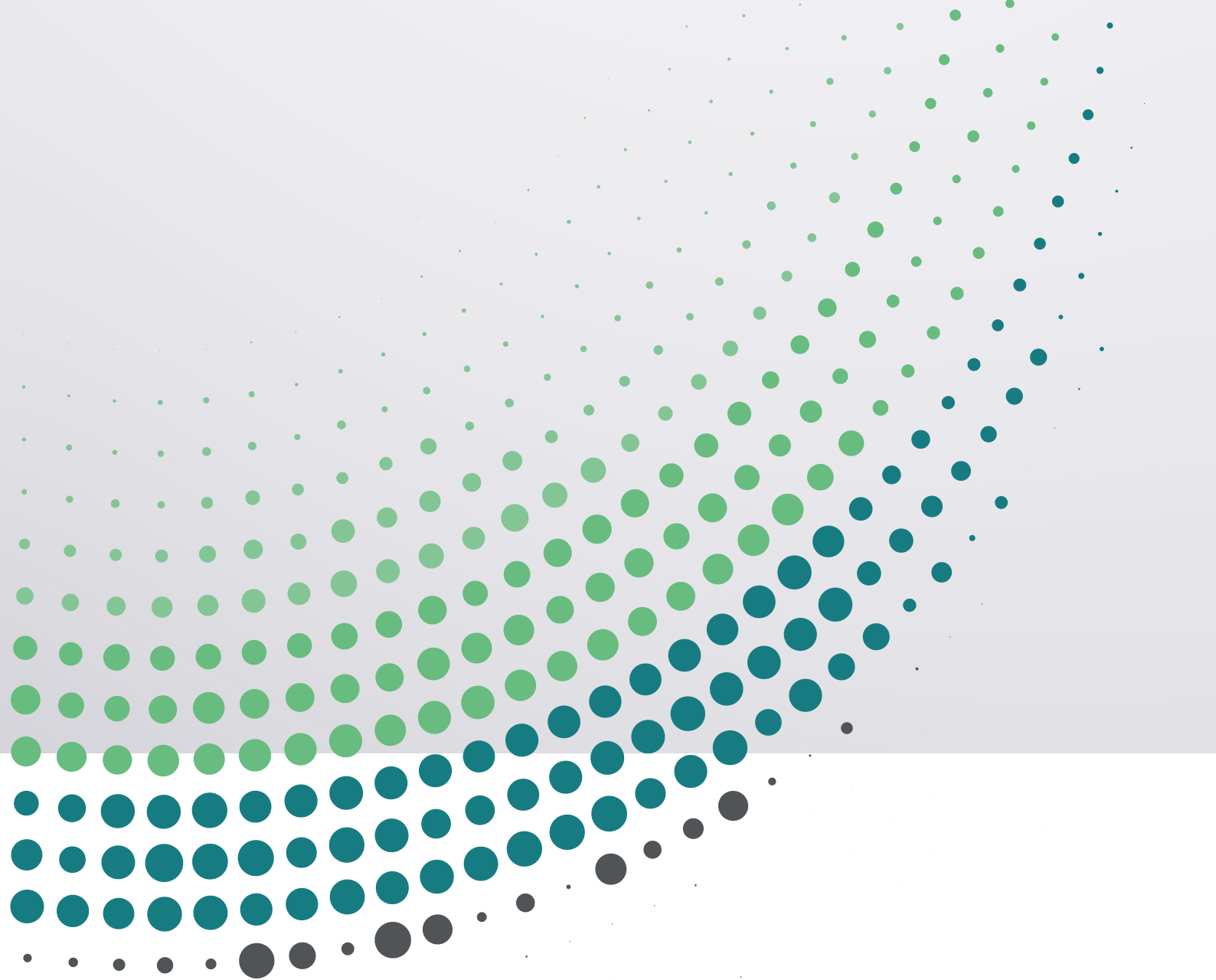
**Director** – A member of the board of a company, as contemplated in the Companies Act, 2008, or an alternate director of a company and includes any person occupying the position of a director or alternate director, by whatever name designated.

**Financial Reporting Standards** — With respect to any particular company's financial statements, means the standards applicable to that company, as prescribed in the Companies Act, 2008.

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

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

**Non-profit company (NPC)** — A company (a) incorporated for a public benefit or other object as required according to the Companies Act, 2008 and (b) the income and property of which are not distributable to its incorporators, members, directors, officers or persons related to any of them except to the extent permitted according to the Act.



**Private Company** — A for-profit company that (a) is not a company or a personal liability state-owned company; and (b) which satisfies the criteria set out in section 8(2)(b) of the Companies Act, 2008.

**Profit Company** — A company incorporated for the purpose of financial gain for its shareholders. A profit company that is not a state-owned company, a private company or a personal liability company.

**Public Company** — A profit company that is not a state-owned company, a private company or a personal liability company.

**Registration Certificate** — The certificate, or amended certificate, issued by the Commission as evidence of the incorporation and registration of that company or intellectual property (Patents, Designs, Copyright in Film, and Trade Marks).

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

**State-owned Company** — Means an enterprise that is registered in terms of the Companies Act, 2008 as a company, and either (a) falls within the meaning of “state-owned enterprise” in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999); or (b) is owned by a municipality, as contemplated in the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), and is otherwise similar to an enterprise referred to in paragraph (a);



## ABOUT THE ANNUAL REPORT

This document constitutes the Annual Report of the Companies and Intellectual Property Commission (CIPC) of South Africa for the 2022/23 financial year. It is premised on the Commission's Strategic Plan for 2021/22 – 2025/26. This Annual Report has been prepared in line with the Annual Report Guide for Schedule 3A and 3C Public Entities, which is published by the National Treasury. It captures the key performance outputs, outcomes and impact of the Commission, over the reporting period. It also articulates how the Commission fared in the management of its resources and in complying with corporate governance principles; as captured in part C of this report.

This report is organised as follows:

- Part A: General Information
- Part B: Performance Information
- Part C: Governance
- Part D: Human Resource Management
- Part E: PFMA Compliance Report
- Part F: Financial Information



# PART A

## GENERAL INFORMATION

## 1. PUBLIC ENTITY'S GENERAL INFORMATION

### Registered name of the Public Entity

Companies and Intellectual Property Commission (CIPC)

### Registration Numbers and/or other relevant numbers

Not applicable

### Registered Office address

**the dti** campus (Block F - Entfutukweni)  
77 Meintjies Street  
Sunnyside,  
Pretoria

### Postal Address

P.O. Box 429  
Pretoria  
0001

### Contact telephone numbers

+27 86 100 2472

### Enquiries

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

### Website address

[www.cipc.co.za](http://www.cipc.co.za)

### External Auditors information

Auditor-General South Africa (AGSA)  
PO Box 446  
Pretoria  
0001

### Banker's information

ABSA Business Banking  
PO Box 4210  
Pretoria  
0001

### Company Secretary

The CIPC does not have a Company Secretary

## 2. ACRONYMS AND ABBREVIATIONS

**AFS** Annual Financial Statements

**BISG** Business Information Systems Group

**BRR** Business Regulation and Reputation

**CPD** Corporation for Public Deposits

**CIPC** Companies and Intellectual Property Commission

**DSBD** Department of Small Business Development

**DSI** Department of Science and Innovation

**the dtic** The Department of Trade, Industry and Competition

**EPO** European Patent Office

**FAS** Financial Accounting Supplements

**GRAP** Generally Recognised Accounting Practice

**IAP** Inventor Assistance Programme

**I&C** Innovation and Creativity

**IP** Intellectual Property

**IRBA** Independent Regulatory Board of Auditors

**IT** Information Technology

**iXBRL** Inline eXtensible Business Reporting Language

**LSSA** Law Society of South Africa

**NIPMO** National Intellectual Property Management Office

**NT** National Treasury

**PPDMISA** Protection, Promotion, Development and Management of Indigenous Knowledge

**SARB** South African Reserve Bank

**SDLC** Software Development Life Cycle

**SEDA** Small Enterprise Development Agency

**SSE** Substantive Search and Examination

**WIPO** World Intellectual Property Organisation

**EBRAHIM PATEL***Minister of Trade, Industry and Competition*

### 3. FOREWORD BY THE MINISTER

It is my pleasure to table the Annual Report of the Companies and Intellectual Property Commission (CIPC) for the 2022/23 financial year.

The report reflects the work of the CIPC in implementing their core mandate, and the outcome of joint efforts to align work of the dtic's 18 entities towards a set of three shared outcomes:

- Increased industrialisation
- Strengthened transformation in the economy; and
- Building a capable state.

Focusing around these central outcomes allows the combined impact of **the dtic-group** – comprising regulators, financiers and technical institutions – to best deliver for the South African people.

The CIPC strengthened its regulatory capabilities, through substantive search and examination (SSE) capabilities. The CIPC accelerated its modernisation efforts through the use of 4IR technologies, automation of processes and migration of services to new platforms, such as the BizPortal and new e-services. This has benefited customers

by making it easier to access our services, whilst resulting in a reduction of the time it takes to transact with the CIPC and its collaboration partners. This is part of our efforts to reduce the regulatory burden on businesses.

In the 2023/24 financial year, the CIPC will continue to improve its core mandate and to align their work around a common set of outcomes defined for **the dtic-group**, including the forty-five central outcomes. These outcomes are focused on measuring performance in terms of real impact; defined through key measures like the number of jobs supported, investment unlocked, and output generated by the work of public entities.

I wish to thank the CIPC Commissioner, Advocate Rory Voller, the Executive Team and staff for work done in the past year.

**Mr. Ebrahim Patel**

Minister of Trade, Industry and Competition

Date: 31/08/2023

**RORY VOLLER, ADV.**  
CIPC Commissioner



## 4. COMMISSIONER'S OVERVIEW

I hereby present the CIPC 2022/23 Annual Report, which outlines the CIPC's performance during this period.

### 4.1 General Financial Review of the Public Entity

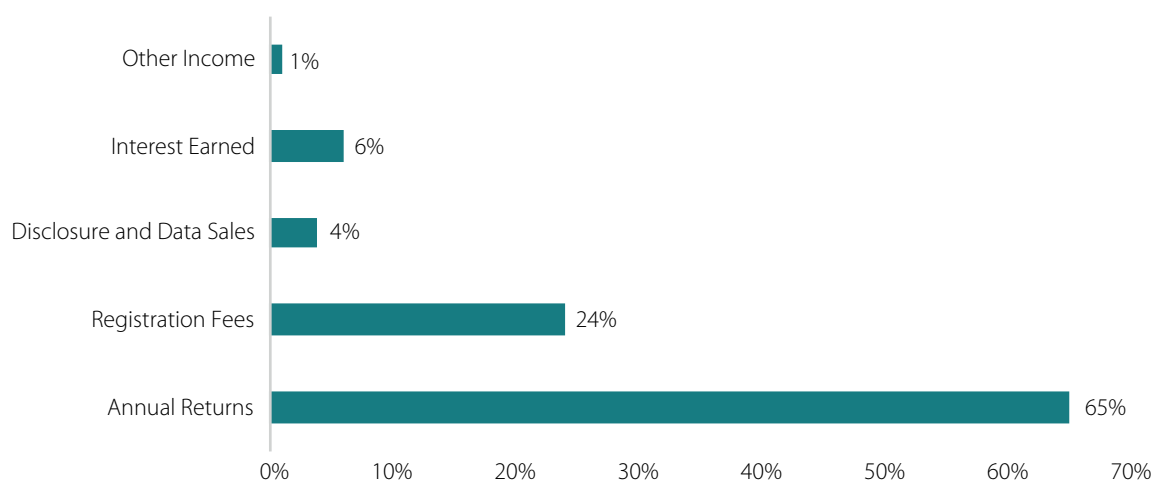
For the year under review, the CIPC received revenue totalling R676m, of which R438m was generated as a result of Annual Returns filed by businesses.

Further, R624m was generated from activities related to the submission of Annual Returns, fees received for registration and maintenance of companies, registration and maintenance of intellectual property (IP) and registration and maintenance of co-operatives, as well as from disclosure and the sale of data.

Revenue generated from other income amounted to R10m. This was comprised mainly of recognition of customer deposit balances older than three years as revenue, which amounted to R10m, and other sundry income. Interest of R39m was earned through the Corporation for Public Deposits (CPD) investment at the South Africa Reserve Bank (SARB), as well as other bank accounts.

This breakdown of revenue generated is represented in the figure below:

**Figure A.1:** Breakdown of Revenue, FY2022/23

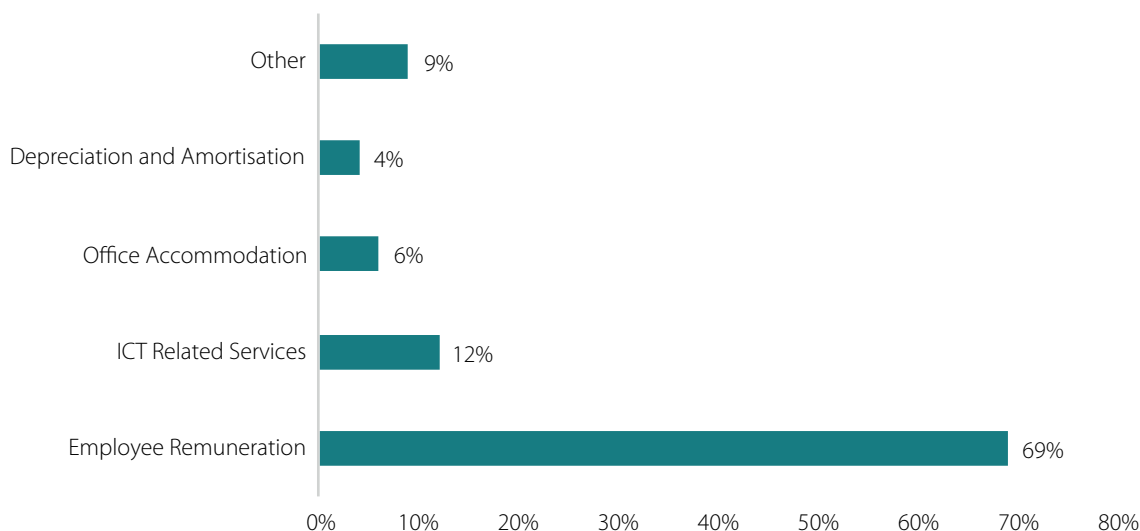


## 4.2 Spending Trends of the Public Entity

The CIPC continued with stabilisation of its IT systems through investment in improved IT infrastructure. As a service delivery organisation, the main cost drivers for the CIPC relate to employee remuneration, IT related services, office accommodation and depreciation and amortisation.

As depicted in the figure below, remuneration of staff remains the most substantial expense, amounting to R377m of total operating expenditure during the period under review.

**Figure A.2:** Actual Expenditure, FY2022/23



## 4.3 Capacity Constraints and Challenges facing the Public Entity

### Expiry of Contracts

Due to the expiry of the StreamYard software contract, we were unable to host a number of webinars during Quarter 1 of the 2022/23 financial year.

### Eskom Load Shedding

Load shedding continues to negatively impact the entity. In particular, whilst hosting online webinars, load shedding has proven to be a severe hindrance to substantive attendance and meaningful participation by attendees.

### E-Services rollout

A number of primarily technical challenges were encountered during the roll out of new e-services. This impacted on our performance and resulted in rolling back of e-services.

### Resourcing Challenges

With regard to the implementation of strategic initiatives, we experienced resourcing constraints which impacted on our performance.

### Corporate Legal

The implementation and enforcement of the Beneficial Ownership Register requires a Regulatory Framework and legislative backing. Any non-compliance cannot be enforced without Regulations attached to the Companies Act being published and written into law. In this regard, we have had to wait for publication and confirmation from *the dtic*.

## 4.4 Discontinued Activities / Activities due to be Discontinued

There were no discontinued activities or activities due to be discontinued.

## 4.5 New or Proposed Activities

There were no new or proposed activities.

## 4.6 Requests for Rollover of Funds

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

## 4.7 Supply Chain Management

The Supply Chain Management (SCM) Unit is located within the Office of the Chief Financial Officer (CFO), in line with Treasury Regulations and the Public Finance Management Act (PFMA), No. 1 of 1999, as amended. It is responsible for procurement of goods and services for the CIPC in a fair, equitable, transparent, cost-effective and competitive manner.

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

## 4.8 All Concluded Unsolicited Bid Proposals for the Year Under Review

There was one closed tender, Datacentrix-HPE 3PAR storage.

## 4.9 SCM Processes and Systems in Place

SCM processes and systems are in place. These are reviewed as and when necessary, as per the PFMA and Treasury Regulations.

## 4.10 Challenges Experienced and how these are Resolved

See Section 4.3.

## 4.11 Audit Report on Matters in the Previous Year and how These are Addressed

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

## 4.12 Outlook / Plans for the Future to Address Financial Challenges

There are currently no financial challenges confronting the organisation in the short to medium-term. Further, the organisation's automation / digitisation drive will assist by improving efficiencies, while addressing equitable allocation of human resources.

## 4.13 Events after the Reporting Date

There were no events worth reporting after the reporting date.

## 4.14 Economic Viability

The implementation of fee increases will result in an increase of the gross revenue of the organisation, whilst continuation of the automation / digitisation drive, specifically in relation to processes, will assist in improving efficiencies. Subsequently, this may result in continued long-term economic viability for the organisation.

## 4.15 Acknowledgement/s or Appreciation

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

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

The Annual Financial Statements for the year ending 31 March 2023 are prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and incorporate disclosures in line with the accounting policies of the entity and the requirements of the PFMA.



**Rory Voller, Adv.**

CIPC Commissioner

Date: 31/08/2023

## 5. STATEMENT OF RESPONSIBILITY

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

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General.

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

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

The Annual Financial Statements (Part E) have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.

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

The Accounting Authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The External Auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2023.

Yours faithfully,



**Rory Voller, Adv.**

CIPC Commissioner

Date: 31/08/2023

## 6. STRATEGIC OVERVIEW

### 6.1. Vision

A world-class modern regulator making a strategic contribution towards improving South Africa's competitiveness and growth.

### 6.2. Mission

With partners, we make it easy to do business in SA;

We regulate the business and IP environment, contributing to SA becoming an investment destination, and enabling the protection and commercialisation of innovation; and

We leverage knowledge assets and networks to support third party decision-making.

### 6.3. Values

Consistent with being a South African national public entity, the Batho Pele principles drives the conduct of the CIPC executive, management, and staff in carrying out their mission, with emphasis on the values listed in **Table A.1: CIPC Values**.

**Table A.1:** CIPC Values

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

## 7. LEGISLATIVE AND OTHER MANDATES

### 7.1 Constitutional Mandate

The Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996) as amended (hereinafter referred to as 'the Constitution'), is the supreme law of the Republic, with all legislation subservient to the prescripts of the Constitution. That is, no other law or government action can supersede the provisions of the Constitution. The CIPC, through its mandate and strategy, must abide by the Constitution. **Table A.2: CIPC Constitutional Mandate** highlights relevant sections of the Constitution applicable to the CIPC.

**Table A.2:** CIPC Constitutional Mandate

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

### 7.2 Legislative Mandates

The CIPC is listed as a Schedule 3A entity in the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended (hereinafter referred to as the PFMA).

As shown in **Table A. 3: PFMA Provisions for Public Entities** below, Chapters 1, 6, and Schedule 3A of the PFMA provide for public entities such as the CIPC.

**Table A.3:** PFMA Provisions for Public Entities

| Chapter / Section | Provision                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chapter 1         | A national public entity is a board, commission, company, corporation, fund, or other entity (other than a national government business enterprise) which is— (i) established in terms of national legislation; (ii) fully or substantially funded either from the National Revenue Fund, or by way of a tax, levy or other money imposed in terms of national legislation; and (iii) accountable to Parliament; |

| Chapter / Section | Provision                                                                                                                                                                                                                                 |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chapter 6         | Provides classification, assignment of powers and responsibilities, corporate plans, annual budgets and performance, revenue and expenditure management, information access, annual reports, and financial statements of public entities. |
| Schedule 3A       | List the CIPC as a Schedule 3A entity                                                                                                                                                                                                     |

The CIPC, as a national public entity, is established by - and derives its core mandate from - national legislation, namely the Companies Act, 2008 (Act No. 71 of 2008), as amended (hereinafter referred to as the Companies Act). In addition to the Companies Act, the CIPC must abide by further applicable legislation, as illustrated in **Table A.4: CIPC Legislative Mandate**.

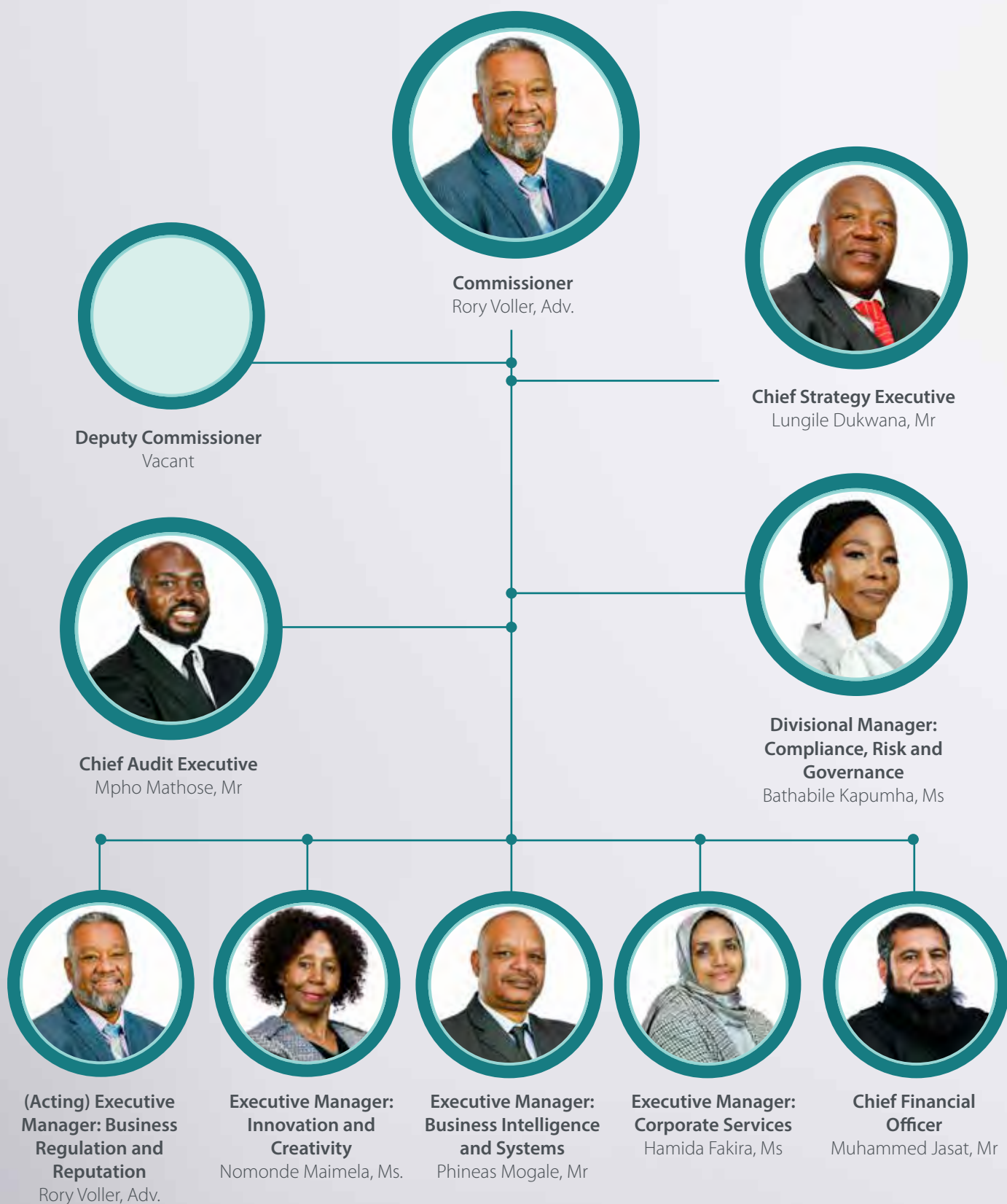
**Table A.4:** CIPC Legislative Mandate

| Legislation                                                                                                 | Mandate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Companies Act, 2008 (No. 71 of 2008)                                                                        | Register companies, business rescue practitioners and corporate names; maintain data; regulate governance of and disclosure by companies; accredit dispute resolution agents; educate and inform about all laws; give non-binding opinions and circulars, policy, and legislative advice.<br><br>Enforce the Companies Act, 2008, to promote voluntary resolution of disputes arising between companies and directors or shareholders as contemplated in Part C of Chapter 7. Monitor proper compliance with the Act, receiving or initiating complaints concerning alleged contravention of this Act, evaluating such complaints, and initiating investigations into complaints. |
| Close Corporations Act, 1984 (No. 69 of 1984)                                                               | Maintain data, regulate governance of - and disclosure by - close corporations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Co-operatives Act, 2005 (No 14 of 2005)                                                                     | Register co-operatives, maintain data, regulate governance of - and disclosure by - co-operatives                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Co-operatives Amendment Act, 2013 (No. 6 of 2013)                                                           | Annual submission of information by co-operatives, audit and independent review of co-operatives, voluntary winding-up of co-operatives by special resolution, liquidation process of co-operatives                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Share Block Control Act, 1980 (No. 59 of 1980)                                                              | Regulate conduct and disclosure by share block schemes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Consumer Protection Act, 2008 (No. 68 of 2008)                                                              | Register business names                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Trademarks Act, 1993 (No. 194 of 1993)                                                                      | Register Trade Marks, maintain data, resolve disputes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Merchandise Marks Act, 1941 (No. 17 of 1941) (Unauthorised Use of State Emblems Act, 1961 (No. 37 of 1961)) | Prevent and enforce the law against unauthorised use of state emblems                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Patents Act, 1978 (No. 57 of 1978)                                                                          | Register patents, maintain data, publish patent journal, administer Court of Commissioner of Patents                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Designs Act, 1993 (No. 195 of 1993)                                                                         | Register designs, maintain data, resolve disputes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Copyright Act, 1978 (No. 98 of 1978)                                                                        | Provide non-binding advice to the public                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Registration of Cinematography Films Act, 1977 (No. 62 of 1977)                                             | Register films, maintain data                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Performers Protection Act, 1967 (No. 11 of 1967)                                                            | Accredit Collecting Societies; regulate their governance, conduct and disclosure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Counterfeit Goods Act, 1997 (No. 37 of 1997)                                                                | Conduct and co-ordinate search and seizure operations, oversee depots                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Protection of Personal Information Act, 2013 (No. 4 of 2013)                                                | The Protection of Personal Information Act, 4 of 2013 (POPIA) came into operation on 1 July 2021. As a public body, in terms of POPIA, the CIPC must ensure compliance with the POPI Act about the personal information that is collected, processed and disclosed. All CIPC processes - external as well as internal - are affected by the new legislation.                                                                                                                                                                                                                                                                                                                      |

## 8. ORGANISATIONAL STRUCTURE

**Figure A.3: CIPC Organisational Structure**, below depicts the CIPC's organisational structure at Executive level.

**Figure A.3:** CIPC Organisational Structure





# **PART B**

## PERFORMANCE INFORMATION

# 1. OVERVIEW OF THE CIPC'S PERFORMANCE

The mandate and the strategy of the CIPC sets the direction of the organisation, with the Annual Performance Plan (APP) providing the framework within which the CIPC tracks and measures its performance. The strategic intent, as captured by Vision 2030, seeks to position the regulator as a modern and credible entity, that is relevant in contributing to the economic growth and competitiveness of the Republic. Over the past financial year, substantial effort was directed towards refining Vision 2030 to ensure that this was consistent with the mandated service delivery requirements of the Republic, while positioning the CIPC to ensure that it exceeds its mandatory expectations.

In this regard, for the 2022/23 Financial Year, the CIPC tracked 29 Key Performance Indicators (KPIs) across three (3) Programmes, with the CIPC achieving 86%: (25/29) of its targets.

In general, the CIPC performed strongly and consistently across its key service areas. Looking at the volumes of key services rendered by the CIPC, employing a five-year perspective, there has been a general increase in volumes of key services rendered by the CIPC, for example in relation to patent applications and registrations, as well as the issuing of BBBEE certificates, amongst others. Further, employing a comparative perspective between 2021/22 and 2022/23, there has been a marginal decline in volumes of key services rendered; for example, in relation to Patent and Design Renewals amongst others.

Positive increases in patent applications, issuing of BBBEE certificates and a decline in Business Rescue proceedings could be observed over both the five-year and two-year periods. On the other hand, decreases in the volume of Patent Renewals and both Copyright in Film applications and registrations could be observed over both the five-year and two-year periods.

Furthermore, looking at the CIPC's key services' average turnaround times over the five-year period, a significant number of key service average turnaround times have improved, for example pertaining to Patent and Design Applications, while none have worsened or deteriorated. This is a noteworthy achievement. Simultaneously, comparing average turnaround times for key services rendered between 2021/22 and 2022/23, a few key service average turnaround times have improved: Patent Renewals and Design Registrations among others, while others have worsened, such as Patent and Trade Mark registrations.

Ultimately, changes in key service volumes and average turnaround times can, in one way or another, be linked back to the economic context in South Africa, as well as the status of process and channel automation within the organisation. Therefore, the CIPC has directed its focus towards doing more in relation to improving the socio-economic context of the South African population, while significant effort has also been directed, through automation and process enhancements, towards driving improvement in turnaround times and enhancing the overall customer experience when engaging with the CIPC.

As indicated, a key focus of the strategy, which is reflected in the organisation's overall performance, has been on modernisation efforts, including continuous improvement and digitisation of processes, a focus on operational excellence and innovation and collaboration initiatives that seek to radically enhance the service experience provided by the CIPC. This has included a multi-channel service experience, with continued migration to modern and integrated digital platforms.

The overwhelming majority of filings were processed within the published service delivery turnaround times whilst exhibiting an improvement in most average turnaround times. This was confirmed by way of excellent customer satisfaction scores.

The CIPC continued to build and strengthen its capabilities through improvement of its critical service channels i.e., the e-services website, the BizPortal platform, the CIPC Mobile App and ChatBot; as well as the automation of many of its processes including the migration of Intellectual Property (IP) processes to the Intellectual Property Automated System (IPAS). Significant progress has been made in building the patent Substantive Search and Examination (SSE) capability. The CIPC also instituted phase 1 implementation of the Beneficial Ownership Register. Virtual tools have also proved useful in extending the reach of the CIPC Education and Awareness Programme.

## 1.1 Service Delivery Environment

The following section highlights the impact of the service delivery environment, including the performance of core CIPC services, issues of compliance and enforcement, customer engagement, and key CIPC strategies.

### 1.1.1 Applications, Registrations and Amendments

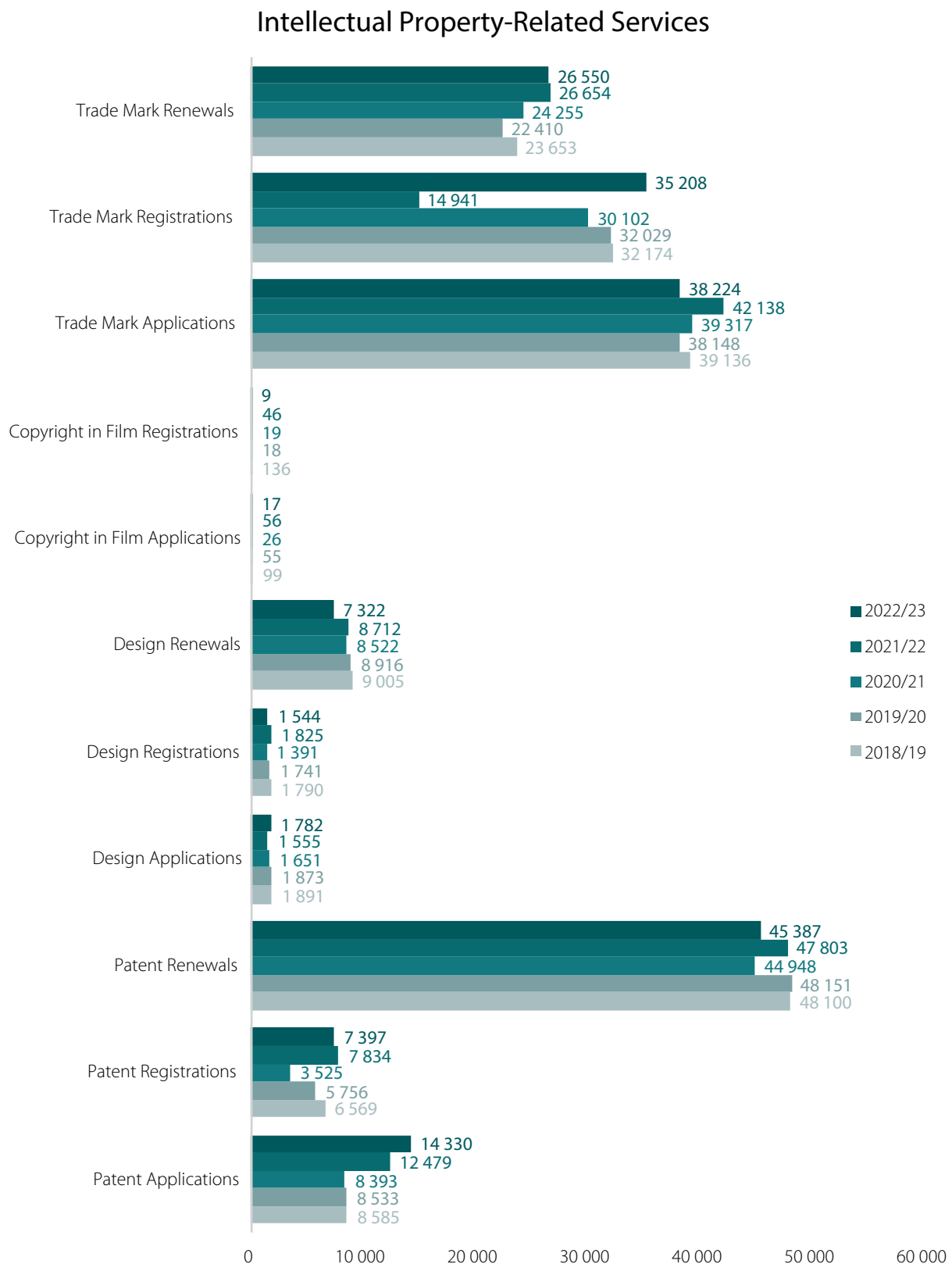
In general, trends have been either positive or consistent across most service domains relating to volumes of applications, registrations and amendments processed. This suggests that there is growing - or at least stable - demand for CIPC services as shown in **Table B.1: CIPC Key Services – Volumes over the past 5 years** and **Figure B.1: CIPC Key Services – Volumes over the past 5 Years**.

**Table B.1:** CIPC Key Services – Volumes over the past 5 years

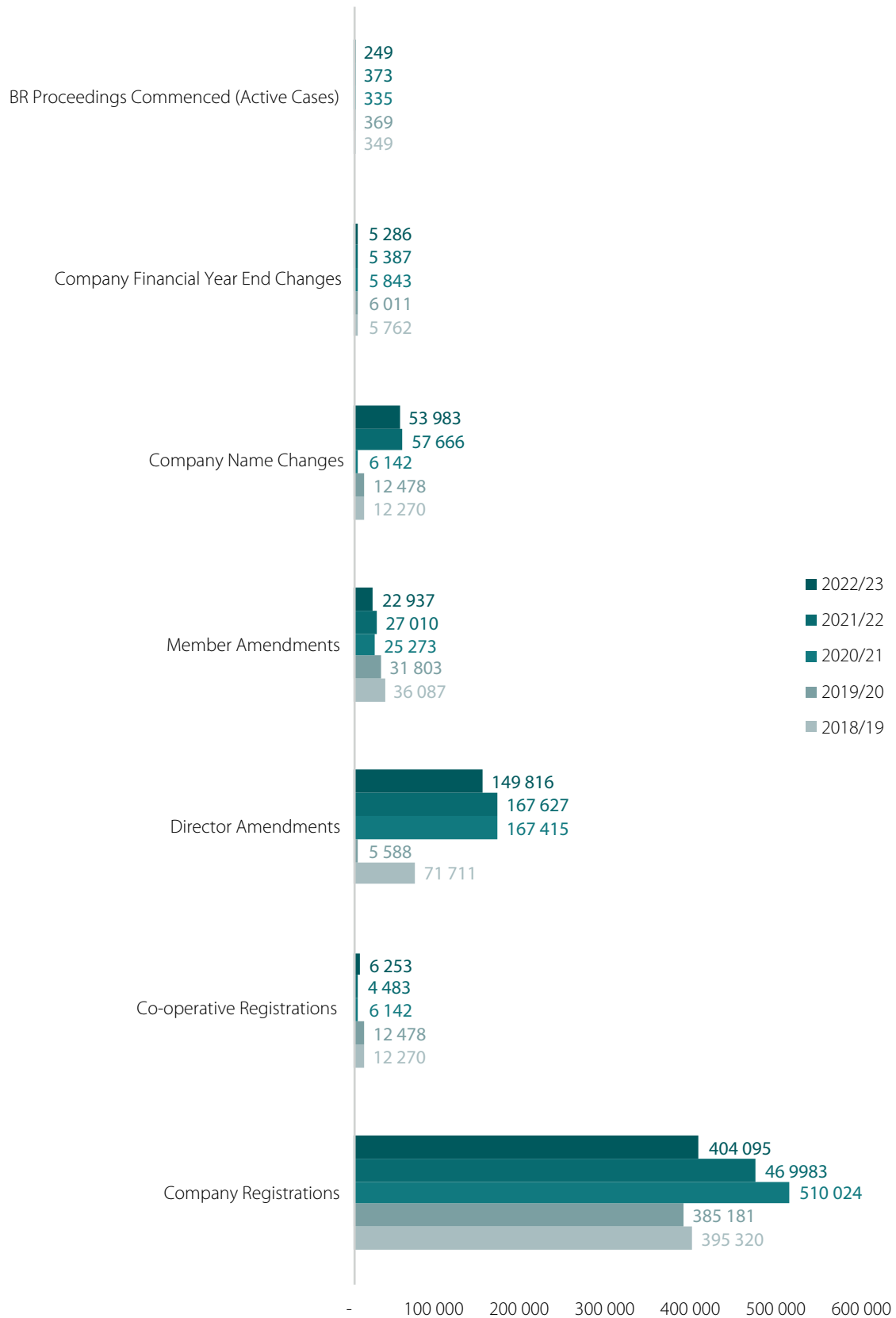
| CIPC Services                                        | 2018/2019 | 2019/2020 | 2020/21              | 2021/22              | 2022/23 |
|------------------------------------------------------|-----------|-----------|----------------------|----------------------|---------|
| Patent Applications                                  | 8 585     | 8 533     | 8 393                | 12 479               | 14 330  |
| Patent Registrations                                 | 6 569     | 5 756     | 3 525                | 7 834                | 7 397   |
| Patent Renewals                                      | 48 100    | 48 151    | 44 948               | 47 803               | 45 387  |
| Design Applications                                  | 1 891     | 1 873     | 1 651                | 1 555                | 1 782   |
| Design Registrations                                 | 1 790     | 1 741     | 1 391                | 1 825                | 1 544   |
| Design Renewals                                      | 9 005     | 8 916     | 8 522                | 8 712                | 7 322   |
| Copyright in Film Applications                       | 99        | 55        | 26                   | 56                   | 17      |
| Copyright in Film Registrations                      | 136       | 18        | 19                   | 46                   | 9       |
| Trade Mark Applications                              | 39 136    | 38 148    | 39 317               | 42 138               | 38 224  |
| Trade Mark Registrations                             | 32 174    | 32 029    | 30 102               | 14 941               | 35 208  |
| Trade Mark Renewals                                  | 23 653    | 22 410    | 24 255               | 26 651               | 26 550  |
| Name Reservations                                    | 387 422   | 539 100   | 528 208              | 570 907              | 467 823 |
| Company Registrations                                | 395 320   | 385 181   | 510 024 <sup>1</sup> | 469 983 <sup>2</sup> | 404 095 |
| Co-Operative Registrations                           | 12 270    | 12 478    | 6 142                | 4 483                | 6 253   |
| Director Amendments                                  | 71 711    | 5 588     | 167 415              | 167 627              | 149 816 |
| Member Amendments                                    | 36 087    | 31 803    | 25 273               | 27 010               | 22 937  |
| Auditor Changes                                      | 56 384    | 53 434    | 93 204               | 33 316               | 22 393  |
| Company Name Changes                                 | 12 270    | 12 478    | 6 142                | 57 666               | 53 983  |
| Company Financial Year End Changes                   | 5 762     | 6 011     | 5 843                | 5 387                | 5 286   |
| Business Rescue Proceedings Commenced (Active Cases) | 349       | 369       | 335                  | 373                  | 249     |
| BBBEE Certificates                                   | 127 136   | 167 482   | 299 393              | 339 931              | 357 583 |

<sup>1</sup> Includes external companies registered

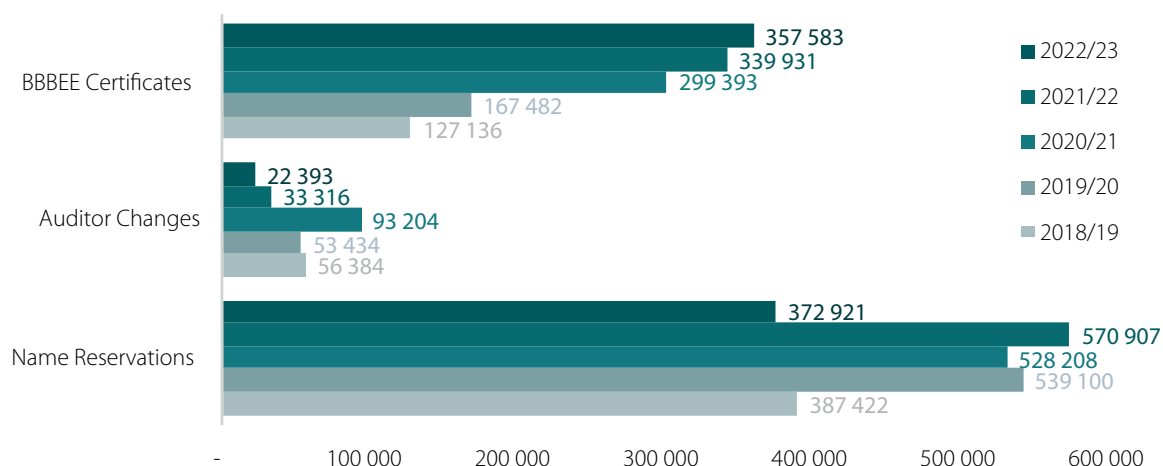
<sup>2</sup> Same as above

**Figure B.1:** CIPC Key Services – Volumes over the past 5 Years

## Company Registration and Amendment Related Services



## Other Key Services



### Some key considerations include the following:

There have been increases in both Patent and Design application volumes in 2022/23, compared to the previous year. Trade Mark applications experienced a marginal decline in volume, while Copyright in Film application and registration volumes experienced a significant decline.

Company name reservations and registrations experienced a decline between 2021/22 and 2022/23, while amendment services have largely remained the same. Other key services, such as BBBEE certificate issuing, have shown a consistent positive growth trajectory over the past five years.

Another relevant indication of the CIPC's performance is the time within which services are delivered, as this directly affects individuals or entities requesting services.

These are, therefore, a strong indicator of the level of services rendered by the CIPC, as well as the customer experience in relation to their engagements with the CIPC.

Compared to 2021/22, certain areas (e.g., Design Registrations and Copyright in Film registrations) indicated an improvement in terms of average service delivery turnaround times, while others (e.g., Patent registrations, Copyright in Film applications and Trade Mark registrations) indicated varying levels of relative decline.

**Table B.2: CIPC Key Services – Average Turnaround Times** below depicts the average speed at which listed services were processed over the past five years.

**Table B.2: CIPC Key Services – Average Turnaround Times <sup>3</sup>**

| CIPC Services                   | 2018/2019    | 2019/2020    | 2020/21      | 2021/22  | 2022/23  |
|---------------------------------|--------------|--------------|--------------|----------|----------|
| Patent Applications             | 3 days       | 3 days       | 3 days       | 2 days   | 2 days   |
| Patent Registrations            | Not reported | Not reported | Not reported | 24 days  | 27 days  |
| Patent Renewals                 | Not reported | Not reported | Not reported | 3 days   | 2 days   |
| Design Applications             | 3 days       | 3 days       | 2 days       | 2 days   | 2 days   |
| Design Registrations            | Not reported | Not reported | Not reported | 38 days  | 9 days   |
| Design Renewals                 | Not reported | Not reported | Not reported | 2 days   | 2 days   |
| Copyright in Film Applications  | 3 days       | 3 days       | 10 days      | 1 day    | 2 days   |
| Copyright in Film Registrations | Not reported | Not reported | Not reported | 32 days  | 2 days   |
| Trade Mark Applications         | 3 days       | 3 days       | 3 days       | 3 days   | 3 days   |
| Trade Mark Registrations        | Not reported | Not reported | Not reported | 132 days | 180 days |
| Trade Mark Renewals             | Not reported | Not reported | Not reported | 2 days   | 3 days   |
| Name Reservations               | Not reported | Not reported | 2 days       | 1 day    | 1 day    |

<sup>3</sup> Only short standard private company and short standard npc (without members) via BizPortal, banks, self-service terminal, and mobile app.

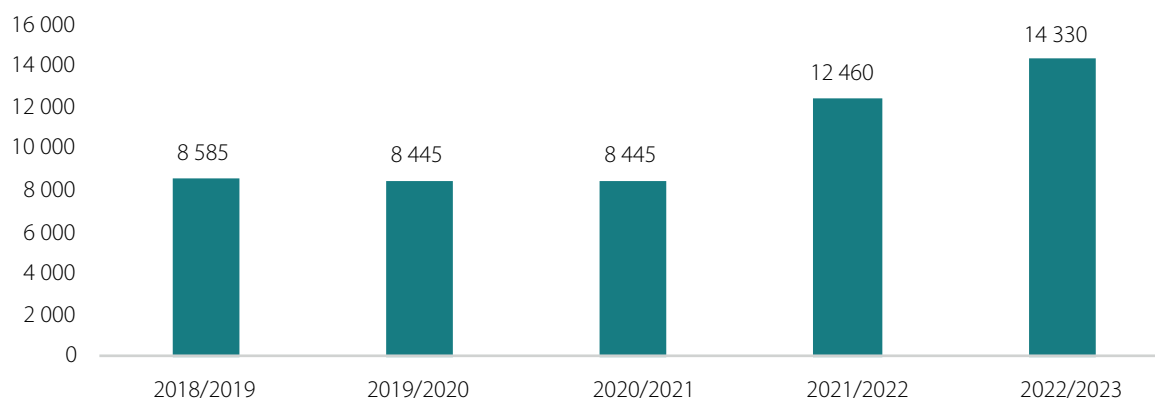
| CIPC Services                                              | 2018/2019    | 2019/2020    | 2020/21      | 2021/22                       | 2022/23 |
|------------------------------------------------------------|--------------|--------------|--------------|-------------------------------|---------|
| Company Registrations                                      | 1 day        | 2 days       | 2 days       | 1 day (Instant <sup>3</sup> ) | 1 day   |
| Co-Operative Registrations                                 | 2 days       | 2 days       | 2 days       | 1 day                         | 1 day   |
| Director Amendments Manual                                 | Not reported | Not reported | 4 days       | 2 days                        | 3 days  |
| Director Amendments (Electronic)                           | Not reported | Not reported | 1 day        | 1 day                         | 2 days  |
| Member Amendments (Manual)                                 | Not reported | Not reported | 3 days       | 1 day                         | 1 day   |
| Member Amendments (Electronic)                             | Not reported | Not reported | 1 day        | 2 days                        | 1 day   |
| Auditor Changes (Manual)                                   | Not reported | Not reported | 2 days       | 1 day                         | 3 days  |
| Auditor Changes (Electronic)                               | Not reported | Not reported | 1 day        | 1 day                         | 1 day   |
| Company Name Changes                                       | Not reported | Not reported | 1 day        | Instant                       | Instant |
| Company Share Changes                                      | Not reported | Not reported | Not reported | Instant                       | Instant |
| Company Financial Year End Changes Electronic              | Not reported | Not reported | 1 day        | Instant                       | Instant |
| Companies and CC Address Changes                           | Not reported | Not reported | Not reported | Instant                       | Instant |
| Memorandum of Incorporation (MOI) Amendments (JSE, E-Mail) | Not reported | Not reported | Not reported | Instant                       | Instant |
| Location of Company Records                                | Not reported | Not reported | Not reported | Instant                       | Instant |
| Company and Voluntary De-Registration                      | Not reported | Not reported | Not reported | Instant                       | Instant |
| Company Liquidations                                       | Not reported | Not reported | Not reported | Instant                       | Instant |
| Company Re-instatement                                     | Not reported | Not reported | Not reported | Instant                       | Instant |
| Company and CC Commencement of Business Rescue Proceedings | Not reported | Not reported | Not reported | Instant                       | Instant |
| Annual Returns Filings                                     | Instant      | Instant      | Instant      | Instant                       | Instant |
| Afs Filings                                                | Instant      | Instant      | Instant      | Instant                       | Instant |
| BBBEE Certificate                                          | Not reported | Not reported | Instant      | Instant                       | Instant |

## PATENTS

### Patent Applications

Between 2020/21 and 2022/23, South Africa experienced a significant increase in the number of patent applications filed. The main contributor to this increase was applications filed by first-time foreign applicants, claiming no priority. This trend may indicate exploitation of inherent loopholes within the South African Patent Depository System, within which the merits of patent applications are not assessed<sup>456</sup>.

**Figure B.2:** Patent Applications<sup>7</sup>



There has, however, been a decline in average turnaround times for granting Patents once notices of acceptance have been published in the Patents Journal, from 24 days in 2021/22 to 27 days in 2022/23. On the other hand, Patent renewal average turnaround times have improved from 3 days to 2 days over the corresponding period. The high average turnaround time in the former regard could be attributed to the utilisation of manual processes.

### Patent Applications: Residents vs Non-residents

There has been a continued decline in terms of the percentage of Patent applications filed by South African residents between 2018/19 and 2022/23 (with a very sharp decline between 2020/21 and 2021/22) as compared to the percentage of Patent applications filed by Non-residents of South Africa, as depicted in **Figure B.3: Patent Applications: Residents vs Non-residents**.

Given that the subject matter of Patent applications is often an output of research & development (R&D) activities, the decline of resident Patent applications could be linked to a decline in R&D funding in South Africa.<sup>89</sup>

4 <https://www.bbrief.co.za/2023/04/20/registrar-of-patents-takes-steps-to-prevent-patent-system-abuse-in-south-africa/>

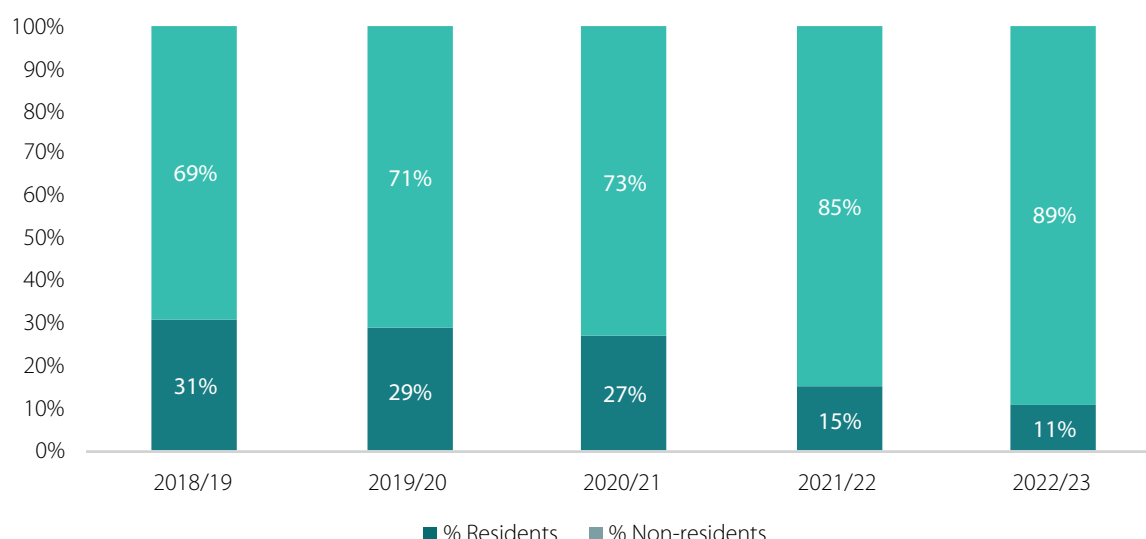
5 [https://www.cipc.co.za/wp-content/uploads/2023/04/Practice-Notice\\_21-of-2023-2.pdf](https://www.cipc.co.za/wp-content/uploads/2023/04/Practice-Notice_21-of-2023-2.pdf)

6 <https://www.cipc.co.za/?p=17839>

7 The reported information might be slightly different from what was reported in the previous years and during quarterly reporting in 2022. The provided information is as it currently appears in the system. Certain information, for stipulated time frames may have changed, due to some business rules that have affected some office actions retrospectively.

8 <https://allafrica.com/stories/202303010097.html>

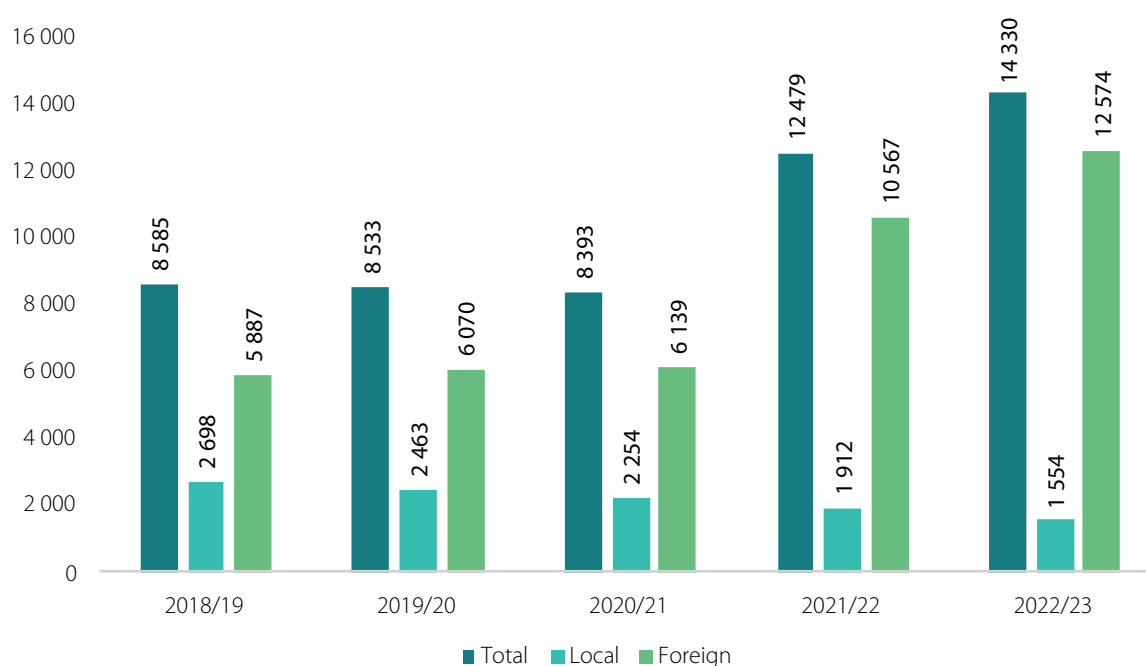
9 <https://www.scidev.net/sub-saharan-africa/news/south-africa-covid-19-spending/#:~:text=%2C%E2%80%9D%20Mustapha%20adds%20The%20report%2C%20which%20was%20published%20last%20month%2C%20shows%20that%20gross,decrease%20of%207.6%20per%20cent>

**Figure B.3:** Patent Applications: @ Residents vs Non-residents

Thus, the persistent decline of the number of Patent applications filed by South African residents per year (2 698 in 2018/19 to 1 552 in 2022/23), as well as the decline in the percentage of South African resident versus non-resident patent applications, remains a cause for concern.

Therefore, in the past few years, the CIPC has accelerated its Education and Awareness Programme to raise awareness and inform the public of the importance and benefits of the patent system, as well as to encourage local innovators to protect their inventions.

The Inventor Assistance Programme (IAP) has been implemented to ensure that the Patent system is accessible to under-financed inventors and Small-, Medium- and Micro-Enterprises (SMMEs). However, it may take years to realise the impact of these interventions on patent applications volumes.

**Figure B.4:** Patent Applications, Number of Local versus Foreign Applications

### Patent Applications per Type

For the purposes of this report, complete applications refer to complete applications that claim no priority, as well as complete applications claiming priority from South African provisional applications or first-time complete applications. Patent Cooperation Treaty (PCT) national phase applications are applications which were made in South Africa following implementation of the international Patent Cooperation Treaty (PCT). They could be filed by residents or non-residents. Convention patent applications, on the other hand, are mainly filed by non-residents in accordance with the Paris Convention Treaty.

**Table B.3:** Patent Applications per Type

| Patent Applications Lodged                          | 2018/19      | 2019/20      | 2020/21      | 2021/22       | 2022/23       |
|-----------------------------------------------------|--------------|--------------|--------------|---------------|---------------|
| Provisional Patent Applications                     | 1 927        | 1 795        | 1 591        | 1 325         | 1 150         |
| Complete Patent Applications                        | 490          | 423          | 462          | 3 086         | 4 674         |
| Convention Patent Applications                      | 640          | 648          | 772          | 1 836         | 1 917         |
| Patent Cooperation Treaty (PCT) Patent Applications | 5 528        | 5 667        | 5 568        | 6 232         | 6 589         |
| <b>Total</b>                                        | <b>8 585</b> | <b>8 533</b> | <b>8 393</b> | <b>12 479</b> | <b>14 330</b> |

**Figure B.5: Patent Application per Type**, the graphical representation of **Table B.3: Patent Application per Type**, shows the five-year trend for each patent application type.

**Figure B.5:** Patent Application per Type

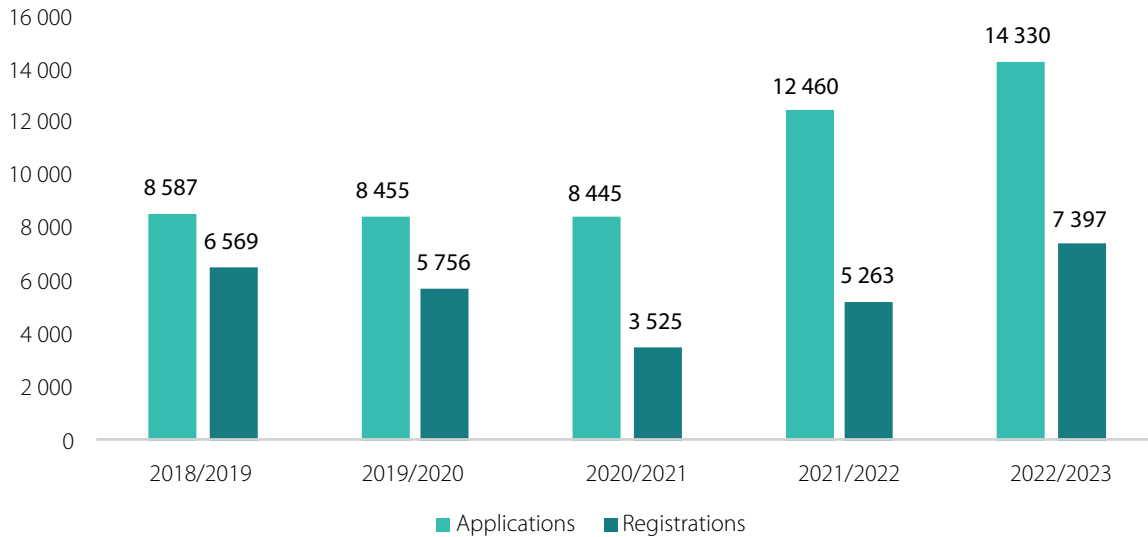


PCT and Convention Patent applications have shown a growing trend over the past five years. Further, Complete Patent applications have also been growing, rather significantly in comparison to pre-Covid levels. However, Provisional Patent applications continued to decline, in line with their declining trend over the past five years.

## Patent Registrations

**Figure B.6: Patent Applications and Registrations** depict a marked increase in Patent applications and registrations between 2020/21 and 2022/23. Patent applications and registrations have returned to - and exceeded - pre-Covid levels, in 2022/23.

**Figure B.6:** Patent Applications and Registrations



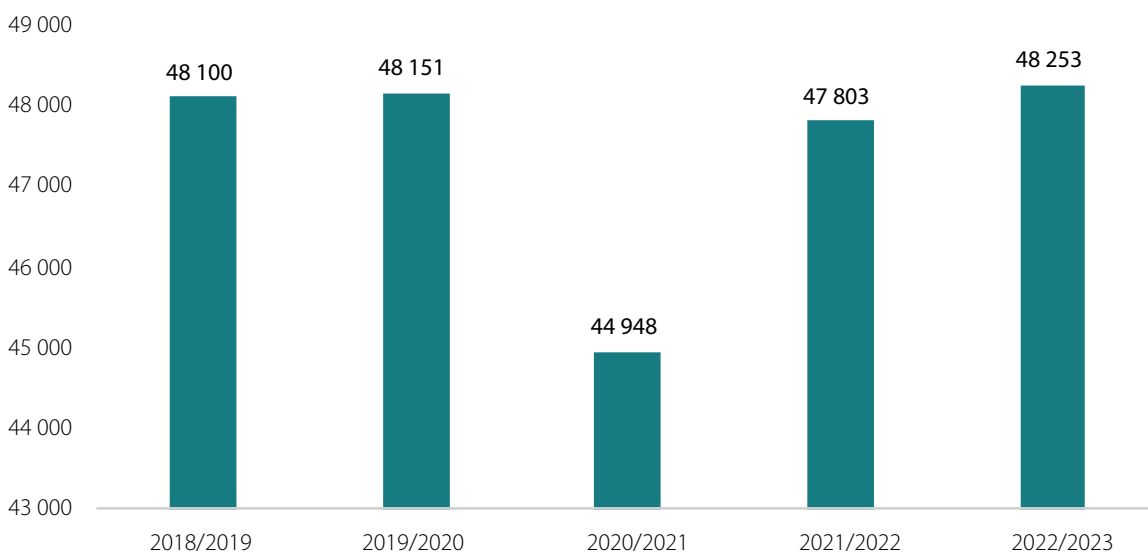
During 2022/23, the CIPC issued 7 397 patent registration certificates, of which one-hundred percent (100%) were processed within set service delivery turnaround times of forty-four (44) days, at an average turnaround time of twenty-seven (27) days from the date of publication in the Patents Journal.

Further, 14 330 Patent applications were processed in 2022/23, of which ninety-eight (98%) were processed within set service delivery turnaround times of two (2) days, at an average turnaround time of two (2) days from the date of receipt of a complete application.

## Patent Renewals

**Figure B. 7 Patent Renewals** demonstrates stagnating volumes of Patent Renewals during pre-Covid times, while post-Covid Patent Renewals - particularly during 2022/2 -, seem to have recovered and reached pre-Covid levels.

**Figure B.7:** Patent Renewals

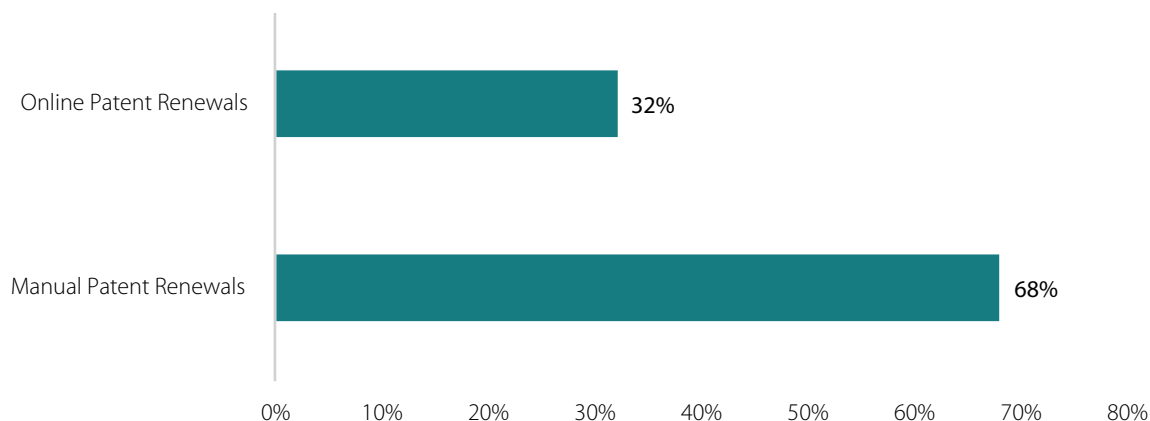


Of the 48 253 Patent Renewals processed in 2022/23, thirty-two percent (32%), or 15 420, were filed and processed electronically (online), and all (100%) were processed within the set service delivery standard turnaround time of two (2) days, at an average turnaround time of one (1) day.

Further, of the sixty-eight percent (68%) or 32 833 Patent Renewals that were processed manually, 99% were processed within the set service delivery standard turnaround time of two (2) days, at an average turnaround time of two (2) days.

Primary stakeholders are currently still utilising manual renewal processing platforms, which poses a challenge. However, it must be noted that the percentage of Patent Renewals filed and processed electronically (online) increased from 26% in 2021/22 to 32% in 2022/23.

**Figure B.8:** Electronic vs Manual Patent Renewals

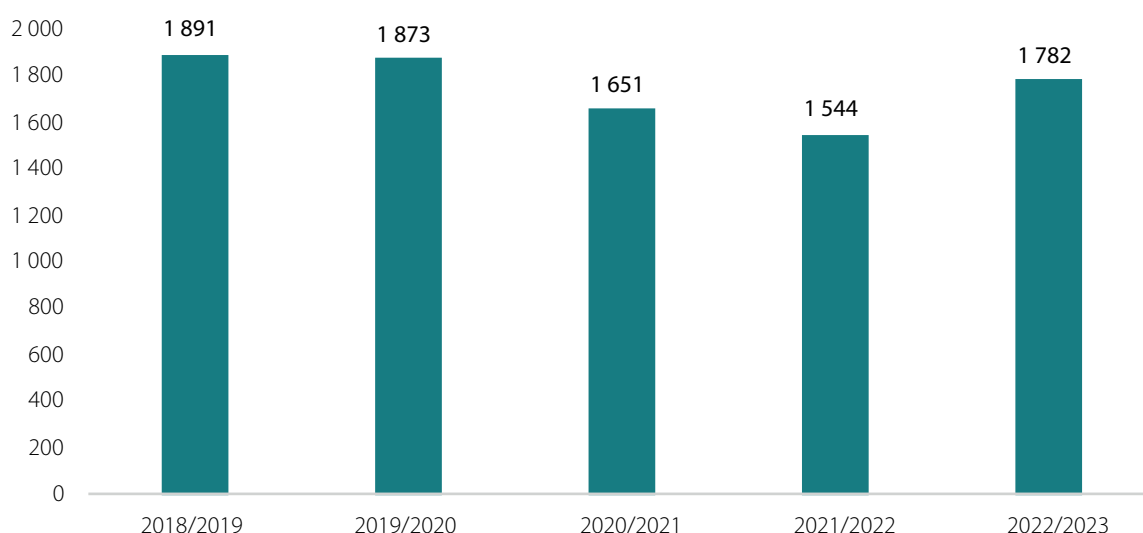


## DESIGNS

### Design Applications

As shown in **Figure B.9: Design Applications**, there was a steady decline in Design Applications between 2018/19 and 2021/22, while an uptick was observed in 2022/23 compared to 2021/22.

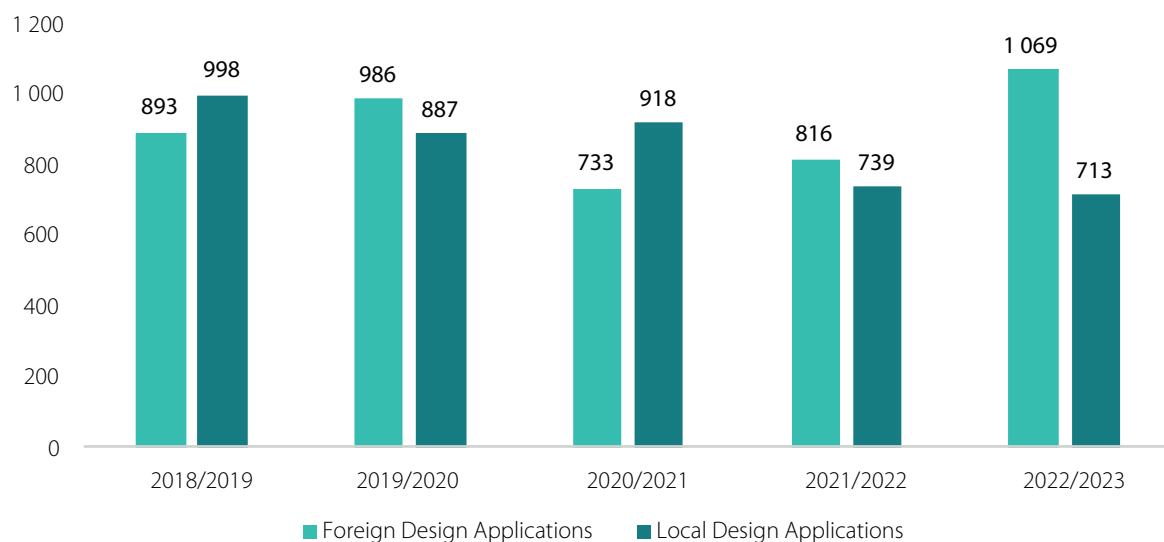
**Figure B.9:** Design Applications



The CIPC received 1 782 Design Applications during 2022/23, which is higher than the number of Design Applications received in 2021/22 (1 544). The average turnaround time for Design Applications was two (2) working days. Ninety-six percent (96%) of Design Applications were processed within the published service delivery turnaround time of two (2) working days.

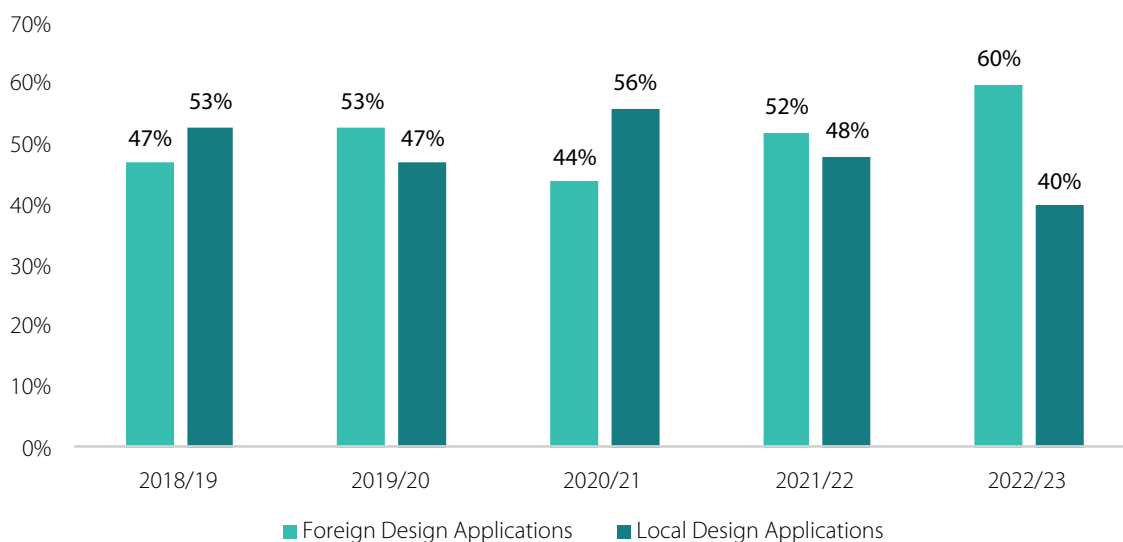
If one compares the number of foreign versus local Design Applications received by the CIPC over the last five years, as per **Figure B.10: Number of Foreign vs Local Design Applications** below, it emerges that between 2020/21 and 2022/23, the number of foreign Design Applications has increased, whereas the number of local Design Applications has decreased in comparison.

**Figure B.10:** Number of Foreign vs Local Design Applications



This downward trend in terms of local Design Applications and upward trend in terms of Foreign Design Applications is further substantiated by **Figure B.11: Percentage Foreign vs Local Design Applications** below.

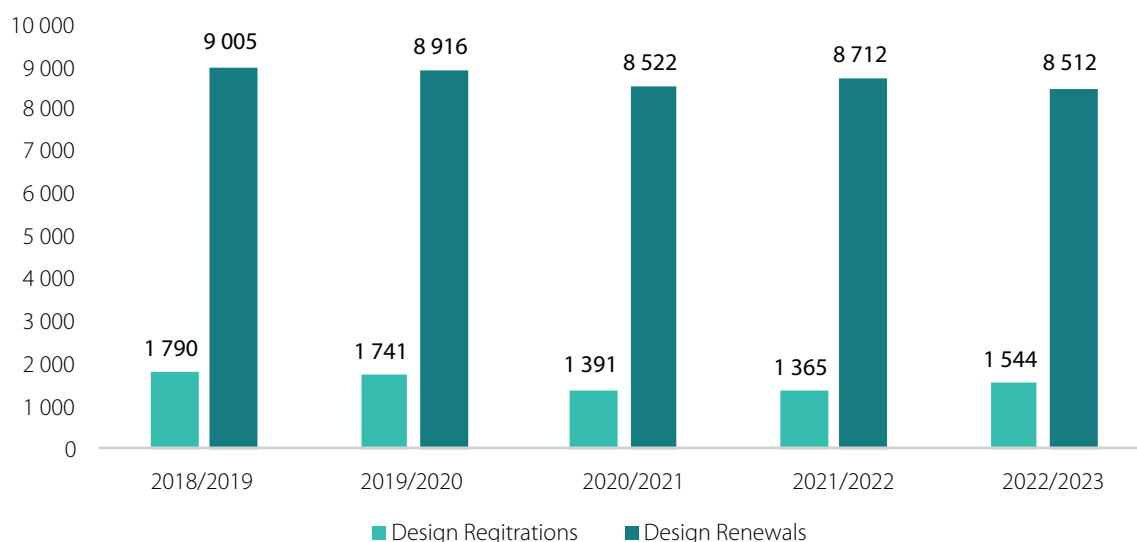
**Figure B.11:** Percentage Foreign vs Local Design Applications



## Design Registrations and Renewals

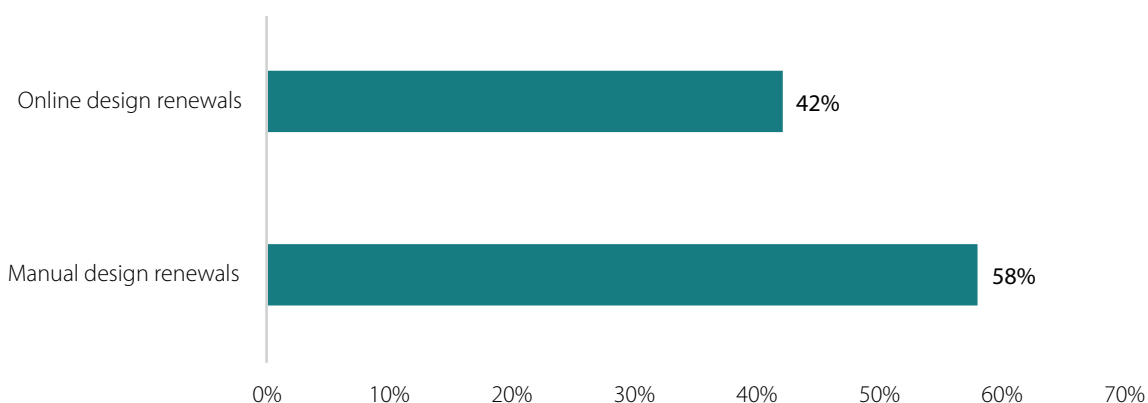
Design Registrations stagnated prior to Covid-19, with a noticeable decline in Design Registrations during the height of the pandemic. There has been an increase in Design Registrations in 2022/23, although the numbers have not yet reached pre-Covid levels. On the other hand, Design Renewals have been relatively steady over the past 5 years, as illustrated in **Figure B.12: Design Registrations and Renewals**.

**Figure B.12:** Design Registrations and Renewals



In 2022/23, the CIPC issued 1 544 Design Registration certificates, of which one-hundred percent (100%) were processed within set service delivery standard turnaround times of forty-four (44) days from the date of publication at an average turnaround time of nine (9) days.

**Figure B.13:** Manual vs Online Design Renewals



In 2022/23, the CIPC processed 8 512 Design Renewals, which is slightly less than the number processed in 2021/22 (8 712). Ninety-seven percent (97%) of Design Renewals were processed within the set service delivery standard turnaround time of two (2) working days at an average turnaround time of two (2) working days.

Further, 4 922 Design Renewals were processed manually. Of these, ninety-five percent (95%) were processed within the set service delivery standard turnaround time at an average turnaround time of 3 days.

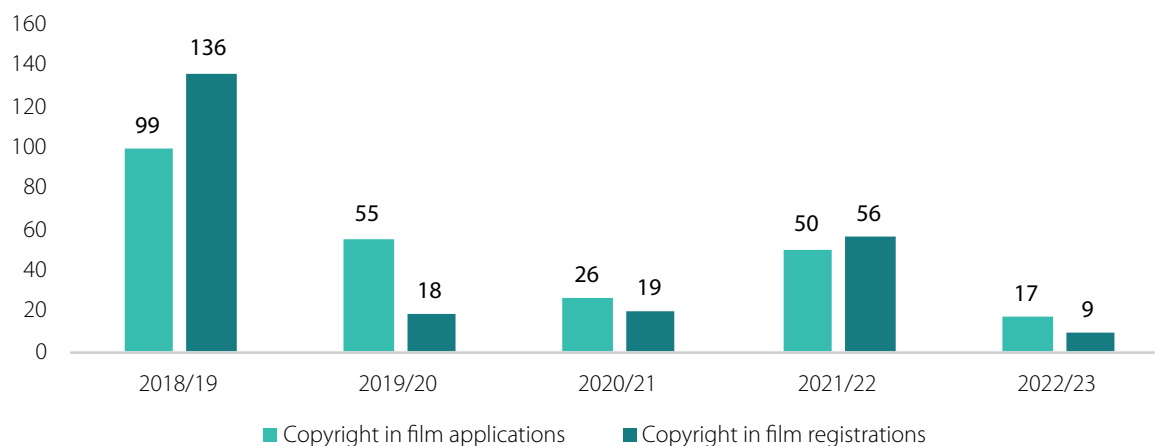
Furthermore, 3 590 Design Renewals were processed electronically (online). Of these, ninety-eight percent (98%) were processed within the set service delivery standard turnaround time at an average turnaround time of 2 days.

## COPYRIGHT IN FILM

### Copyright in Film Applications

Copyright in Film applications have fluctuated over the past five years as shown in Figure B. 14 Copyright in Film Applications and Registrations. However, overall, over the period in question, Copyright in Film Applications have been declining. In both instances, the same is true for Copyright in Film Registrations.

**Figure B.14:** Copyright in Film Applications and Registrations



Only seventeen (17) Copyright in Film Applications were filed in 2022/23, as opposed to fifty (50) in 2021/22. However, one-hundred percent (100%) of Copyright in Film Applications were processed within the published service delivery standard turnaround time of two (2) working days at an average turnaround time of two (2) working days.

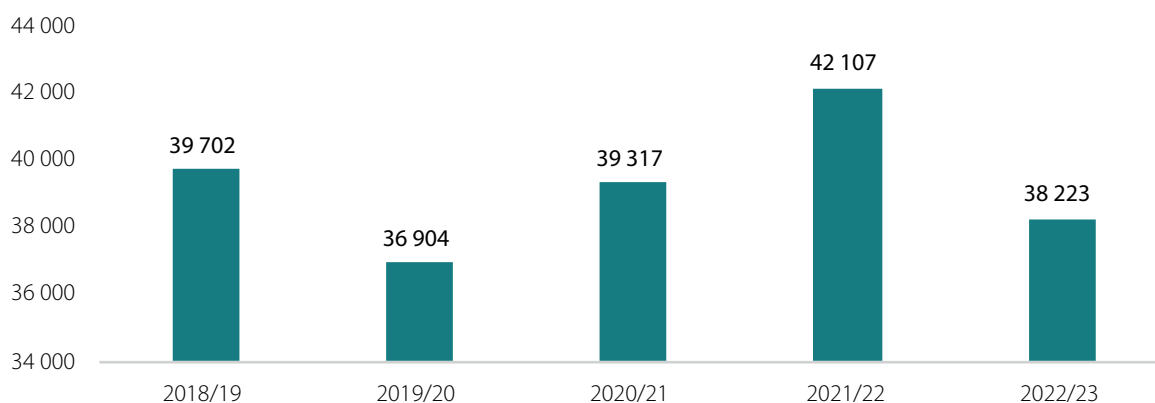
Further, the CIPC issued nine (9) Copyright in Film Registration certificates in 2022/23, of which one-hundred percent (100%) were processed within the published service delivery standard turnaround time of twenty-two (22) days from the date of publication, at an average turnaround time of two (2) days.

## TRADE MARKS

### Trade Mark Applications

Trade Mark applications have been fluctuating over the past five years, as depicted in **Figure B.15: Trade Mark Applications**.

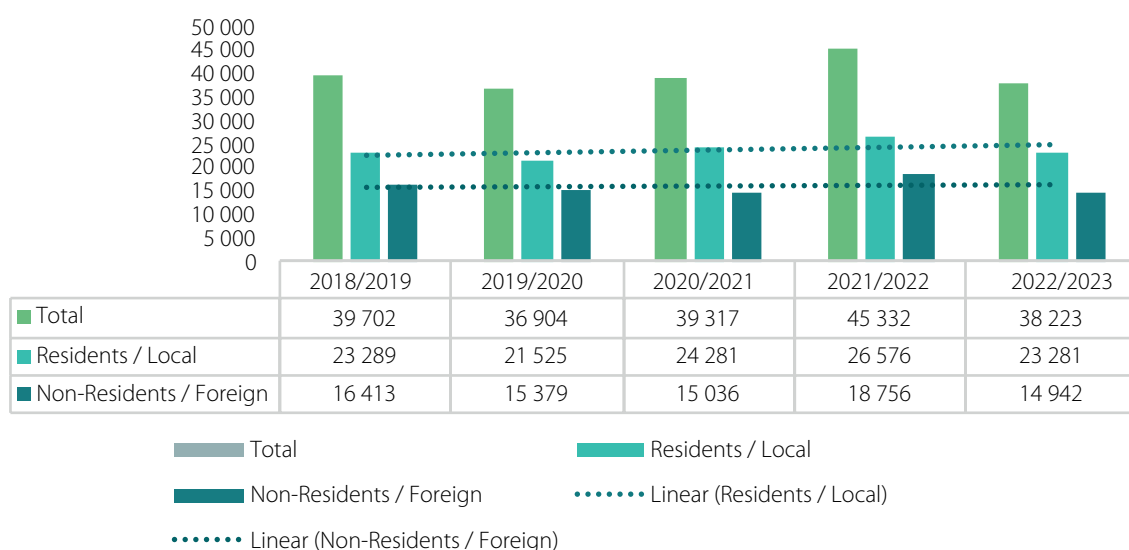
**Figure B.15:** Trade Mark Applications



In 2022/23, 38 223 Trade Mark Applications were filed, representing a significant drop compared to 42 107 in 2021/22. Ninety-six percent (96%) of Trade Mark Applications were processed within the published service delivery standard turnaround time of three (3) working days at an average turnaround time of three (3) working days.

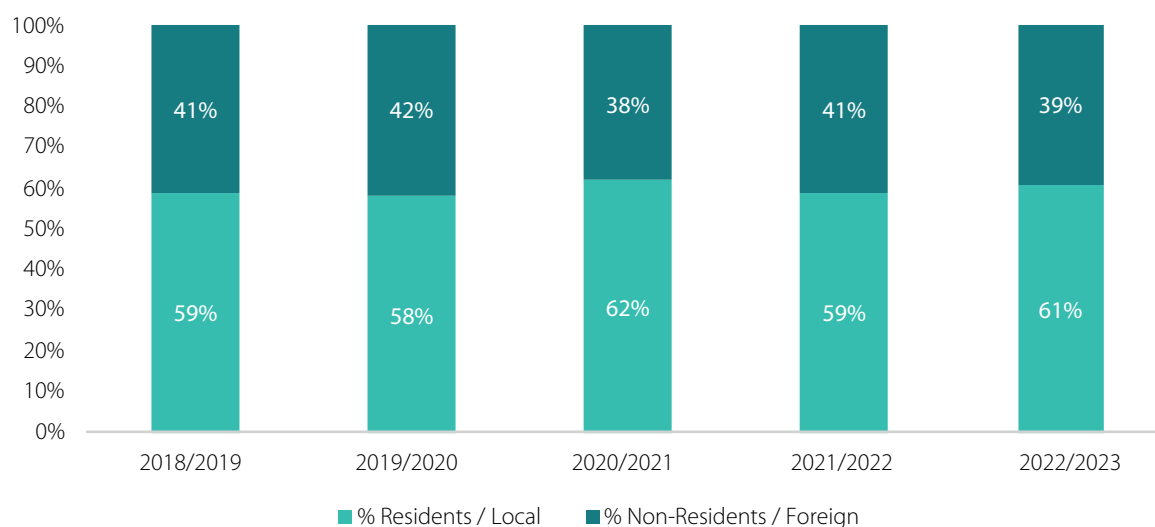
**Figure B.16: Trade Mark Applications: Residents vs Non-Residents** shows a decrease in Trade Mark Applications for both South African residents and non-residents in 2022/23 compared to 2021/22. However, the number of applications is quite consistent with those achieved between 2018/19 and 2020/21.

**Figure B.16:** Trade Mark Applications: Residents vs Non-Residents



South African residents filed 23 281 Trade Mark Applications in 2022/23, whereas non-South African residents filed 14 942 applications. **Figure B.17: Trade Mark Applications: Residents vs Non-Residents, Percentage Comparison** shows that the average percentage ratio between the two categories is 61% to 39%.

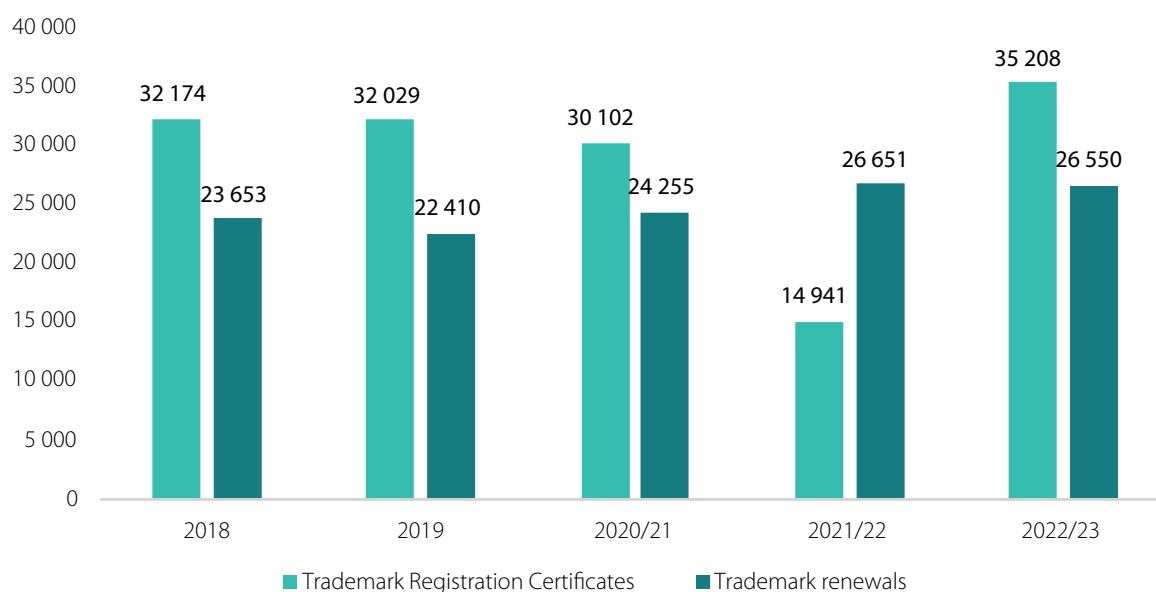
**Figure B.17:** Trade Mark Applications: Residents vs Non-Residents, % Comparison



## Trade Mark Registrations

**Figure B.18 Trade Mark Registration Certificates and Renewals** shows the volume of Trade Mark Registration certificates issued in the past five years<sup>10</sup>. There was a decreasing trend from 2018/19 to 2021/22. However, there was a substantial uptick in 2022/23 compared to 2021/22.

<sup>10</sup> 2018 & 2019 are calendar years.

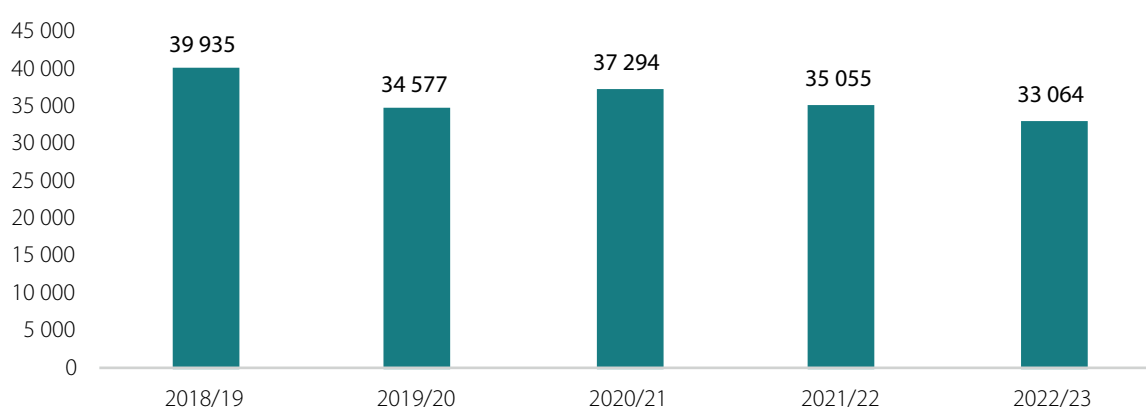
**Figure B.18:** Trade Mark Registration Certificates and Renewals

In 2022/23, 35 208 Trade Mark Registration certificates were issued, which was more than double the amount issued in 2021/22 (14 941). Seventy-five percent (75%) of Trade Mark registration certificates were issued within the published service delivery standard turnaround time of 180 working days, at an average turnaround time of 180 working days.

#### Trade Mark Renewals

**Figure B.18 Trade Mark Registration Certificates and Renewals** also depicts the volume of Trade Mark renewals over the past five years. There was a marginal decline in Trade Mark Renewals between 2018/19 and 2019/20, while a steady increase and stabilisation of Trade Mark Renewals could be observed between 2020/21 and 2022/23. The number of Trade Mark Renewals processed in 2022/23 was 26 550, which is slightly less than the number processed in 2021/22 (26 651). Ninety-six percent (96%) of renewals were processed within the published service delivery standard turnaround time of three (3) working days, at an average turnaround time of three (3) working days.

#### Trade Mark Official Actions Issued

**Figure B.19:** Trade Mark Official Actions

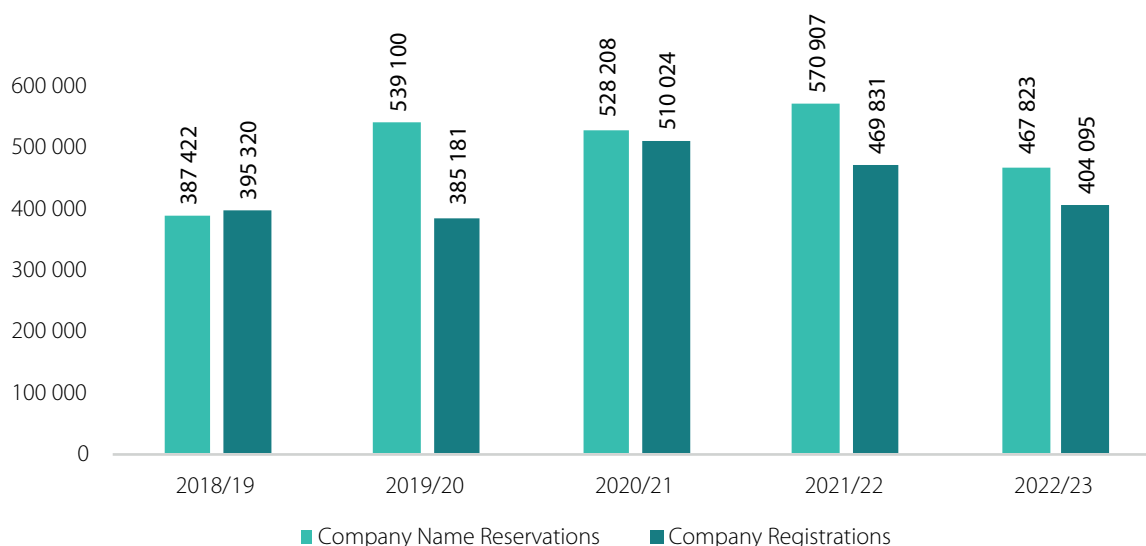
**Figure B. 19 Trade Mark Official Actions** above shows that the number of Trade Mark Official Actions issued in 2022/23 stood at 33 064. Of these, Ninety-eight percent (98%) were processed within the published service delivery standard turnaround time of 365 (12 months) working days. The number of Trade Mark Official Actions issued in 2022/23 was dramatically more than in 2021/22 (35 055), while the trend in terms of the number of Trade Mark Official Actions has been downward since 2018/19.

## COMPANY REGISTRATIONS AND CLOSE CORPORATIONS

### Name Reservations

There has been a generally increasing trend with regards to the number of company name reservations over the past five years as depicted in **Figure B.20: Name Reservations and Company Registrations** below.

**Figure B.20:** Name Reservations and Company Registrations



In 2022/23, 467 823 company name reservations were processed compared to 570 907 in 2021/22. Ninety-four percent (94%) of company name reservations were processed within the published service delivery standard turnaround time of two (2) working days, at an average turnaround time of one (1) working day.

### Company Registrations

There has been a fluctuating trend in terms of company registrations over the past five years, as depicted in **Figure B.20: Name Reservations and Company Registrations** above.

Company registrations declined in 2022/23 (404 095) compared to 2021/22 (469 831), similar to what transpired between 2020/21 and 2021/22. Ninety-five percent (95%) of company registrations were processed within the published service delivery standard turnaround time of two (2) working days, at an average turnaround time of one (1) working day.

### Company De-registrations

Voluntary de-registrations increased dramatically in 2022/23 from the previous year. The main reason may have been the closing down of businesses due to difficult economic circumstances in South Africa. Some businesses closed down, others converted to sole proprietors (which have fewer regulatory and compliance obligations), while others entered into merger agreements.

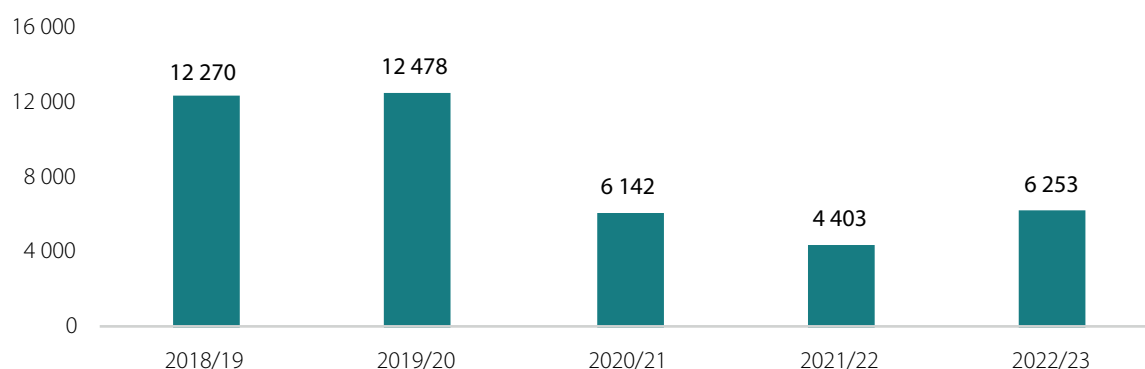
Economic conditions in South Africa have indeed worsened due to the persistent energy crisis and the conflict in Ukraine, which has impacted global trade amongst other things. Thus, the number of voluntary de-registrations increased dramatically to 647 853 in 2022/23, as depicted in **Table B.4: Company and Close Corporation De-registrations** below.

**Table B.4:** Company and Close Corporation De-registrations

|                                                                   | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|-------------------------------------------------------------------|---------|---------|---------|---------|---------|
| Company and Close Corporation Annual Return Final De-registration | 0       | 0       | 170 617 | 0       | 647 853 |

### Co-operative Registrations

From a relatively stable base in 2018/19 and 2019/20, a downward trend in co-operative registration numbers followed between 2019/20 and 2021/22, as depicted in **Figure B.21: Co-operative Registrations**. However, there was a marked increase in co-operative registrations in 2022/23 compared to the previous year; yet this number failed to reach the highs of the period between 2018/19 and 2019/20.

**Figure B.21:** Co-operative Registrations

Between 2018/19 to 2019/20, *the dtic* and the Department of Small Business Development implemented programmes focusing on co-operatives, including those on sourcing co-operatives. This resulted in exceptionally high co-operative registration numbers during that period. Co-operative registration numbers have since stabilised to otherwise normal or expected levels in 2022/23.

Further, in 2022/23, one-hundred percent (100%) of co-operative registrations were processed within the published service delivery standard turnaround time of three (3) working days at an average turnaround time of one (1) working day.

### Business Rescue

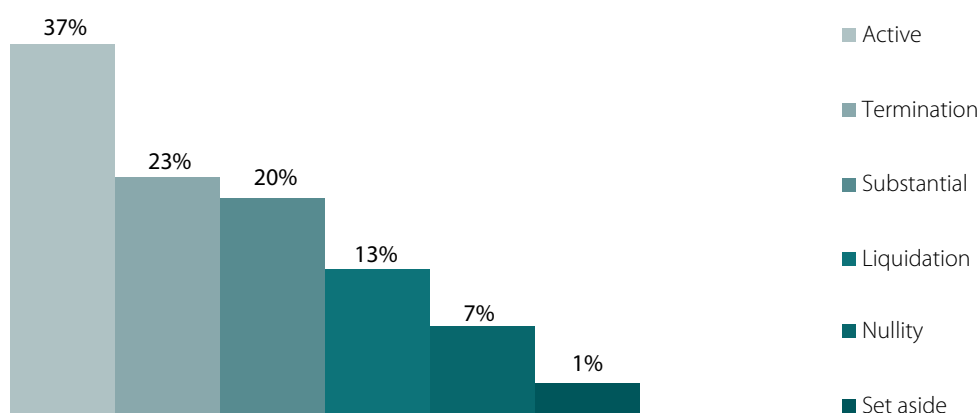
**Table B.5:** Status of Business Rescue Proceedings

| Financial Year     | Active       | Liquidation | Nullity    | Set aside | Substantial | Termination  | Grand Total  |
|--------------------|--------------|-------------|------------|-----------|-------------|--------------|--------------|
| 2011-2012          | 50           | 58          | 111        | 2         | 85          | 77           | 383          |
| 2012-2013          | 109          | 67          | 28         | 5         | 109         | 122          | 440          |
| 2013-2014          | 115          | 73          | 21         | 6         | 105         | 89           | 409          |
| 2014-2015          | 114          | 73          | 26         | 4         | 101         | 95           | 413          |
| 2015-2016          | 142          | 74          | 24         |           | 88          | 153          | 481          |
| 2016-2017          | 104          | 56          | 17         | 3         | 79          | 116          | 375          |
| 2017-2018          | 126          | 41          | 22         | 2         | 66          | 105          | 362          |
| 2018-2019          | 132          | 38          | 32         | 5         | 61          | 81           | 349          |
| 2019-2020          | 159          | 39          | 15         | 4         | 84          | 72           | 373          |
| 2020-2021          | 178          | 35          | 6          | 2         | 98          | 54           | 373          |
| 2021-2022          | 211          | 23          | 9          |           | 46          | 58           | 347          |
| 2022-2023          | 249          | 8           | 3          |           | 14          | 20           | 294          |
| <b>Grand Total</b> | <b>1 689</b> | <b>585</b>  | <b>314</b> | <b>33</b> | <b>936</b>  | <b>1 042</b> | <b>4 599</b> |

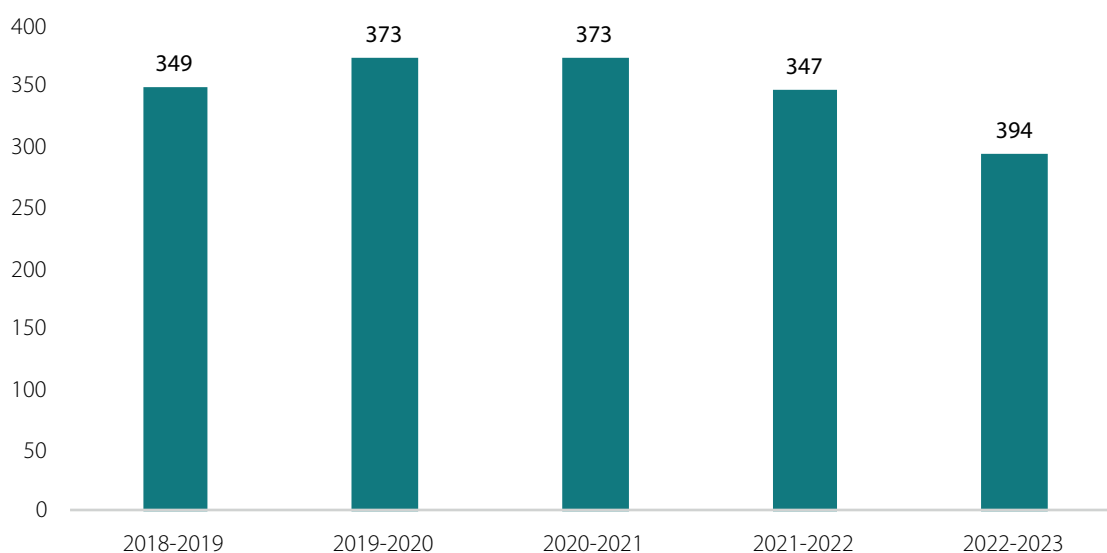
The business rescue proceedings statistics depicted above, illustrate that the number of active business rescue proceeding cases have been increasing between 2011/12 and 2022/23. However, the grand total of business rescue proceeding cases has come down between 2016/17 and 2022/23.

This suggests that not only are fewer business rescue proceedings being instituted per annum - which is also the case for the preceding five-year period - but also that fewer proceedings reach the point of finalisation within a year, resulting in a potential backlog of business rescue proceeding cases.

**Figure B.22:** Status of Business Rescue Proceedings Specification



**Figure B.23:** Business Rescue Proceedings Commenced



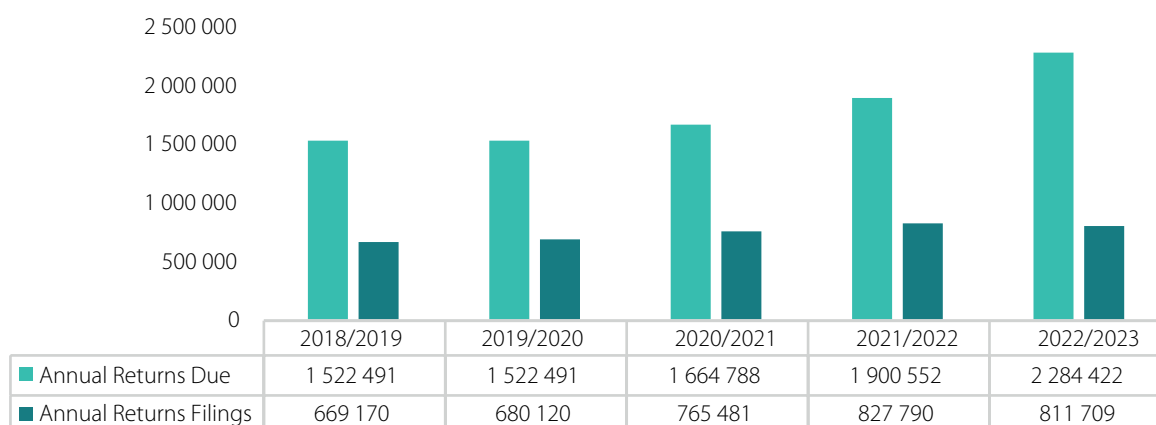
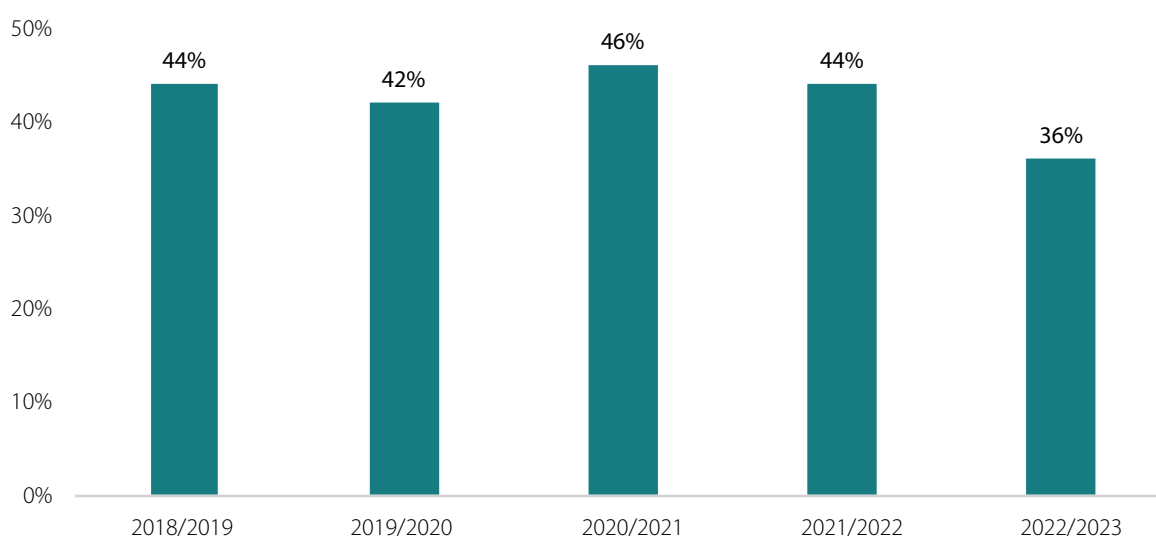
### 1.1.2 Compliance and enforcement

#### Annual Returns

As depicted in **Table B.6: Annual Returns Filings** below, Annual Return 'in time filings' decreased by 16 081 filings (or 2%) compared to 2021/22. Moreover, the overall compliance rate decreased by 8%.

**Table B.6:** Annual Returns Filings

| CIPC Services          | 2018/2019     | 2019/2020     | 2020/21       | 2021/22       | 2022/23       |
|------------------------|---------------|---------------|---------------|---------------|---------------|
| Annual Returns Due     | 1 522 491     | 1 522 491     | 1 664 788     | 1 900 552     | 2 284 422     |
| Annual Returns Filings | 669 170 (44%) | 680 120 (42%) | 765 481 (46%) | 827 790 (44%) | 811 709 (36%) |

**Figure B.24:** Annual Returns Due vs Annual Returns Filed**Figure B.25:** Annual Return Filings (%)

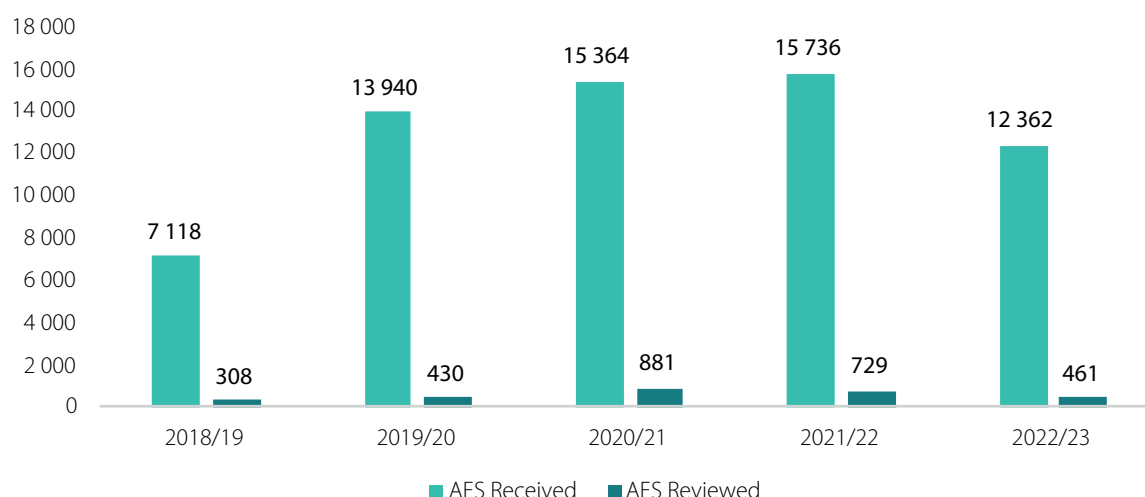
The percentage of Annual Return filings has declined since 2020/21. However, the number of Annual Return filings has been relatively consistent over the same period. This, while the number of Annual Returns due has been increasing by almost 300 000 per annum. This is indicative of a sluggish economy in 2022/23.

### Annual Financial Statements

**Table B.7: Annual Financial Statements** and **Figure B.26: Annual Financial Statements Received and Reviewed** depict the volume of Annual Financial Statements filed and reviewed between 2018/19 and 2022/23.

**Table B.7:** Annual Financial Statements

|              | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|--------------|---------|---------|---------|---------|---------|
| AFS Received | 7 118   | 13 940  | 15 364  | 15 736  | 12 362  |
| AFS Reviewed | 308     | 430     | 881     | 729     | 461     |

**Figure B.26:** Annual Financial Statements Received and Reviewed

The volumes received, although fluctuating, demonstrate compliance by industry to our requirements for filing of Annual Financial Statements, as well as the commitment by reviewers to monitor compliance of Annual Financial Statements with IFRS and the Companies Act.

### XBRL Taxonomy Developments

In 2022/23, the CIPC continued to monitor compliance and disclosure according to the provisions of the Companies Act, 2008 (Act No. 71 of 2008). The focus of the XBRL programme was two-fold, namely: (1) to stay abreast of latest developments in terms of accounting standards (by starting work on the CIPC taxonomy to incorporate the latest release of IFRS) and (2) to extend the CIPC's reach in terms of digital regulation, by launching a pilot project for co-operatives to start using XBRL.

The XBRL team finalised the new taxonomy and gained approval through the Change Advisory Board to roll out the new Taxonomy on the 1<sup>st</sup> of October 2022, which was successful. An interview was held with the Commissioner by CFO Enterprises deliberating on the value of XBRL to the broader market, and how CIPC facilitates delivery of such value with the new digital reporting mechanism. Collaboration with XBRL International was also actioned, where sample XBRL data was shared with the analytics team of XI International. Results of the analysis demonstrate power in data that is kept in the repository of financial statements filed in a structured form, using XBRL.

The XBRL team also attended the annual XBRL conference (Data Amplified) on the 7<sup>th</sup> of December 2022. The conference was hosted online over a period of two days. One of the main topics covered during this year's conference was Environmental and Social Governance (ESG) and how this will be implemented in many XBRL

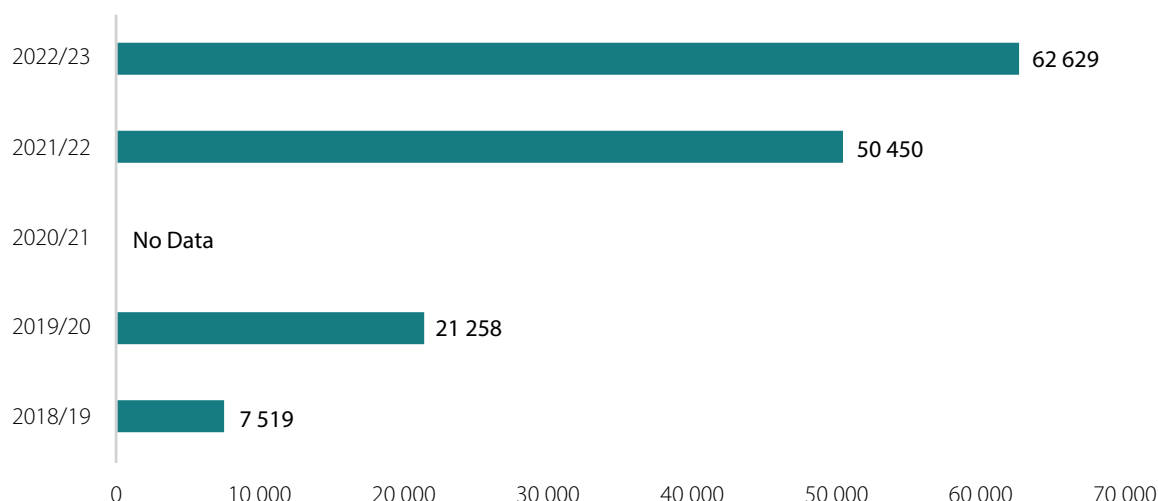
jurisdictions in 2023. The IFRS taxonomy used by the CIPC will, by all indications, also be updated by the IASB during 2023 with an important focus on ESG. The CIPC is cognizant of ESG developments across the globe, and also of the green taxonomy already developed by the National Treasury. This, in order to incorporate ESG requirements into the next version of the CIPC taxonomy.

Furthermore, the CIPC is a member of the Digital Signatures Working Group of XI International. Only one meeting was held by the Digital Signatures Working Group of XBRL International in December 2022, as opposed to the usual two meetings per month. The discussion still revolves around - and is focused on - how different jurisdictions around the world deal with assurance.

Finally, preparations for the new cycle of Taxonomy Updates were started with a draft project plan having been developed for updating of the taxonomy, which was planned for 01 October 2023.

As of the 31<sup>st</sup> of March 2023, the following filing statistics were observed:

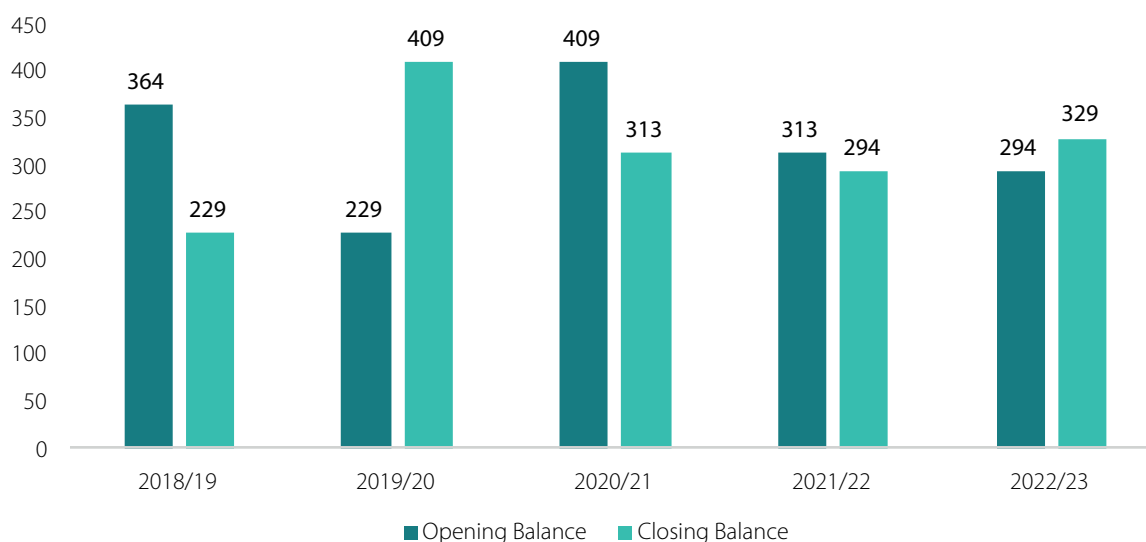
- Total number of filings since implementation of XBRL = 62 629
- Total number of unique filings since implementation of XBRL = 27 402
- Total number of filings for March 2023 = 1 377
- IFRS-Full filings since implementation of XBRL = 31 491
- IFRS-SME filings since implementation of XBRL = 31 094
- GRAP filings since pilot implementation of GRAP = 43
- Co-operative filings since pilot implementation of Co-ops = 8

**Figure B.27:** XBRL Filings Comparison, 2018/19-2022/23

### Reported Irregularities

**Table B.8:** Reportable Irregularities, 2022/23

|                        | Q1         | Q2         | Q3         | Q4         |
|------------------------|------------|------------|------------|------------|
| Opening Balance        | 294        | 301        | 319        | 347        |
| Cases Received         | 26         | 29         | 30         | 24         |
| Closed Cases           | 19         | 11         | 2          | 42         |
| <b>Closing Balance</b> | <b>301</b> | <b>319</b> | <b>347</b> | <b>329</b> |

**Figure B.28:** Reportable Irregularities, Five-year Trend Analysis

Increasing reportable irregularities were received for not complying with section 45 of the Companies Act, 2008. It could be noted, from the reportable irregularities received from the Independent Regulatory Board of Auditors (IRBA), that company directors seem oblivious to section 45 of the Companies Act, 2008. Directors supposedly do not take the prescribed resolution for financial assistance, with the relevant solvency and liquidity test, seriously.

It is also interesting to note the case of *Trevo Capital Ltd and Others v Steinhoff International Holdings (Pty) Ltd and Other (2833/2021) [2021] ZAWCHC 123 (2 July 2021) (Steinhoff)* on the application of section 45. This case may have re-emphasized compliance with section 45.

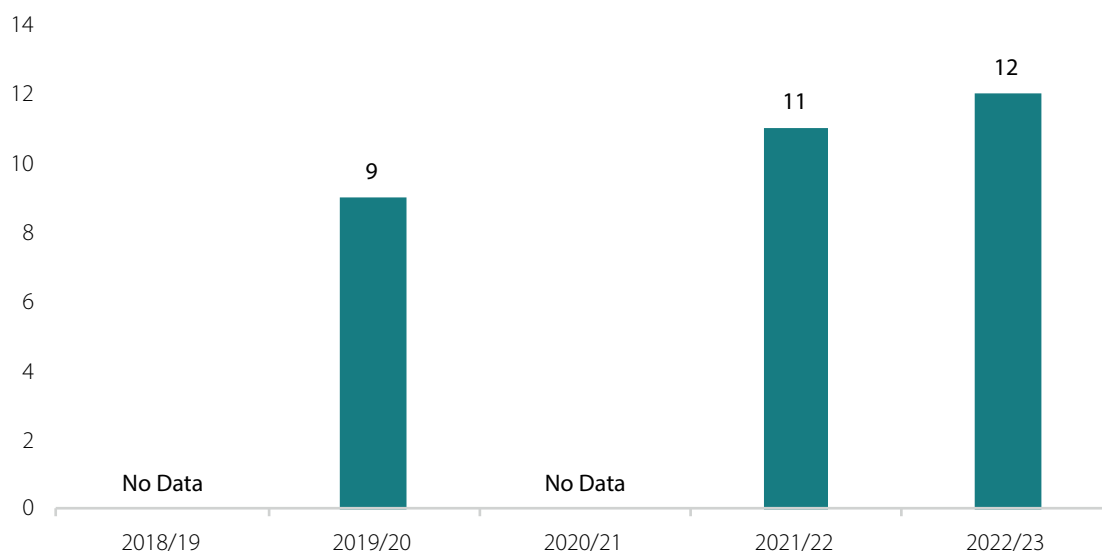
A reportable irregularity was also received for *Eskom Holdings SOC LTD*. Inaccurate financial statements for

the year under review were reported. Management did not keep accurate and complete accounting records for the financial statements to be prepared, in accordance with relevant laws and regulations. The considerations led the auditors to believe that the combination of the multiple non-compliances of PFMA (Section 40, Section

51, and Section 55) and the Companies Act (Section 28, Section 29 and Section 93) - all relating to inaccurate and incomplete financial record keeping - are a material breach of the fiduciary duties of the management team at Eskom.

**Table B.9:** High Profile Companies under Investigation

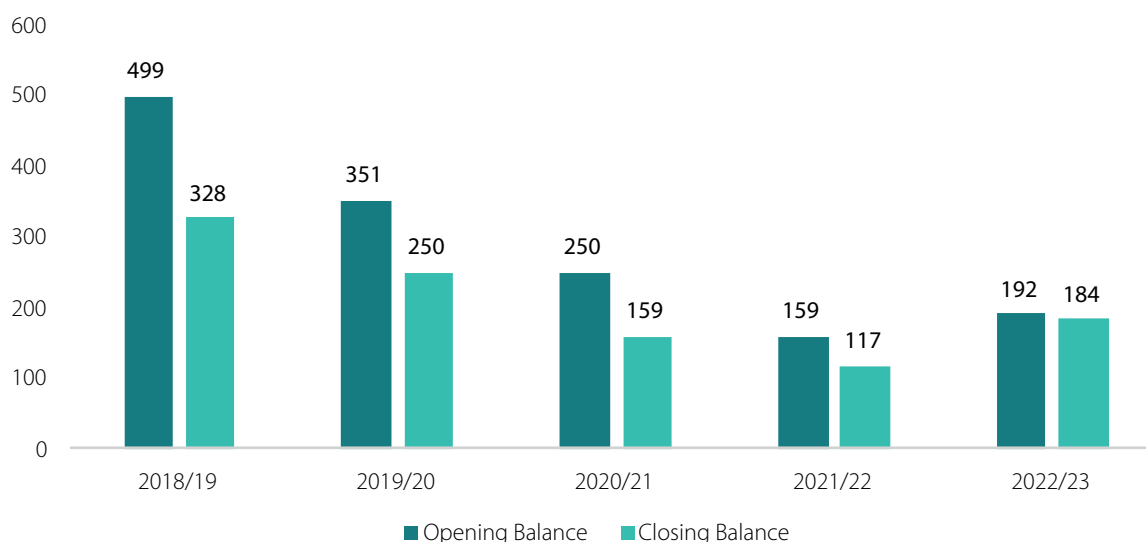
| High Impact Cases                                                                                      |
|--------------------------------------------------------------------------------------------------------|
| 2022/23                                                                                                |
| Nova PropGrow Group Limited (Compliance Notice Stages)                                                 |
| GUD Holdings (Tribunal decision taken on review at High Court)                                         |
| Nova PropGrow Group Limited (being defended in the Tribunal, process initiated in the Courts)          |
| GUD Holdings (Matter being pursued through courts officially, affidavits submitted)                    |
| SE1 Empowerment (Liquidation proceedings being pursued through court, sat on 05 October)               |
| Nutritional Holdings Ltd                                                                               |
| Solidarity Fund NPC                                                                                    |
| Ayo Technology Solutions Ltd                                                                           |
| Outsourced Risk and Compliance Assessment (Pty) Ltd                                                    |
| GUD Holdings (Hearing held on the matter, judgment was reserved)                                       |
| SE1 Empowerment (Court hearing on the delinquency request heard on 24 April 2023)                      |
| Eskom Holdings SOC Ltd (Inaccurate financial statements reported, matter being escalated to the Board) |
| 2021/22                                                                                                |
| South African Post Office SOC                                                                          |
| Communicare NPC                                                                                        |
| Denel SOC                                                                                              |
| Attacq Ltd                                                                                             |
| Cipla Medpro South Africa                                                                              |
| Medpro Pharmaceutica                                                                                   |
| Nova Propgrow Group Holdings                                                                           |
| Young Women's Business Network (YWBN)                                                                  |
| Eureka Beperk                                                                                          |
| Agilitee Pty Ltd                                                                                       |
| GUD Holdings Pty Ltd                                                                                   |
| 2020/21                                                                                                |
| Pembury Lifestyle Group Limited (Reportable Irregularity)                                              |
| JD Properties (AFS Filings)                                                                            |
| Ainsley Holdings Limited (AFS Filings)                                                                 |
| Steinhoff (AFS Filings)                                                                                |
| Communicare NPC (Companies Act Non-Compliance)                                                         |
| 2019/2020                                                                                              |
| *Specific Case Related Data Unavailable                                                                |
| 2018/2019                                                                                              |
| *Specific Case Related Data Unavailable                                                                |

**Figure B.29:** Comparison of High Impact / High Profile Cases

Twelve (12) high profile companies, including Eskom Holdings SOC Ltd, were investigated during the 2022/23 reporting period. Interestingly, the number of high impact / high profile cases has been increasing slightly every year.

**Table B.10:** Independent Review: Regulation 29

|                        | Q1         | Q2         | Q3         | Q4         |
|------------------------|------------|------------|------------|------------|
| Opening Balance        | 192        | 183        | 181        | 180        |
| Allocated              | 30         | 50         | 60         | 51         |
| Total Closed           | 39         | 52         | 61         | 47         |
| <b>Closing Balance</b> | <b>183</b> | <b>181</b> | <b>180</b> | <b>184</b> |

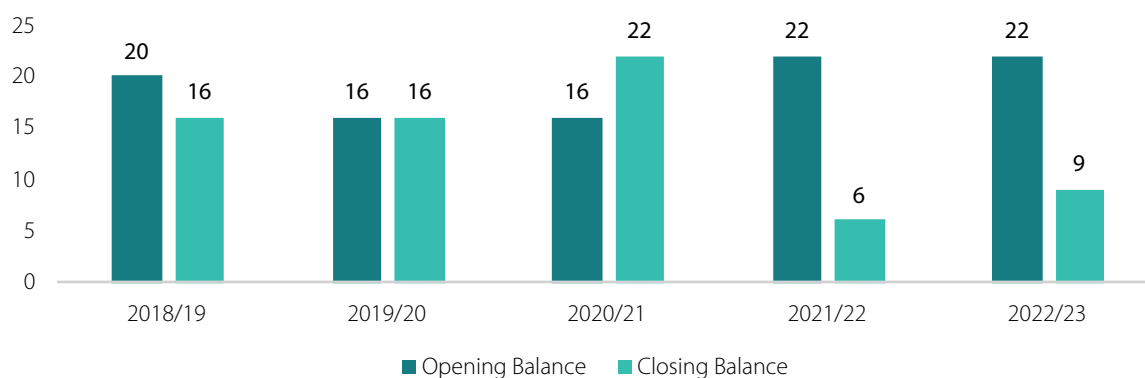
**Figure B.30:** Independent Review: Regulation 29, Year-on-year Comparison

The number of Independent Review: Regulation 29 cases has steadily declined over the years, to 117 cases at the end of 2021/22. However, there has been a marginal uptick in 2022/23.

Further, Cold Case matters have been reduced from 22 at the start of 2022/23, to 9 at the close of the period. Moreover, over the past five years, Cold Case Matters have been fluctuating until noticeable declines were observed at the close of 2021/22 (6) and 2022/23 (9). This indicates that Cold Case matters are being resolved, one way or another, at a quicker rate.

**Table B.11:** Cold Case Matters

| Administrative Fine         | Q1       | Q2       | Q3       | Q4       |
|-----------------------------|----------|----------|----------|----------|
| Opening Balance             | 22       | 9        | 9        | 9        |
| Order Granted               | 4        | -        | -        | -        |
| Settlement Order/Offer      | 2        | -        | -        | -        |
| Opposed                     | 4        | 3        | 3        | 3        |
| Removed from the List       | 4        | -        | -        | -        |
| Currently in Court/Set Down | 5        | 2        | 2        | 2        |
| <b>Closing Balance</b>      | <b>9</b> | <b>9</b> | <b>9</b> | <b>9</b> |

**Figure B.31:** Comparison of Cold Case Matters

One can observe an increase in the number of received and allocated Independent Reviews. There has also been slow movement in terms of finalisation of Cold Case matters, as their conclusion is dependent on the administration of courts and other relevant forums. We have, however, received a judgement in favour of the CIPC with regards to the liquidation matter concerning Selective Empowerment Investment 1 (there is an application for leave to appeal pending the court's hearing on the 12<sup>th</sup> of June 2023, which the CIPC will oppose).

There was also a hearing concerning the G.U.D Holding case which relates to a review of the decision handed down by the Companies Tribunal (judgement was reserved in this matter and the CIPC will again rely on the pace of administration by the courts, in handing out judgements). A new matter was added to the register concerning a delinquency application for Ms. Yakhe

Kwinana. The State Attorney is currently in the process of procuring the services of a Senior Counsel to handle the matter.

The case concerning Nova Propgrow Group Holdings Ltd (Nova) is at an advanced stage. A pre-hearing was held at the Companies Tribunal, the outcome of which favoured the CIPC. However, Nova submitted a notice of motion to set aside the decision through the North Gauteng High Court.

An inter-regulator investigation is currently still underway to resolve the case pertaining to matters of jurisdictional overlap, adequately and accurately. In dealing with the complexities of this case, the CIPC must achieve the dual objective of maintaining regulatory integrity and investor confidence, while ensuring that disclosures of financial statements are reliable and not misrepresented in any way. Through the State Attorney, senior and junior counsels have been appointed to attend to the case.

**Table B. 12:** Prospectuses below, depicts the breakdown of Prospectuses lodged per quarter during the 2022/23 review period.

**Table B. 12:** Prospectuses in 2022/23

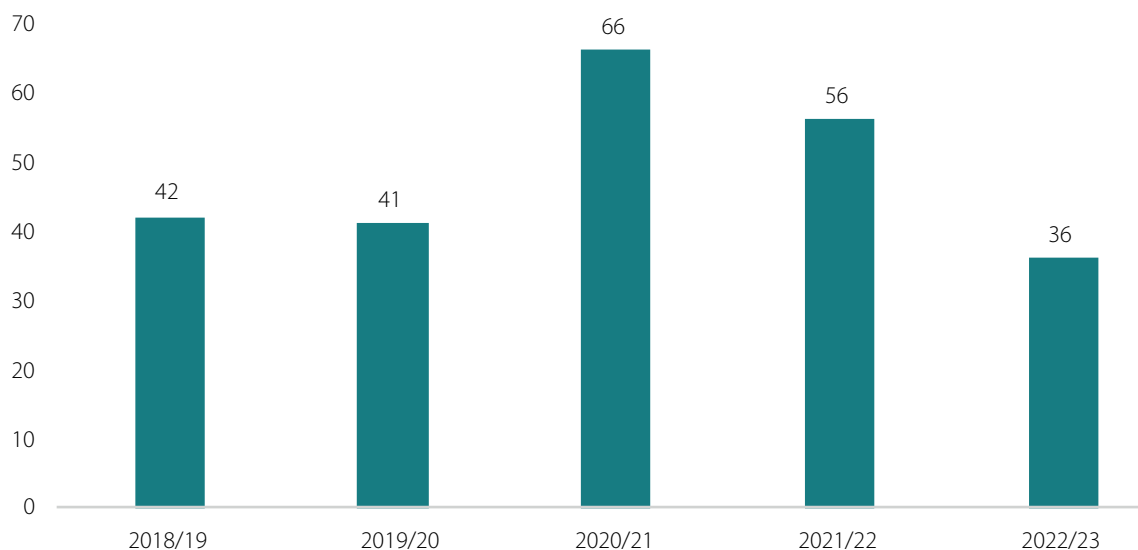
| Company Name                                     | Prospectus | Final Prospectus | Current Status |
|--------------------------------------------------|------------|------------------|----------------|
| <b>2022/23</b>                                   |            |                  |                |
| Silverleaf Investments Limited                   |            | Final            | Registered     |
| HP House EP20 Limited                            |            | Final            | Registered     |
| Saxon Square EP20 Limited                        |            | Final            | Registered     |
| Raltech Limited                                  |            | Final            | Registered     |
| Capital on Bath EP 19 Limited                    |            | Final            | Registered     |
| Carrington EP18 Limited                          |            | Final            | Registered     |
| Crowdprop (RF) Limited                           |            | Final            | Registered     |
| Westbrooke Rhythm Growth Opportunities Fund Plc  | Draft      |                  | Pending        |
| Cilo Cybin Holdings Limited                      | Draft      |                  | Pending        |
| Labcorp Limited                                  | Draft      |                  | Pending        |
| Bb Sandton Two EP 21 Limited                     |            | Final            | Registered     |
| Lighthouse Properties PLC                        |            |                  |                |
| Hp House EP 20 Limited                           |            | Final            | Registered     |
| Fynbos EP 22 Limited                             |            | Final            | Registered     |
| Old Mutual Bula Tsela Retail Scheme Limited      |            | Final            | Registered     |
| Altvest Capital Limited                          | Draft      |                  | Pending        |
| The Duke EP 23 Limited                           |            | Final            | Registered     |
| Go Getta Limited                                 |            | Final            | Registered     |
| Asia Pacific Basket Limited                      | Draft      |                  | Pending        |
| One on Anne EP 24 Limited                        |            | Final            | Registered     |
| The One EP 29 Limited                            |            | Final            | Registered     |
| Senwes Limited                                   |            | Final            | Registered     |
| K2022827815 (South Africa) Limited No 33 of 2022 | Draft      |                  | Pending        |
| The Edge EP 28 Limited                           |            | Final            | Registered     |
| Sunside Acquisitions Limited                     | Draft      |                  | Pending        |
| Go Getta Limited                                 |            | Final            | Registered     |
| K2022827815 (South Africa) Limited No 33 of 2022 |            | Final            | Registered     |
| Sunside Acquisitions Limited                     |            | Final            | Registered     |
| Go Getta Limited                                 |            | Final            | Registered     |
| Magni Resources Limited                          | Draft      |                  | Awaiting Final |
| Brittanic Opportunities Limited                  |            | Final            | Registered     |
| The Edge EP 28 Limited                           |            | Final            | Registered     |
| Brooklyn Volley EP 30 Limited                    |            | Final            | Registered     |
| Pegasus Limited                                  | Draft      |                  | Awaiting Final |
| The One EP 29 Limited                            |            | Final            | Registered     |
| Sunside Acquisitions Limited                     | Draft      |                  | Awaiting Final |
| <b>2021/22</b>                                   |            |                  |                |
| Kalon Venture Partners Fund II                   | April      | Registered       | Registered     |
| Polo Fields EP 7                                 | April      | Registered       | Registered     |
| Destinata Capital                                | April      | Registered       | Registered     |
| Gaia Venture Capital                             | April      | Registered       | Registered     |
| Euphoric Capital                                 | April      | Pending          | Pending        |
| Northam Platinum Holdings                        | April      | Registered       | Registered     |
| Anuva Private Equity                             | April      | Registered       | Registered     |
| Exchange Lofts EP 6                              | May        | Registered       | Registered     |

| Company Name                                | Prospectus | Final Prospectus | Current Status |
|---------------------------------------------|------------|------------------|----------------|
| Ap Global Investments                       | May        | Registered       | Registered     |
| Ap Global Investments                       | May        | Registered       | Registered     |
| Optomise Ventures                           | May        | Registered       | Registered     |
| Ora Capital                                 | May        | Registered       | Registered     |
| Westbrooke Stac 2021                        | May        | Registered       | Registered     |
| Westbrook Aria 2022                         | May        | Registered       | Registered     |
| Decentral Energy Capital                    | May        | Registered       | Registered     |
| Eridanus VC 1                               | May        | Pending          | Pending        |
| 12 Cape                                     | May        | Registered       | Registered     |
| Groundstone Capital                         | May        | Pending          | Pending        |
| International Titans Basket                 | May        | Pending          | Pending        |
| Olive Venture Capital                       | May        | Registered       | Registered     |
| Exponential Venture Capital                 | June       | Registered       | Registered     |
| Monroe EP 8                                 | June       | Registered       | Registered     |
| Perseus VC 1                                | June       | Pending          | Pending        |
| Hasanaat Capital                            | June       | Registered       | Registered     |
| Capitale Student Housing Fund               | June       | Pending          | Pending        |
| Delta VC 1                                  | June       | Registered       | Registered     |
| Jaltech Digital Asset Holdings Limited (RF) | Final      | Registered       | Registered     |
| Westbrooke Yield Plus PLC 2-3-1             | Final      | Registered       | Registered     |
| Ballito Groves EP 10 Limited                | Supplement | Registered       | Registered     |
| Athena Education (IOM) PLC 2-3-1            | Final      | Registered       | Registered     |
| Monroe EP 8 Limited                         | Supplement | Registered       | Registered     |
| Sea Point Four 11                           | Draft      | Pending          | Pending Final  |
| Crowdprop                                   | Draft      | Pending          | Pending Final  |
| Crowdprop (RF) Limited No 55 Of 2021        | Final      | Pending          | Pending        |
| Bailey EP 12 Limited No 56 of 2021          | Final      | Registered       | Registered     |
| Destinata Equity Fund Limited No 57 of 2021 | Final      | Registered       | Registered     |
| Sea Point Four EP 11 Limited No 54 of 2021  | Final      | Registered       | Registered     |
| Brait Malta Limited 18308 GBC No 58 of 2021 | Final      | Registered       | Registered     |
| The Reid EP 13 Limited No 59 of 2021        | Final      | Registered       | Registered     |
| Rencell II Limited No 60 of 2021            | Final      | Registered       | Registered     |
| Infinity Invest Limited No 61 of 2021       | Draft      | Final Pending    | Pending        |
| Sa Khadinang Limited No 62 of 2021          | Draft      | Final Pending    | Pending        |
| Areit Prop Limited No 63 of 2021            | Draft      | Final Pending    | Pending        |
| Sunside Acquisitions Limited No 64 of 2021  | Draft      | Final Pending    | Pending        |
| Rockefeller 2 EP 15 Limited No 65 of 2021   | Final      | Registered       | Registered     |
| Ballito Hills EP 16 Limited No 66 of 2021   | Final      | Registered       | Registered     |
| Crowdprop (RF) Limited No 55 of 2021        | Final      | Pending          | Pending        |
| Infinity Invest Limited No 61 of 2021       | Draft      | Final Pending    | Pending        |
| Sa Khadinang Limited No 62 of 2021          | Draft      | Final Pending    | Pending        |
| Areit Prop Limited No 63 of 2021            | Final      | Registered       | Registered     |
| Sunside Acquisitions Limited No 64 of 2021  | Final      | Registered       | Registered     |
| Media Mill EP 17 Limited                    | Final      | Registered       | Registered     |
| Eridanus VC 1 Limited                       | Final      | Pending          | Pending        |
| East Asian Growth Basket Limited            | Final      | Pending          | Pending        |
| Raltech Limited                             | Final      | Pending          | Pending        |
| Westbrooke Yield Plus PLC                   | Final      | Pending          | Pending        |
| <b>2020/21</b>                              |            |                  |                |
| Destinata Capital Limited                   | May        | Registered       | Registered     |

| Company Name                 | Prospectus | Final Prospectus | Current Status |
|------------------------------|------------|------------------|----------------|
| China Seas Basket            | May        | Registered       | Registered     |
| Business Venture Investments | May        | Pending          | Pending        |
| Blackbrickep 1               | June       | Registered       | Registered     |
| Rockefeller EP 1             | June       | Registered       | Registered     |
| Fritzgerald EP 1             | June       | Registered       | Registered     |
| Greenreef EP 1               | June       | Registered       | Registered     |
| Olive VCC                    | June       | Registered       | Registered     |
| Blackbrick EP 1              | July       | Registered       | Registered     |
| Reockefeller EP 1            | July       | Registered       | Registered     |
| Fritzgerald Ep1              | July       | Registered       | Registered     |
| Greenreef EP 1               | July       | Registered       | Registered     |
| Olive VCC                    | July       | Registered       | Registered     |
| Illovo Stack Retail 1        | August     | Registered       | Registered     |
| Mdluli Safari Lodge          | August     | Registered       | Registered     |
| Blyde EP 2                   | August     | Registered       | Registered     |
| Vega VC 1                    | August     | Pending          | Pending        |
| Greenpark EP 3               | September  | Pending          | Pending        |
| Advanced Investment Holdings | September  | Pending          | Pending        |
| Greenpark EP 3               | October    | Registered       | Registered     |
| Advanced Investment Holdings | October    | Registered       | Registered     |
| Destinata Capital Limited    | October    | Registered       | Registered     |
| Infinity Anchor Fund         | November   | Registered       | Registered     |
| Zimbali Capital              | November   | Registered       | Registered     |
| Mdluli Safari Lodge          | November   | Pending          | Pending        |
| Sunstone Capital             | November   | Registered       | Registered     |
| Hasanaat Capital             | November   | Registered       | Registered     |
| Euphoric Capital             | November   | Registered       | Registered     |
| AP Global                    | November   | Registered       | Registered     |
| Aurik Capital                | November   | Registered       | Registered     |
| Big Sky Fund                 | November   | Registered       | Registered     |
| Big Sky Fund                 | November   | Registered       | Registered     |
| Optonmise Ventures           | December   | Pending          | Pending        |
| Olive Venture Capital        | December   | Registered       | Registered     |
| Delta                        | December   | Pending          | Pending        |
| Decentral Capital            | December   | Registered       | Registered     |
| Westbrooke 2021              | December   | Registered       | Registered     |
| Exponential Capital          | December   | Pending          | Pending        |
| Westbrooke 2021              | December   | Registered       | Registered     |
| Gaia Venture Capital         | December   | Registered       | Registered     |
| Aeex South Arica             | December   | Registered       | Registered     |
| Bright VCC                   | December   | Registered       | Registered     |
| Kalon Partner Fund II        | December   | Pending          | Pending        |
| Karooooo                     | January    | Registered       | Registered     |
| Eridanus VC 1                | January    | Registered       | Registered     |
| Nesa Holdings                | January    | Registered       | Registered     |
| Silverleaf Investments       | January    | Registered       | Registered     |
| Westbrook Stac 2021          | January    | Registered       | Registered     |
| Rencell                      | February   | Registered       | Registered     |
| Ora Capital                  | February   | Registered       | Registered     |

| Company Name                     | Prospectus | Final Prospectus | Current Status |
|----------------------------------|------------|------------------|----------------|
| Anuva Private Equity             | February   | Registered       | Registered     |
| Blackbrick CT EP 4               | February   | Registered       | Registered     |
| Perseus VC 1                     | February   | Registered       | Registered     |
| Pegasus UA Ltd                   | February   | Registered       | Registered     |
| Cryptique Ltd                    | February   | Registered       | Registered     |
| Leaf 12 J Fund RF                | March      | Registered       | Registered     |
| Sab Zenzele Kabili               | March      | Registered       | Registered     |
| Seven On Main EP 5               | March      | Registered       | Registered     |
| Infinity Anchor Fund             | March      | Registered       | Registered     |
| Vega VC 1                        | March      | Registered       | Registered     |
| Aeex South Africa                | March      | Registered       | Registered     |
| Mdluli Safari Lodge              | March      | Pending          | Pending        |
| Rencell                          | March      | Pending          | Pending        |
| Silverleaf Investment            | March      | Pending          | Pending        |
| Sa Khadinang                     | March      | Pending          | Pending        |
| Sunstone Capital                 | March      | Pending          | Pending        |
| <b>2019/20</b>                   |            |                  |                |
| *No Case Specific Data Available |            |                  |                |
| <b>2018/19</b>                   |            |                  |                |
| *No Case Specific Data Available |            |                  |                |

**Figure B.32:** Comparison of the Number of Prospectuses Lodged



Further, as per **Figure B.32: Comparison of the Number of Prospectuses Lodged** above, the number of Prospectuses lodged has fallen from a high of 56 in 2021/22 to 36 in 2022/23. However, this number still appears relatively consistent compared to the numbers achieved in the years prior to Covid-19.

## Corporate Governance, Surveillance and Enforcement

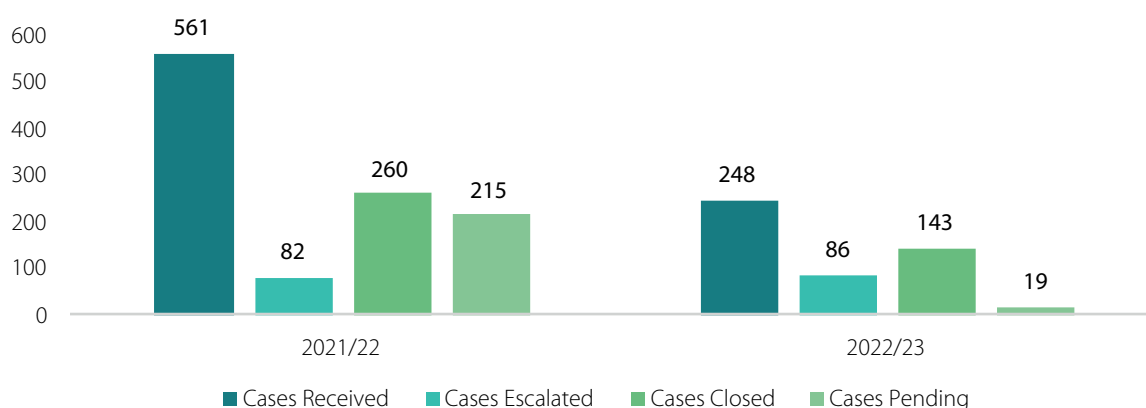
**Table B.13: Statistics for Cases** is a summary of the statistics of cases per quarter during 2022/23, while **Table B.14: Case Register and Allegations**, below, is a summary of cases and allegations over the same period.

**Table B.13:** Statistics for Cases

|                 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Total |
|-----------------|---------|---------|---------|---------|---------|-------|
| Cases Received  | 125     | 178     | 290     | 451     | 248     | 1292  |
| Cases Escalated | 83      | 65      | 177     | 273     | 86      | 684   |
| Cases Closed    | 41      | 82      | 57      | 27      | 143     | 350   |
| Cases Pending   | 1       | 31      | 56      | 151     | 19      | 258   |

**Figure B.33: Annual Comparison of Statistics for Cases** depicts an annual comparison between 2021/22 and 2022/23 of case statistics. It shows that the number of cases received has dropped significantly, while the ratio of cases received to cases closed, has increased by 12%, from 46% in 2021/22 to 58% in 2022/23.

**Figure B.33:** Annual Comparison of Statistics for Cases

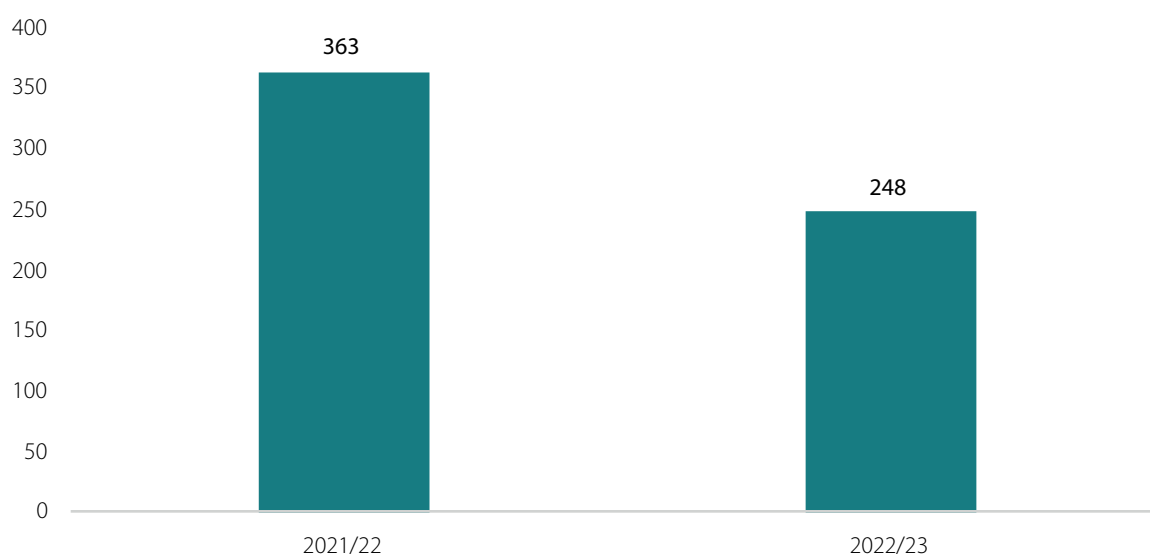


**Table B.14:** Case Register and Allegations, 2021/22 - 2022/23

| Type of Contravention                                     | Number |
|-----------------------------------------------------------|--------|
| <b>2022/23</b>                                            |        |
| Director's misconduct                                     | 49     |
| Unauthorised removal of director                          | 47     |
| Resigned as director but still appears on company records | 34     |
| Access to company records                                 | 32     |
| Unauthorised appointment of director                      | 30     |
| Unauthorised changes of a member                          | 15     |
| False information filed                                   | 8      |
| Reckless trading                                          | 8      |
| Financial Statements not prepared                         | 3      |
| Shareholders' rights                                      | 2      |
| False financial statements                                | 2      |
| Company records not updated                               | 2      |
| False company records                                     | 2      |
| Special resolution not filed                              | 1      |
| Company registered without knowledge                      | 1      |
| Deceased member not removed                               | 1      |
| Company deregistered but reinstated without consent       | 1      |

| Type of Contravention                                                                                                                               | Number     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Shares unlawfully sold                                                                                                                              | 1          |
| Falsification of Financial statements                                                                                                               | 1          |
| Contravention of Section 11                                                                                                                         | 1          |
| Share Certificate not issued                                                                                                                        | 1          |
| Non-disclosure of disqualified director                                                                                                             | 1          |
| Shareholders meeting not held                                                                                                                       | 1          |
| Incomplete Accounting Records                                                                                                                       | 1          |
| Inconsistent with the MOI                                                                                                                           | 1          |
| <b>Total</b>                                                                                                                                        | <b>246</b> |
| <b>2021/22</b>                                                                                                                                      |            |
| Vacant on Board/ Resignation of directors S70, S70 (6) and Removal of directors S71 including process issues in terms of CoR39, director amendments | 76         |
| Home owners Association, NPO                                                                                                                        | 14         |
| MOI dispute among directors                                                                                                                         | 28         |
| Failure to hold AGM                                                                                                                                 | 16         |
| S26 Disclosure of company documents                                                                                                                 | 24         |
| Breach of contract dispute                                                                                                                          | 66         |
| Liquidation matter                                                                                                                                  | 45         |
| S160 (2) (b) Name dispute/correct address/                                                                                                          | 31         |
| Directors and Auditors details not a true reflection of company records                                                                             | 59         |
| BEE Requirement                                                                                                                                     | 4          |
| <b>Total</b>                                                                                                                                        | <b>363</b> |

**Figure B.34:** Case Register and Allegations Annual Comparison



As can be observed in the **Table B.14: Case Register and Allegations** above, director's misconduct, unauthorised removal of a director, resignation as director but still appears on company records, unauthorised access to company records and unauthorised appointment of a director, constituted the most common types of alleged contraventions in 2022/23.

Between 2021/22 and 2022/23, the number of cases and allegations has dropped significantly, likely due to a renewed enforcement drive, as can be observed in **Figure B.34: Case Register and Allegations Annual Comparison** above.

### 1.1.3 Legal, Policy Support, and Outreach

#### IP POLICY AND OUTREACH

##### IP for SMME

Through the Swiss-South Africa intervention (SSAIP), the IP for SMME project has been pursued. Committee meetings mainly served to engage on specific interventions, on which the committee reached agreement. Broadly, these interventions are based on IP in general with a specific focus on SMMEs. The interventions included SMME stakeholder mapping, customization of the IP panorama and the compilation of training materials for Small Enterprise Development Agency (SEDA) employees.

With regards to the development of the stakeholder map (a feature in the development of the SMME portal on the CIPC website), a consulting company was appointed (by our Swiss partners) to assist with the design and development of a single online stakeholder map. This feature provides details of all key and relevant IP stakeholders, which the SMMEs will use (based on their request through the survey previously conducted). Features for the benefit of SMMEs will cover aspects such as briefings, training, service and guidance. A concept note based on a phased approach was developed. It was further agreed to pilot the implementation (user needs analysis and scoping) in the Gauteng province, having the majority of CIPC's clients.

Further to this intervention - and following the initial training of trainers with SEDA practitioners - a relationship with the Technology Innovation Agency (TIA) was struck. TIA has nationally distributed technology stations and, therefore, is intended to train these practitioners to deliver better IP services in communities surrounding existing technology stations. A programme of action was developed.

Several committee meetings were focused on specific interventions under the direction of IP managers, while maintaining focus on SMMEs. The external company engaged to assist with development of the SMME stakeholder map, followed up with further engagements on how to proceed with implementation of the pilot. A meeting was convened with key stakeholders (including the DTI, SEDA and NIPMO) to understand what their current SMME services entailed. The engagement with TIA officials ensued, with implementation of the training plan.

The SWISS project co-ordinator visited South Africa from the 24<sup>th</sup> to the 28<sup>th</sup> of October 2022 and the project update

meeting for the IP SMME working group was held on the 25<sup>th</sup> of October, in which Proof Africa presented the pilot stakeholder map. A presentation of the Innovation Bridge Portal, by the Human Sciences Research Council (HSRC) and NIPMO, was facilitated to identify ways of influencing the IP for SMME project.

##### IP BRICS

CNIPA (China) is the hosting office for this round of the IP BRICS forum. The coordinators (country focal point persons) engaged on issues such as work stream progress, preparations for the main heads of IP Offices meeting and other logistical and substantive issues. The proposed schedule of events for the year under the chair was agreed upon by members. The meeting of coordinators was scheduled for the 21<sup>st</sup> of July 2022. The meeting of coordinators is an important part of the IP BRICS forum as focal point persons meet to discuss/engage and deliberate on issues which the Heads of the IP offices find consensus on and provide approval.

The CIPC attended the 14<sup>th</sup> HIPO BRICS IP meeting. Whilst ensuring smooth execution of this event, the focal point coordinators meeting was held on the 21<sup>st</sup> of July 2022. Intense exchange of communication ensued between coordinators to ensure that all inputs were fully informed, and that the country's position was correctly portrayed. The South African delegation was determined, and IP managers joined the main meeting. The talking points for the Commissioner were prepared with input from all IP managers and technical staff, such as the Patent Searchers. The meeting was a success. Forthcoming main events include the IT workshop being convened by China in October and the Examiners Training in November 2022.

BRICS training for IP Professionals took place between the 17<sup>th</sup> and 31<sup>st</sup> of October 2022. BRICS training for IP office examiners and office staff took place between the 7<sup>th</sup> and 11<sup>th</sup> of November 2022. A total of 32 CIPC IP office staff attended these sessions.

The BRICS IT workshop took place on the 19<sup>th</sup> of October 2022. Here, the CIPC was represented by Mr Kabelo Ledwaba (IP ICT specialist) and Mr Bheki Zulu (Patent Examiner).

Following the successful 14<sup>th</sup> HIPO Meeting, China prepared the final summary report and circulated this report to the Heads of the IP Offices for signature.

Newspaper articles were also prepared and published in relation to the event. Certificates were awarded to those that attended the training. Preparations for hosting of the 15<sup>th</sup> HIPO meeting were conducted with the IP Management Group.

Finally, in addition to preparations for the 15<sup>th</sup> HIPO meeting, a request for a meeting on the side lines of the WIPO GA was approved by the Commissioner. Engagements between focal point coordinators from the BRICS member states ensued with preparations, dialogue and agreement on all related matters having been achieved. The CIPC's survey on Women in IP among the BRICS members has been collated and formatted on a spreadsheet for internal discussion, before further engagement with BRICS members.

### Corporate Legal and Policy Support

The POPIA Compliance Framework, for annual use by the CIPC to monitor compliance in terms of POPIA, was finalized and submitted to the Executive Committee. Further, a General Counsel (in-house legal) implementation plan was developed, which includes structures, functions, and responsibilities. Furthermore, a multitude of subpoenas and requests for specific and technical information were received from law enforcement agencies – which is indicative of the number of criminal matters involving fraud, director, and shareholder disputes, etc. being experienced in the country. Law enforcement agency requests for information are no longer simply for corporate registration documentation but are evolving to become much more technical in nature. Further, the CIPC's presence - in terms of providing expert testimony in court and in other forums - is becoming more prominent.

Moreover, in relation to the Beneficial Ownership Project, aimed at developing the CIPC's own Beneficial Ownership register, the CIPC has attended legal framework and practical BO workshops and seminars. Compliance of the CIPC is crucial, particularly in terms of South Africa's world ranking. Relatedly, development of the Companies Act Amendment Regulations is crucial to cater for development of the Beneficial Ownership register, for which the CCRD & *the dtic* are driving forces.

The CIPC is also creating precedent through its publication of several legal opinions and articles on interpretation and application of the Companies Act.

An internal and external POPIA training plan was developed, and two sessions were held with CIPC staff on the applicability of POPIA to CIPC employees. A further two sessions were held externally (with the public) on the

applicability or impact of POPIA on the functions of the CIPC. General consent in terms of POPIA was built into the new e-services platform and is set to be reviewed annually.

Further, the CIPC received and responded to 19 subpoenas pertaining to the Companies Act, professional interpretation and CIPC technical processes-related clarity or advice, which is not part of the normal disclosure application process by state departments. Corporate Legal represented the CIPC in various forums, including the Companies Tribunal, High Court, and Liquidation Inquiries.

Furthermore, inputs (Global General Laws Amendment Bill, Trust Property Control's Act and Financial Sector Regulations Act) were consolidated for the benefit of the Beneficial Ownership Project.

Finally, the CIPC attended (as speakers) several external events relating to the Companies Act, pertaining to topics such as business rescue proceedings, delinquent directorship and POPIA.

A POPIA training plan was developed, and two internal training sessions were held with staff, regarding the application of POPIA in relation to CIPC functions. POPIA refinements were built into the Employee Self-Service (ESS), such as a request for an ID number to access payslips.

Further, The Information Regulator (PAIA division) conducted an on-site physical assessment of the CIPC's compliance with PAIA. It was assessed whether the CIPC possesses an up-to-date PAIA manual and up-to-date privacy policies, as well as whether an Information Officer and Deputy Information Officer have been appointed. The CIPC was subsequently found to be compliant.

Furthermore, in relation to the Beneficial Ownership Project, extensive input and deliberations were generated pertaining to the General Laws Amendment Bill, Trust Property Control's Act and Financial Sector Regulations Act. The CIPC is actively engaging in the development process of regulations for the Companies Act Amendment Bill, which is to be promulgated in early 2023.

POPIA training was finalized through the hosting of two external webinars (17<sup>th</sup> and 24<sup>th</sup> of March), with assistance of the Education and Awareness division. Training content included requirements pertaining to the exceptions applied (to PAIA) and CIPC functions.

Further, the CIPC also participated in the Companies Tribunal Seminar as a speaker on business rescue,

with specific reference to opportunities in relation to expanding the role of the Companies Tribunal.

The general focus of Quarter 4 was on developing the regulations for the Companies Act Regulations Amendment Bill, as a result of the promulgation of the General Laws Amendment Act (22 of 2022).

There has also been progress in terms of extensive development of the Beneficial Ownership register (available on the e-services platform). This relates to the development of the following: (1) business rules (2)

legislative framework (3) functional specifications and (4) frequently asked questions. This has been supported by the establishment of a dedicated Beneficial Ownership team, made up of internally seconded staff.

The CIPC participated in Beneficial Ownership training (as a speaker) for law enforcement agencies, specifically through the Open Ownership collaboration (23<sup>rd</sup> of March) and attendance of the Beneficial Ownership-system pre-launch (30<sup>th</sup> of March) with relevant stakeholders such as SARS, SAPS, JSE and STRATE, amongst others.

### 1.1.4 Client Engagement

**Table B.15: Call Centre, QRS, Facebook and Twitter** below depicts traffic in terms of customer contact channel activity over the past five years.

**Table B.15:** Call Centre, QRS, Facebook and Twitter, 2022/23 Annually

| Platform                | Description                   | 2018/19 | 2019/20 | 2020/21          | 2021/22          | 2022/23               |
|-------------------------|-------------------------------|---------|---------|------------------|------------------|-----------------------|
| Call Centre             | Calls Received                | 315 503 | 356 803 | No Data          | No Data          | 118 049 <sup>11</sup> |
|                         | Calls Answered                | 187 276 | 199 932 | 134 912          | 118 796          | 145 404 <sup>12</sup> |
|                         | Calls Answered %              | 59%     | 56%     | Not determinable | Not determinable | Not determinable      |
| Query Resolution System | Queries Received              | 86 179  | 95 105  | 122 629          | 170 895          | 177 679               |
|                         | Queries Closed                | 86 179  | 94 915  | 119 304          | 168 058          | 170 204               |
|                         | Queries Closed within 10 Days | 100%    | 100%    | 97%              | 98%              | 92%                   |
| Facebook                | Queries Received              | 670     | 7 090   | 81 902           | 59 836           | 35 918                |
|                         | Queries Resolved              | 658     | 1 932   | 68 331           | 56 246           | 30 809                |
|                         | Queries Resolved (%)          | 98%     | 27%     | 83%              | 94%              | 84%                   |
| Twitter                 | Queries Received              | 1 939   | 7 300   | 41 587           | 20 170           | 11 885                |
|                         | Queries Resolved              | 982     | 1 249   | 13 527           | 17 750           | 8 911                 |
|                         | Queries Resolved (%)          | 48%     | 17%     | 33%              | 88%              | 70%                   |

11 Number represents calls received only during Quarter 3 and Quarter 4.

12 Number represents all calls received during the year.

In 2022/23, the CIPC Call Centre received at least 118 049<sup>13</sup> calls during Quarter 3 and Quarter 4, with no data available for Quarter 1 and Quarter 2. Of the number of calls received in Quarter 3 and Quarter 4, 77 826 were answered, representing a calls received to answered ratio of 69%.

Further, via the Query Resolution System (QRS), the CIPC received 177 679 queries, of which 170 204 were closed, representing a 92% ratio of queries received to queries closed. Moreover, 92% of queries were resolved within the set service delivery standard of 10 days, with an average turnaround time of five days.

Furthermore, the CIPC received 35 918 queries via Facebook, of which 30 809 (or 84%) were resolved. Moreover, 89% of queries were resolved within the set service delivery standard of 24 hours, with an average turnaround time of approximately 4h30min.

Finally, the CIPC received 11 885 queries via Twitter, of which 8 911 (or 70%) were resolved. Moreover, 82% of queries were resolved within the set service delivery standard of 24 hours, with an average turnaround time of approximately 4 hours.

13 The number of calls received could not be determined in quarter 1 and 2.

**Table B.16: Self-service Centres (Pretoria, Johannesburg, and Cape Town) Traffic** shows service centre activity volumes between 2018/19 and 2022/23.

**Table B.16:** Self-service Centres (Pretoria, Johannesburg and Cape Town) Traffic

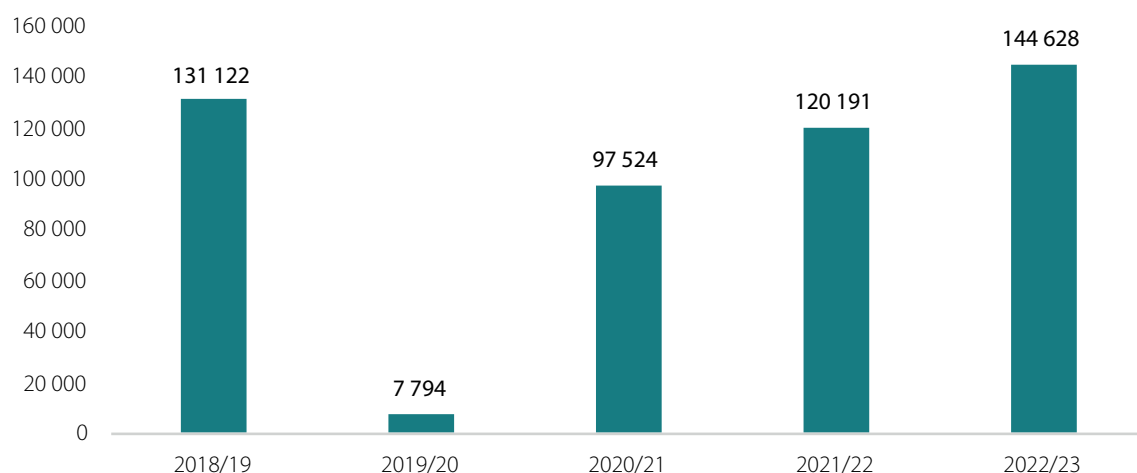
| SSC                           | 2018/19       |               |               |                | 2019/20      |              |              |              | 2020/21       |               |               |               | 2021/22       |               |               |                | 2022/23       |               |               |                |
|-------------------------------|---------------|---------------|---------------|----------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|----------------|
|                               | PTA           | JHB           | CT            | Total          | PTA          | JHB          | CT           | Total        | PTA           | JHB           | CT            | Total         | PTA           | JHB           | CT            | Total          | PTA           | JHB           | CT            | Total          |
| Company Registrations         | 6 904         | 3 130         | 3 665         | 13 699         | 346          | 681          | 194          | 1 221        | 3 037         | 4 641         | 3 956         | 11 634        | 3 265         | 5 337         | 5 835         | 14 437         | 3 251         | 6 494         | 8 038         | 17 783         |
| Create Customer Codes         | 5 916         | 5 995         | 3 314         | 15 225         | 309          | 403          | 194          | 906          | 3 624         | 10 960        | 4 666         | 19 250        | 5 460         | 7 135         | 5 893         | 18 488         | 4 796         | 7 023         | 7 865         | 19 684         |
| Re-Set Password               | 6 782         | 3 157         | 3 000         | 12 939         | 343          | 89           | 234          | 666          | 3 043         | 609           | 2 898         | 6 550         | 6 460         | 2 377         | 5 600         | 14 437         | 5 297         | 2 406         | 6 615         | 14 318         |
| Name Reservations             | 4 100         | 7 527         | 2 205         | 13 832         | 27           | 443          | 97           | 567          | 2 697         | 5 782         | 3 518         | 11 997        | 2 387         | 2 130         | 5 290         | 9 807          | 408           | 2 675         | 7 087         | 10 170         |
| Annual Returns                | 7 240         | 7 701         | 3 527         | 18 468         | 635          | 549          | 235          | 1 419        | 2 177         | 7 430         | 4 461         | 14 068        | 3 672         | 8 586         | 5 928         | 18 186         | 10 118        | 10 547        | 8 116         | 28 781         |
| IP                            | 5 484         | 950           | 366           | 6 800          | 212          | 48           | 5            | 265          | 4 213         | 1 056         | 593           | 5 862         | 3 390         | 1 157         | 336           | 4 883          | 2 106         | 808           | 385           | 3 299          |
| Director Amendments           | 2 519         | 1 650         | 535           | 4 704          | 149          | 32           | 21           | 202          | 810           | 1 181         | 682           | 2 673         | 1 371         | 1 376         | 661           | 3 408          | 2 206         | 879           | 605           | 3 690          |
| Member Amendments             | 1 299         | 455           | 66            | 1 820          | 0            | 2            | 2            | 4            | 1 421         | 214           | 190           | 1 825         | 501           | 235           | 207           | 943            | 926           | 231           | 138           | 1 295          |
| Auditor & Accounting Officers | 746           | 0             | 38            | 784            | 0            | 0            | 0            | 0            | 295           | 0             | 0             | 295           | 0             | 0             | 0             | 0              | 3             | 0             | 0             | 3              |
| Company & CC Address          | 555           | 660           | 265           | 1 480          | 80           | 21           | 11           | 112          | 228           | 208           | 218           | 654           | 951           | 246           | 35            | 1 232          | 0             | 625           | 112           | 737            |
| Cert & Disc                   | 5 802         | 4             | 2 584         | 8 390          | 627          | 0            | 172          | 799          | 2 270         | 1 436         | 1 430         | 5 136         | 4 136         | 1 557         | 1 526         | 7 219          | 533           | 4 084         | 1 202         | 5 819          |
| Ent Enquiry                   | 4 234         | 160           | 1 014         | 5 408          | 253          | 45           | 43           | 341          | 1 404         | 999           | 513           | 2 916         | 4 254         | 3 104         | 2 558         | 9 916          | 3 603         | 4 620         | 3 466         | 11 689         |
| Name Change                   | 3 459         | 326           | 420           | 4 205          | 41           | 28           | 6            | 75           | 1 512         | 338           | 310           | 2 160         | 1 164         | 380           | 327           | 1 871          | 4 257         | 641           | 713           | 5 611          |
| Name Transfer                 | 1 610         | 21            | 537           | 2 168          | 0            | 0            | 4            | 4            | 577           | 7             | 381           | 965           | 133           | 17            | 83            | 233            | 148           | 22            | 79            | 249            |
| Customer Transactions         | 1 452         | 5             | 12            | 1 469          | 98           | 0            | 0            | 98           | 1 034         | 0             | 3             | 1 037         | 2 055         | 363           | 0             | 2 418          | 0             | 0             | 96            | 96             |
| General / Other               | 4 072         | 8 254         | 7 395         | 19 721         | 40           | 735          | 351          | 1 126        | 1 073         | 3 586         | 5 743         | 10 402        | 3 228         | 4 165         | 5 340         | 12 733         | 4 186         | 6 007         | 7 571         | 17 764         |
| <b>Total Walk-ins</b>         | <b>62 174</b> | <b>39 995</b> | <b>28 953</b> | <b>131 122</b> | <b>3 167</b> | <b>3 058</b> | <b>1 569</b> | <b>7 794</b> | <b>29 415</b> | <b>38 447</b> | <b>29 662</b> | <b>97 524</b> | <b>42 427</b> | <b>38 145</b> | <b>39 619</b> | <b>120 191</b> | <b>45 478</b> | <b>47 062</b> | <b>52 088</b> | <b>144 628</b> |

There was a significant increase in the number of company registrations, Annual Return filings and company name changes processed at the CIPC's self-service centres in Pretoria, Johannesburg and Cape Town in 2022/23, compared to 2021/22.

Ultimately, the overall number of walk-ins at CIPC self-service centres in Pretoria, Johannesburg and Cape Town rose to 144 628 in 2022/23 from 120 191 in 2021/22. This number is noticeably higher than the number recorded during 2018/19, which was prior to Covid-19 lockdowns.

This picture is represented in **Figure B.35: CIPC Self-service Centres (PTA, JHB, CT) Total Walk-ins** below.

**Figure B.35:** CIPC Self-service Centres (PTA, JHB, CT) Total Walk-ins

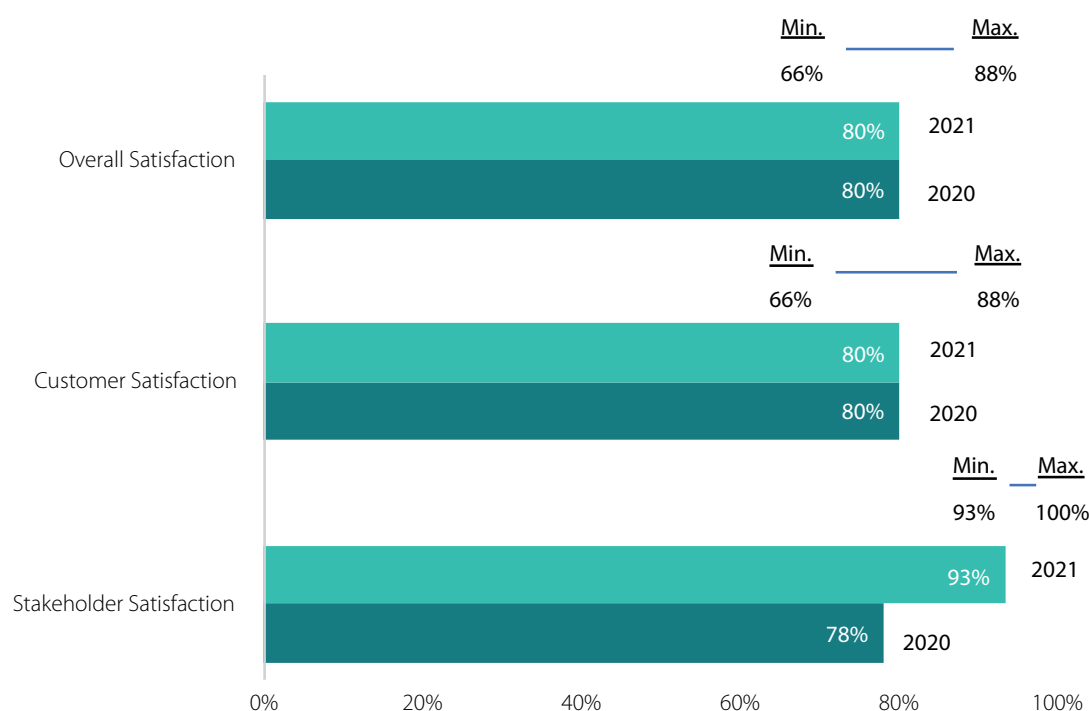


### 1.1.5 Stakeholder Management

#### Customer and Stakeholder Satisfaction

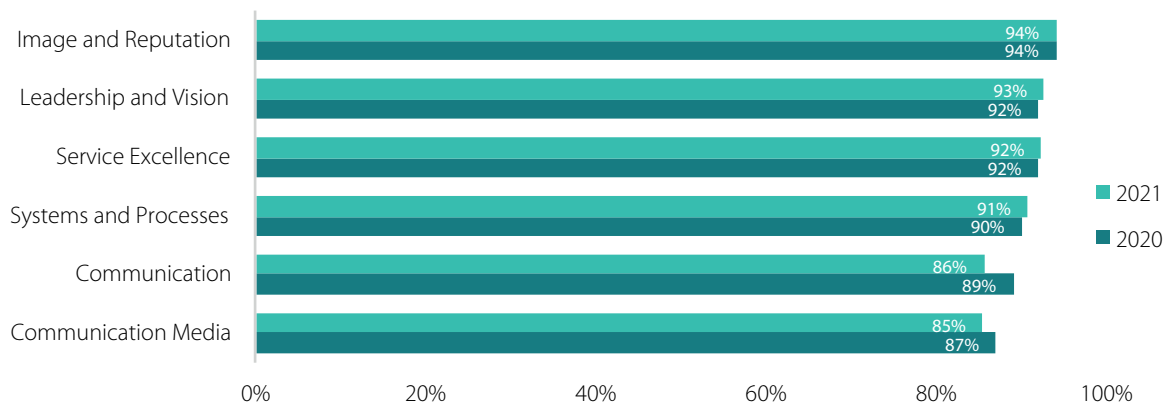
In the 2021 Customer and Stakeholder Satisfaction Survey, the CIPC scored 80% — equivalent to the previous result achieved in 2020. As shown in **Figure B. 6: Overall Customer and Stakeholder Ratings**, customer satisfaction stood at 80% in both 2020 and 2021, while stakeholder satisfaction stood at 93% in 2021 compared to 78% in 2020.

**Figure B.36:** Overall Customer and Stakeholder Ratings



As shown in **Figure B.37: Key Areas Measured**, the CIPC achieved scores in all illustrated key areas, of between 85% and 94% in 2021, compared to 87% and 94% in 2020.

**Figure B.37:** Key Areas Measured

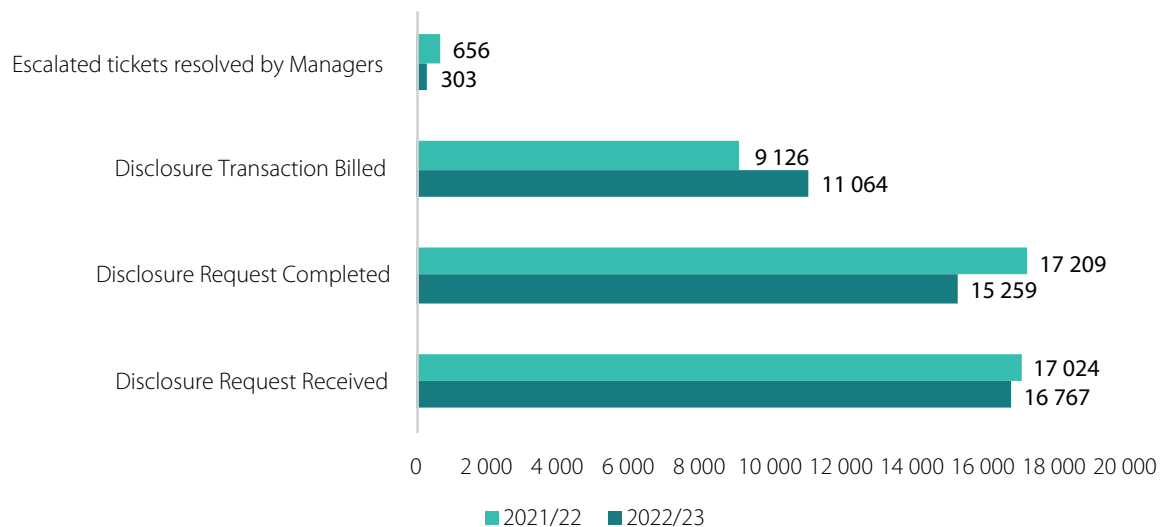


### 1.1.6 Disclosure

**Table B.17:** Paper-based Disclosure Production Statistics

|                                        | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
|----------------------------------------|-----------|-----------|-----------|-----------|
| Disclosure Request Received            | 4467      | 4378      | 3793      | 4129      |
| Disclosure Request Completed           | 3223      | 4875      | 3320      | 3841      |
| Disclosure Transaction Billed          | 2462      | 3405      | 2347      | 2850      |
| Escalated tickets resolved by Managers | 202       | 9         | 52        | 40        |

**Figure B.38:** Paper-based Disclosure Production Statistics, Annual Comparison



**Table B.18:** State Department – Disclosure Billing Statistics

|                                                       | 2021 <sup>14</sup> | 2022 <sup>15</sup> | 2023 <sup>16</sup> |
|-------------------------------------------------------|--------------------|--------------------|--------------------|
| Disclosure Requests Received                          | 8 309              | 8 698              | 2 724              |
| Outstanding Requests (carried over to following year) | 1 953              | 2 363              | 530                |
| Requests Completed                                    | 4 577              | 7 671              | 3 719              |

<sup>14</sup> Calendar Year

<sup>15</sup> Calendar Year

<sup>16</sup> Calendar Year

**Table B.19:** Disclosure Query Resolution

|         | Closed within TAT | Closed outside TAT | Total tickets closed for the Quarter | %Inside TAT | % outside TAT | Average TAT |
|---------|-------------------|--------------------|--------------------------------------|-------------|---------------|-------------|
| Q1      | 3223              | 802                | 4025                                 | 80.1        | 19.9          | 8.7 days    |
| Q2      | 3345              | 1286               | 4631                                 | 72.2        | 27.8          | 13.2 days   |
| Q3      | 2811              | 1275               | 4086                                 | 68.8        | 31.2          | 15.5 days   |
| Q4      | 2933              | 813                | 3546                                 | 78.3        | 21.7          | 11.2 days   |
| Average |                   |                    |                                      | 73.6        | 26.5          | 12.2        |

The disclosure team is implementing a hybrid workplace policy, as they are unable to work from home continuously, due to the nature of their work. Further, the storage warehouse (AGS) is continuously busy with quality assurance of all business files captured to date. Due to the challenges experienced and the roll-back of enhanced e-services systems, the number of tickets logged were extremely high. This had an influence on the number of tickets responded to within the set service delivery standard turnaround time.

Notwithstanding its challenges, the unit continues to render services to clients by responding to disclosure requests in a timeous manner. Everything within the mailroom is running smoothly and there is no backlog to date. Resource constraints are the biggest challenge faced by the State Department unit.

### 1.1.7 CIPC Strategies

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

#### Modernisation Strategy

The modernisation strategy aims to modernize all CIPC operations and services. This entails migration of CIPC processes to new modern platforms, as well as automation of all its processes, in order to minimize transacting times. It also entails strengthening online service channels such as the website, Mobile App and *BizPortal*.

Migration of processes to new platforms provides a foundation for simplified and full automation of CIPC internal and external processes. Most processes have been migrated to the K2 platform. Priority has been given to services currently attracting high usage from the client community. In the IP arena, the CIPC is in the process of deploying a fully automated IP Administration

System (IPAS) with the assistance of the World Intellectual Property Organization (WIPO). It is believed that this end-to-end automated system will make the patent system seamless and therefore act as a catalyst for improved applications.

Over 30% of externally focused CIPC processes have been automated to date. Further, new automated e-services were successfully rolled out in January 2023. The new e-services system was operational for a period of two weeks between the 2<sup>nd</sup> of January and the 13<sup>th</sup> of January 2023. However, a multitude of technical issues subsequently arose, resulting in the rollback of new e-services and reversion to the old e-services system on the 16<sup>th</sup> of January 2023. Thus, the new e-services rollout implementation plan is to be reviewed, and a new way forward is to be established.

Automation of processes will lead to faster transactions, and thus improved customer experiences. This will also enhance data integrity, information security, registration system transparency and verification of business compliance.

Mobile application services and web services are being modernised, because of the integration of the currently published CIPC mobile platform with legacies. CIPC successfully implemented the ChatBot pilot, which mainly catered for general questions that customers can ask and get responses to, instantly, from the bot.

The Covid-19 Pandemic called for the CIPC to adapt quickly and develop new services: the first of which was an additional functionality, which is located in the *BizPortal* platform, to register and issue certificates for businesses to operate as essential businesses during the national lockdown. The second was the booking service, which sought to reduce congestion at CIPC Self-Service Centres by allowing CIPC clients to book appointments to SSCs, in advance, via the CIPC Mobile App. The third was automation of submissions and approvals of invoices online.

The modernisation strategy serves to extend the reach of the CIPC and government-integrated services. However, this excludes individuals who do not have access to network data to access the internet, nor appropriate devices. To close this gap, the CIPC offers its services through Self-Service Centres and Partner Sites, where Self-Service Terminals are installed, operate, and manned by CIPC staff, or individuals allocated to partners. Customers can also use a drop-box situated at the CIPC offices, use postal services, or email.

### Multi-Channel Strategy (Innovation and Collaboration)

The CIPC extended its footprint by collaborating with strategically selected partners, in doing so leveraging the capabilities and competencies of its partners. The CIPC has access to its partner's infrastructure, customer base and value-add services, for the benefit of its own customers. These partnerships are not only limited to the public sector, but also extend into the private sector.

The partnership model has also been critical for creating a 'one-stop shop' for businesses. Channels such as the **BizPortal**, SSTs and partnerships with banks, are built upon this model. The **BizPortal** is a 'one-stop shop' that enables entrepreneurs to access one website in order to register their company, register for tax, get their Broad Based Black Economic Empowerment (BBBEE) certificate, register for the Unemployment Insurance Fund (UIF), get their company's domain name, as well as open a bank account.

Through SSCs and Partner Sites, entities can not only register themselves as companies, but can also acquire their BBBEE certificates.

In an effort to continue providing value-added services, the CIPC also collaborated with SARS to offer a tax number once an enterprise is registered. Several banks offer a wide range of CIPC products and services as well, including company registration, name reservation, payment integration and B-BBEE certificate application. This, primarily, when their customers open a business bank account.

**Table B.20: CIPC Channels and Services Offered** depicts CIPC channels and services offered.

**Table B.20:** CIPC Channels and Services Offered

| Services/Channels                                                            | E-service Website | SSCs and Partner Sites (SSTs) | Banks (FNB, Nedbank, ABSA)                           | BIZPORTAL |
|------------------------------------------------------------------------------|-------------------|-------------------------------|------------------------------------------------------|-----------|
| Integrated Services (SARS, UIF, Compensation Fund, Bank Account, BBBEE Cert) | No                | Yes – BBBEE certificate       | Yes – company registration and business bank account | Yes       |
| Patent Applications                                                          | Yes               | No                            | No                                                   | No        |
| Design Applications                                                          | Yes               | No                            | No                                                   | No        |
| Copyright in Film                                                            | Yes               | No                            | No                                                   | No        |
| Trade Mark Applications                                                      | Yes               | No                            | No                                                   | No        |
| Name Reservations                                                            | Yes               | Yes                           | Yes                                                  | Yes       |
| Company Registrations                                                        | Yes               | Yes                           | Private company registration only                    | Yes       |
| Co-operative Registrations                                                   | No                | No                            | No                                                   | No        |
| Domain Name Registrations                                                    | Yes               | No                            | No                                                   | Yes       |
| Director Amendments                                                          | Yes               | Yes                           | No                                                   | No        |
| Member Amendments                                                            | Yes               | Yes                           | No                                                   | No        |
| Auditor Changes                                                              | Yes               | No                            | No                                                   | No        |
| Name Changes                                                                 | Yes               | Yes                           | No                                                   | Yes       |
| Address Changes                                                              | Yes               | Yes                           | No                                                   | Yes       |
| Financial Year End Changes                                                   | Yes               | No                            | No                                                   | No        |
| Enterprise Enquiry                                                           | Yes               | Yes                           | No                                                   | No        |
| Disclosures                                                                  | Yes               | Yes                           | No                                                   | No        |
| BBBEE Certificates                                                           | Yes               | Yes                           | Yes – only Nedbank                                   | Yes       |
| Disclosures - MOI Documents                                                  | Yes               | Yes                           | No                                                   | No        |
| Disclosures - Approved Names                                                 | Yes               | Yes                           | No                                                   | No        |

| Services/Channels     | E-service Website | SSCs and Partner Sites (SSTs) | Banks (FNB, Nedbank, ABSA) | BIZPORTAL |
|-----------------------|-------------------|-------------------------------|----------------------------|-----------|
| Queries               | No                | No                            | No                         | No        |
| Information Access    | Yes               | Yes                           | Yes                        | Yes       |
| Annual Returns Filing | Yes               | Yes                           | No                         | Yes       |
| AFS Filing            | Yes – XBRL portal | No                            | No                         | No        |
| Name Transfer         | Yes               | Yes                           |                            |           |

**Table B.21: Partner Sites** depicts CIPC partner sites where self-service terminals (SSTs) are currently located.

**Table B.21:** Partner sites

| Province      | Partner                                                                                                               |
|---------------|-----------------------------------------------------------------------------------------------------------------------|
| Gauteng       | City of Johannesburg Metropolitan Municipality represented by its Executive Director: Economic Development Department |
| Gauteng       | Transnet Enterprise Development Hub                                                                                   |
| North-West    | North-West Development Corporation                                                                                    |
| North-West    | Orbit TVET College in Rustenburg                                                                                      |
| KwaZulu-Natal | Trade and Investment KwaZulu-Natal                                                                                    |
| KwaZulu-Natal | KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs                                   |
| Free State    | Free State Development Corporation                                                                                    |
| Western Cape  | West Coast Business Development Centre                                                                                |
| Northern Cape | Northern Cape Department of Economic Development and Tourism                                                          |
| Limpopo       | Limpopo Economic Development Agency                                                                                   |
| Mpumalanga    | Mpumalanga Department of Economic development and Tourism                                                             |

The CIPC's multi-channel strategy is geared towards availing customers of CIPC products and services on a 24/7 basis.

**Table B.22: Channels and Services Available 24/7** depicts CIPC channels and services that are available to customers on a 24/7 basis, as of the 31<sup>st</sup> of March 2023.

**Table B.22:** Channels and Services Available 24/7

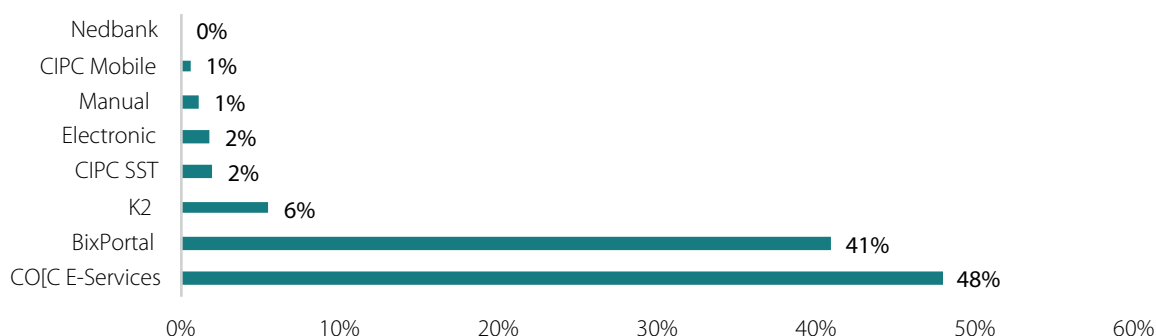
| Channels available 24/7 | Services available 24/7 per channel                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. CIPC Website         | <ul style="list-style-type: none"> <li>• Company registration</li> <li>• Company name reservation</li> <li>• Company and close corporation address changes Company and close corporation financial year end changes</li> <li>• Company name change</li> <li>• Company shares change</li> <li>• Annual Returns</li> <li>• Domain name registrations</li> <li>• BB-BEE certificate</li> <li>• XBRL Filing</li> <li>• Director amendment</li> <li>• Member amendment</li> <li>• Name transfer</li> <li>• Disclosure certificate</li> <li>• Auditor changes</li> <li>• Enterprise enquiry</li> <li>• MOI documents</li> </ul> |

| Channels available 24/7         | Services available 24/7 per channel                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2. CIPC Mobile App              | <ul style="list-style-type: none"> <li>• Company registration</li> <li>• Company name reservation</li> <li>• Annual Returns</li> <li>• BB-BEE certificate</li> <li>• Booking</li> <li>• Disclosure Certificates</li> <li>• Shopping Cart</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 3. BizPortal & Banks            | <ul style="list-style-type: none"> <li>• Company Registration</li> <li>• Company name reservation</li> <li>• Domain Name Registrations</li> <li>• BB-BEE certificate</li> <li>• Company and close corporation address changes</li> <li>• Company name change</li> <li>• Company and Close Corporation Annual Returns</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 4. SSTs (8hrs Monday to Friday) | <ul style="list-style-type: none"> <li>• Company Registration</li> <li>• Company name Reservation</li> <li>• Company and close corporation address changes</li> <li>• BBBEE Certificates</li> <li>• Annual Returns</li> <li>• Amend Company Director Details</li> <li>• Amend CC Member Details</li> <li>• Certificates and Disclosures</li> <li>• Enterprise Enquiry</li> <li>• Name Changes</li> <li>• Customer Transactions</li> <li>• Name Transfer</li> <li>• Domain Registration</li> </ul>                                                                                                                                                                                                                                                                                                                             |
| 5. Emails                       | <ul style="list-style-type: none"> <li>• Electronic Filing (Prospectus, Independent Review and Reportable Irregularity)</li> <li>• Company registration</li> <li>• Company-associated name reservation MOI Changes</li> <li>• Close corporation to company conversions</li> <li>• External company registrations</li> <li>• Merger and amalgamations</li> <li>• MOI Amendments</li> <li>• Company location of company record changes.</li> <li>• Voluntary deregistration</li> <li>• Voluntary and court order liquidations</li> <li>• Business Rescue Proceedings, Status reports, Substantial Implementations, Terminations and court orders relating to business rescue.</li> <li>• Company and close corporation reinstatements</li> <li>• Corporate Legal Filing – all corporate legal matters and enquiries.</li> </ul> |

## Channel Utilisation

**Figure B.39: Channel Utilisation – Company Registration Applications** depicts the utilisation of CIPC channels for company registration applications

**Figure B.39:** Channel Utilisation – Company Registration Applications



## Data and Information Management Strategy

The CIPC's data and information management strategy constitutes the foundation through which the CIPC leverages knowledge assets and networks to support third-party decision making, thereby creating shared value for the CIPC and its customers.

In the next five years, the CIPC will:

- Strengthen internal data reporting by establishing a business intelligence (BI) platform, and a data warehouse.
- Relocate the data centre and Server Room from the dtc Shared Services Centre to an external hosting service provider.
- Strike a good balance between strong ICT security and increased access to data:
  - Further enhance the existing data security measures through a fully implemented effective Identity Management (IDM) solution for the CIPC;
  - Strengthen information security by implementing Security Incident Event Management Solution (SIEM) to complement the use of the McAfee Solution, as a key component of the ISMS.
- Revise 100% of current partners' integration to be compatible with current CIPC service/data demands, while leveraging the capabilities of modern technologies.

## Operational Excellence and Quality Management Strategy

The operational excellence and quality management strategy is deliberate, in that it ensures that the CIPC's

primary strategies are executed in a consistent and continuous manner. At the centre of this strategy is meeting customer expectations, as well as those of the organisation's own regulatory requirements. To this end, the CIPC regularly monitors operational and process performance. Moreover, service delivery standards are regularly monitored and reviewed with the aim of fostering continuous improvement. Lastly, process audits ensure that CIPC processes are simple, optimal and that they add value.

## Substantive Search and Examination Strategy

In 2018/19, Cabinet approved phase one of the draft IP Policy of the Republic of South Africa, which seeks to establish a national IP system that is cognisant of government priorities and which also seeks to provide for a co-ordinated approach in relation to IP matters on behalf of government departments and other organs of state. Additionally, the IP Policy aims to provide a balance between preserving the rights of creators of IP on the one hand, and providing access to knowledge, technology and affordable and safe medication for the benefit of all South Africans, on the other.

One of the key policy instruments emanating from the IP Policy is the Substantive Search and Examination (SSE) of Patent Applications in South Africa. The IP Policy provides for a phased approach to the introduction of SSE, where the Inter-Ministerial Committee on Intellectual Property (IMCIP), established under the IP Policy, will determine the priority sectors in which Patent Applications will be examined. In terms of the CIPC SSE strategy roll-out, patent examiners and interns are actively being recruited and trained.

## 1.2 Organisational Environment

### 1.2.1 Governance and Compliance

#### Policies

**Table B.23:** Status of Policies as of 31 March 2023

| Division                | No of Policies | Due For Review | Up to Date | In Progress | New Policies |
|-------------------------|----------------|----------------|------------|-------------|--------------|
| HR                      | 15             | 1              | 11         | 3           | -            |
| BISG                    | 11             | 2              | 8          | -           | 1            |
| Finance                 | 8              | -              | 8          | -           | -            |
| Facilities and Security | 4              | -              | 2          | 2           | -            |
| Client Engagement       | 1              | -              | 1          | -           | -            |
| GRC                     | 7              | -              | 7          | -           | -            |
| Strategy                | 5              | 1              | 2          | -           | 2            |
| <b>Total</b>            | <b>51</b>      | <b>4</b>       | <b>39</b>  | <b>5</b>    | <b>3</b>     |

#### PERFORMANCE MANAGEMENT POLICY

The Performance Management Policy of the CIPC was successfully reviewed and workshopped amongst CIPC staff in March and April 2023. This was completed in line with recommendations emanating out of the Organisational Design programme.

The status of compliance, as outlined in the approved Fraud Prevention Policy, is illustrated below:

As of the 31<sup>st</sup> of March 2023, 100% of compliance forms had been submitted. Implementation of the recommendations of the verification report is underway. Information sessions on the declaration process are planned. This will ensure the reduction of the issues identified in the Verification Report that influence the outcome of compliance reporting.

#### COMPLIANCE MANAGEMENT

##### Legislative Compliance

Based on information provided and reviewed, the status of compliance has improved, and the organisation seems to be compliant with 25 Acts assessed.

#### IMPLEMENTATION OF THE GOVERNANCE FRAMEWORK

The review of the Governance Framework is in progress, a proposal in relation to the functioning of the Divisional Managers Committee in particular has been prepared for consideration and approval by Executive Committee.

### 1.2.2 Anti-corruption

This section provides information and progress statistics on fraud and corruption-related complaints. It further outlines channels through which complaints were received and gives a summary of the nature of allegations received in 2022/23, as well as in previous years.

#### Allegations Received

**Table B.24:** Number of Allegations Received

| Opening Balance<br>01/04/22 | Adjustment<br>01/04/23 | Adjusted<br>Opening Balance | Calls Logged | Feedback Requests<br>Additional Info | Resolved | Balance<br>31/03/23 |
|-----------------------------|------------------------|-----------------------------|--------------|--------------------------------------|----------|---------------------|
| <b>Quarter 1</b>            |                        |                             |              |                                      |          |                     |
| 136                         | (41)                   | 95                          | 73           | (16)                                 | (52)     | 171                 |
| <b>Quarter 2</b>            |                        |                             |              |                                      |          |                     |
| 171                         | (36)                   | 135                         | 40           | (7)                                  | (26)     | 142                 |
| <b>Quarter 3</b>            |                        |                             |              |                                      |          |                     |
| 142                         | -                      | 142                         | 53           | (0)                                  | (29)     | 166                 |
| <b>Quarter 4</b>            |                        |                             |              |                                      |          |                     |
| 166                         | -                      | 166                         | 73           | (16)                                 | (52)     | 171                 |

The opening balance at the beginning of 2022/23 was adjusted downward after taking into consideration factors which influence the likelihood of resolution of a complaint. Some of the factors considered included:

- Long outstanding complaints - (more than 6 months) with no progress and/or without contact from the complainant.
- Lack of information – no information has been received from the complainant for more than two months.
- Unavailability - complainants no longer reachable.

The adjustment ensures that only necessary resources are employed towards the resolution of complaints in an adequate and efficient manner.

There has been improvement in terms of the resolution of complaints during the review period. This improvement is attributed to the allocation of a dedicated resource to administer and handle complaints. This strategy has yielded the following benefits:

- Decreased backlog
- Decrease in the number of feedback requests
- Increased response rate to requests for evidence from affected parties
- Speedy implementation of recommended action(s) emanating from investigations; and
- Increased customer satisfaction.

### Status of Open Cases

**Table B.25:** Status of Open Cases

|           | Total | Under Investigation | Pending Investigation |
|-----------|-------|---------------------|-----------------------|
| Quarter 1 | 135   | (40)                | 95                    |
| Quarter 2 | 142   | (25)                | 117                   |
| Quarter 3 | 166   | (20)                | 146                   |
| Quarter 4 | 171   | (20)                | 151                   |

The total number of open cases during the 2022/23 period rose between Quarter 1 and Quarter 2 while, simultaneously, the number of pending investigations rose between Quarter 1 and Quarter 2 as well. Complaints were recorded at different stages of the complaint resolution process. Furthermore, based on internal assessments and analysis, some of the matters under investigation were referred to external service providers for investigation. There is clearly a backlog of

investigations which requires urgent attention if feedback requests are to be minimised.

### Reporting Channels

The hotline appears to constitute the preferred channel of reporting, presumably because it provides an option for anonymity. Internally, the utilisation of the hotline has been useful in that it has provided an adequate audit trail of all complaints received. Such controls help build trust and confidence in the system.

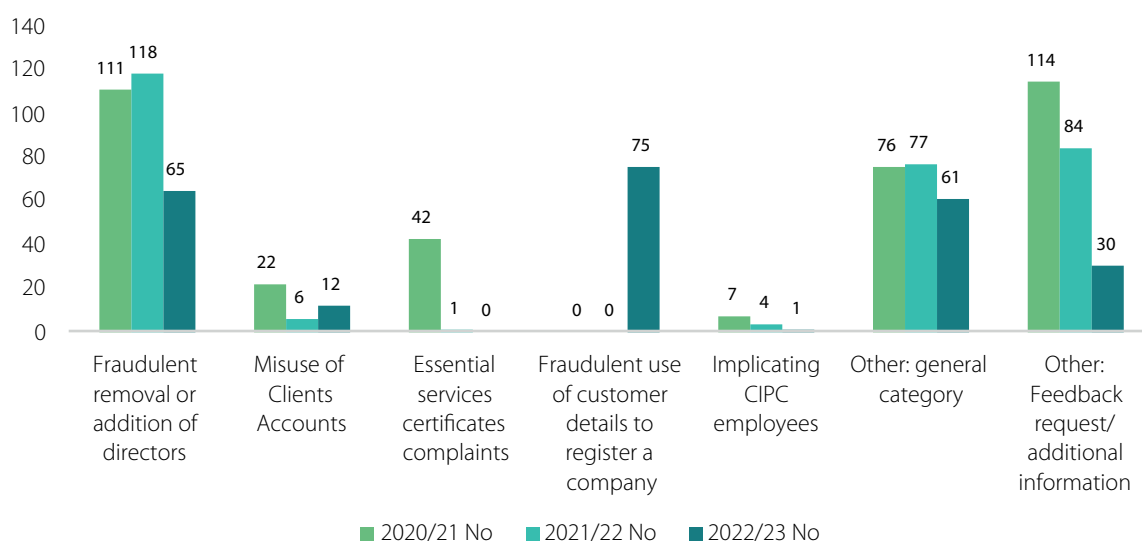
**Table B.26:** Fraud and Corruption Reporting Channels

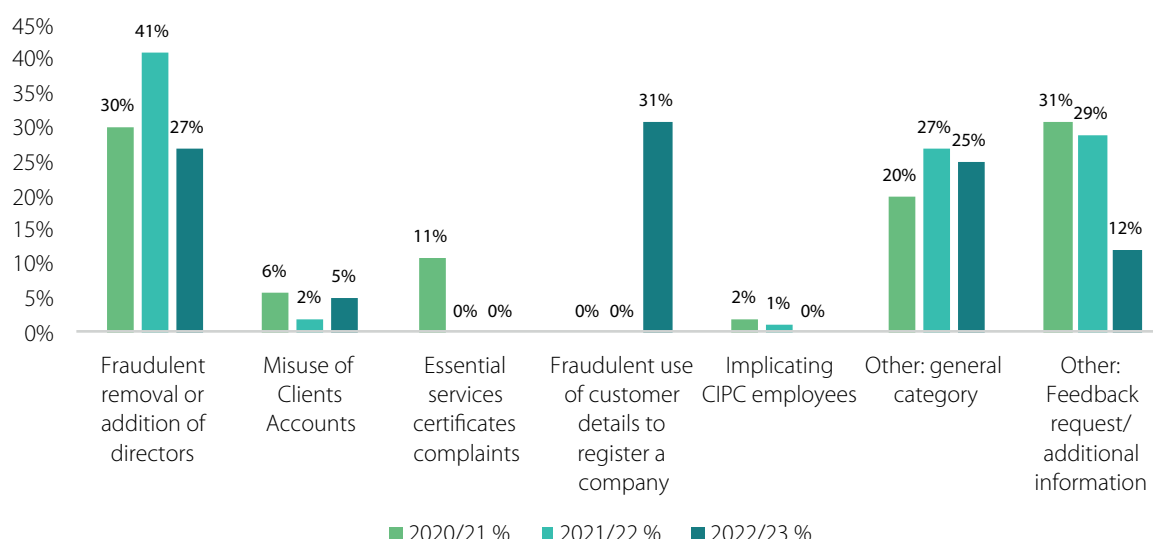
| Channel      |         | Received Cases |           |           |           |            |
|--------------|---------|----------------|-----------|-----------|-----------|------------|
|              |         | Q1             | Q2        | Q3        | Q4        | Total      |
| 1            | Hotline | 71             | 29        | 44        | 56        | 200        |
| 2            | Emails  | 7              | 11        | 9         | 17        | 44         |
| <b>Total</b> |         | <b>78</b>      | <b>40</b> | <b>53</b> | <b>73</b> | <b>244</b> |

## Nature of Cases

**Table B.27:** Nature of Fraud and Corruption Cases, Annual and 2022/23 Quarterly Comparison

| Nature of Cases<br>No |                                                          | 2020/21    |             | 2021/22    |             | 2022/23    |             | 2022/23 (Q1) |             | 2022/23 (Q2) |             | 2022/23 (Q3) |             | 2022/23 (Q4) |             |
|-----------------------|----------------------------------------------------------|------------|-------------|------------|-------------|------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
|                       |                                                          | %          | No          | %          | No          | %          | No          | %            | No          | %            | No          | %            | No          | %            | No          |
| 1                     | Fraudulent removal or addition of directors              | 111        | 30%         | 118        | 41%         | 65         | 27%         | 8            | 10%         | 11           | 28%         | 16           | 30%         | 30           | 41%         |
| 2                     | Misuse of client's accounts                              | 22         | 6%          | 6          | 2%          | 12         | 5%          | 3            | 4%          | 3            | 7%          | 3            | 6%          | 3            | 4%          |
| 3                     | Essential services certificates complaints               | 42         | 11%         | 1          | 0%          | 0          | 0%          | 0            | 0%          | 0            | 0%          | 0            | 0%          | 0            | 0%          |
| 4                     | Fraudulent use of customer details to register a company | 0          | 0%          | 0          | 0%          | 75         | 31%         | 38           | 49%         | 11           | 28%         | 9            | 17%         | 17           | 23%         |
| 5                     | Implicating CIPC employees                               | 7          | 2%          | 4          | 1%          | 1          | 0%          | 1            | 1%          | 0            | 0%          | 0            | 0%          | 0            | 0%          |
| 6                     | Other: general category                                  | 76         | 20%         | 77         | 27%         | 61         | 25%         | 21           | 27%         | 8            | 20%         | 25           | 47%         | 7            | 10%         |
| 7                     | Other: Feedback request/ additional information          | 114        | 31%         | 84         | 29%         | 30         | 12%         | 7            | 9%          | 7            | 17%         | 0            | 0%          | 16           | 22%         |
| <b>Total</b>          |                                                          | <b>372</b> | <b>100%</b> | <b>290</b> | <b>100%</b> | <b>244</b> | <b>100%</b> | <b>78</b>    | <b>100%</b> | <b>40</b>    | <b>100%</b> | <b>53</b>    | <b>100%</b> | <b>73</b>    | <b>100%</b> |

**Figure B.40:** Nature of Cases, Comparison per Type (No.)

**Figure B.41:** Nature of Cases, Comparison per Type (%)

In 2022/23, the majority of cases related to fraudulent use of customer details to register a company and fraudulent removal or addition of directors. Judging by the number and nature of cases the unit continues to receive, this trend is expected to remain.

Fraudulent/unauthorised director changes are often lodged by third parties claiming to be associated with the CIPC. Despite the many controls which the organisation has put in place to curb this trend, this remains a concern, as it seems that the perpetrators somehow continue to subvert implemented controls.

Moreover, of the complaints investigated and closed in 2022/23, 92% were found to have merit. Corrective actions are being implemented by management on an

ongoing basis to improve systems and to manage risks identified during investigation processes.

### Emerging Risk - Investigations

During the course of some of the above-mentioned investigations, it emerged that there seems to be a coordinated effort on behalf of an unnamed syndicate to fraudulently remove directors and/or make changes to entities on the CIPC register. The intention behind these changes is to process fraudulent transactions in other states and on behalf of private entities which rely on CIPC generated documents. By employing a collaborative approach, the CIPC continues to put additional controls in place to limit the chances of such threats or risks resulting in material effects.

## Annual Case Statistics

**Table B.28:** Annual Case Statistics

| Cases                                                     | Q1           | Q2           | Q3           | Q4          | Total per year |
|-----------------------------------------------------------|--------------|--------------|--------------|-------------|----------------|
|                                                           | No. of Cases | No. of cases | No. of cases | No of cases |                |
| <b>Opening balance 01/04/23</b>                           |              |              |              |             | <b>95</b>      |
| Received                                                  | 78           | 40           | 53           | 73          | 244            |
| Feedback request and/or additional information submission | (7)          | (7)          | (0)          | (16)        | (30)           |
| Actual Cases                                              | 71           | 33           | 53           | 57          | 214            |
| Resolved                                                  | (31)         | (26)         | (29)         | (52)        | (138)          |
| Resolved Internally                                       |              |              |              |             | 123            |
| Resolved Externally                                       |              |              |              |             | 15             |
| Pending cases: 31/03/2023                                 |              |              |              |             | 171            |
| Channels                                                  |              |              |              |             |                |
| Hotline                                                   | 71           | 29           | 44           | 56          | 200            |
| Emails                                                    | 7            | 11           | 09           | 17          | 44             |

As indicated in the table above, there were a significant number of fraud-related complaints, averaging 61 reports per quarter and totalling 244 reports for the 2022/23 period. The case resolution rate stands at 64,5%, which requires improvement to increase customer satisfaction. Capacity shortages within the Fraud Prevention unit resulted in a low case resolution rate. Most cases reported are resolved internally, reducing the cost associated with the appointment of external investigators. Due to the difficulty in forecasting the number of cases within a period, the GRC division will continue implementing the strategy of combining both internal and external resources in the 2023/24 financial year.

### 1.2.3 New Strategies

#### New Ways of Work

The CIPC adheres to a working-from-home policy, partially enforced by the Covid-19 pandemic. However, the organisation also considers this shift an opportunity to embrace principles of the Fourth Industrial Revolution (4IR) by continually offering hybrid and/or remote working opportunities to its staff. This policy ties in with the organisation's Vision 2030 strategy, which is premised on the CIPC evolving into a world class modern regulator which promotes a digital citizenry, digital service platforms as well as, ultimately in this regard, digital ways of working.

Whilst embracing this shift, the CIPC is also cognisant of the impact such a shift may have on its employees. Thus, in an effort to maintain itself as a caring employer, the CIPC, primarily through its Human Resources (HR) unit, regularly conducts interventions to assist staff with hybrid or remote work-related issues. For example, interventions have sought to address feelings of isolation (employee welfare) amongst employees. Concerns have also been raised regarding the apparent emergence of substance abuse amongst CIPC staff. However it cannot be determined whether this is to be attributed to depression, another factor linked to working from home in relative isolation, or to other factors related to the socio-economic conditions in South Africa.

Interventions have also sought to address issues related to electricity supply: overcoming the impact of load-shedding on employees so that they may continue to work productively from home.

In line with this strategy, the CIPC most recently conducted a working-from-home employee survey in 2021. The results of this survey showed that 80% of employees were happy with the working-from-home

strategy or policy currently promoted and embraced by the CIPC. Other notable outcomes of the survey included:

- Employees indicated an improvement in their work-life balances
- The organisation realised a decline in the amount of sick leave requested, as well as a decline in the number of grievances
- 90% of employees indicated an improvement in their productivity, which is supported by the finding that the organisations overall performance has improved between 2021/22 and 2022/23; and
- Call centre agents, in particular, indicated a decline of their stress levels, this as they are no longer confined to a cubicle in the office whilst engaging with customers<sup>17</sup>.

Finally, the CIPC's office space has also been effectively re-organised to allow for hot-desking practices. This as many officials now spend hours - as opposed to days - at the office and, therefore no longer require permanent work spaces.

#### Reputation Building and Proactive News Sharing

The CIPC has been making an effort to build and maintain its reputation as a credible and reputable registrar and regulator of companies in South Africa. In particular, efforts to build and protect the CIPC's reputation are related to media management.

The CIPC leverages opportunities for free publicity by engaging with media on highlights and milestones which the CIPC has achieved. Some media engagements specifically revolve around stating the CIPC's position on matters that impact not only our reputation, but also the prevailing business and regulatory environment in South Africa.

We also regularly monitor media coverage to track the CIPC's reputation, track the effectiveness of our media releases, as well as gauge media sentiments on CIPC stories. We also aim to identify matters that are likely to become issues of concern for the organisation and the state and take or enable proactive corrective action.

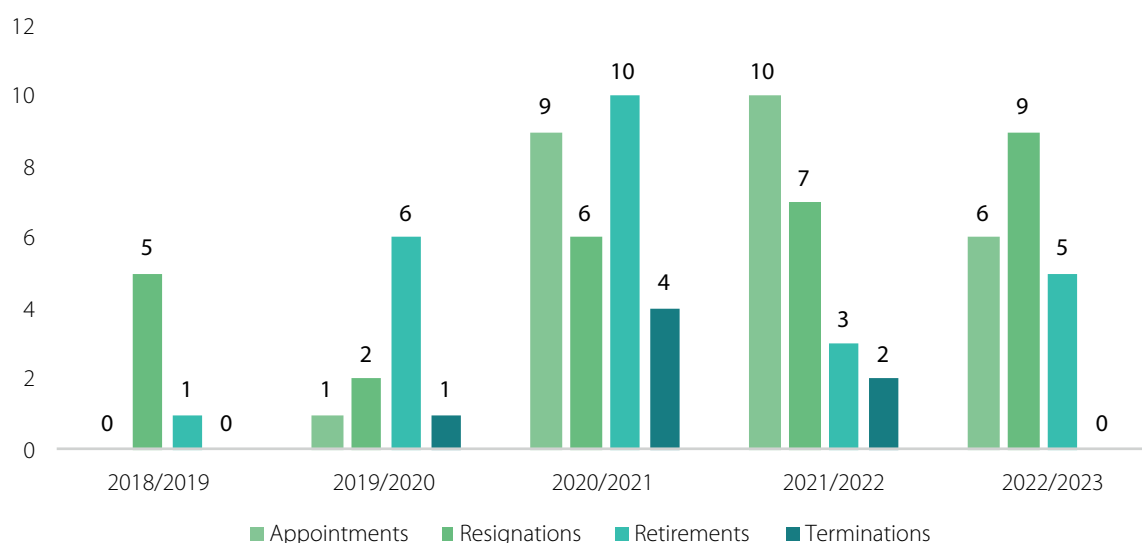
As such, the CIPC specifically sought to leverage a variety of media platforms in 2022/23 to position the organisation as a world class modern regulator, as well as one contributing to an improvement of the socio-economic conditions or prospects of the country.

<sup>17</sup> The decline in call centre agent stress levels also seems to have had a positive impact on the customer experience when engaging with the CIPC via the call centre as results of the customer satisfaction survey have shown an improvement in terms of customer satisfaction when engaging with the CIPC via the call centre.

## 1.2.4 Human Capital Matters

### Appointments, Resignations, Retirements, Terminations

**Figure B.42:** Appointments, Resignations, Retirements and Terminations



As can be seen, over the five-year period from 2018 to 2023, sixty-one (61) CIPC staff left the organisation. Only twenty-six (26) staff were added to replace the staff who left the organisation. Fifty-four (54) staff left the organisation due to retirement or resignation.

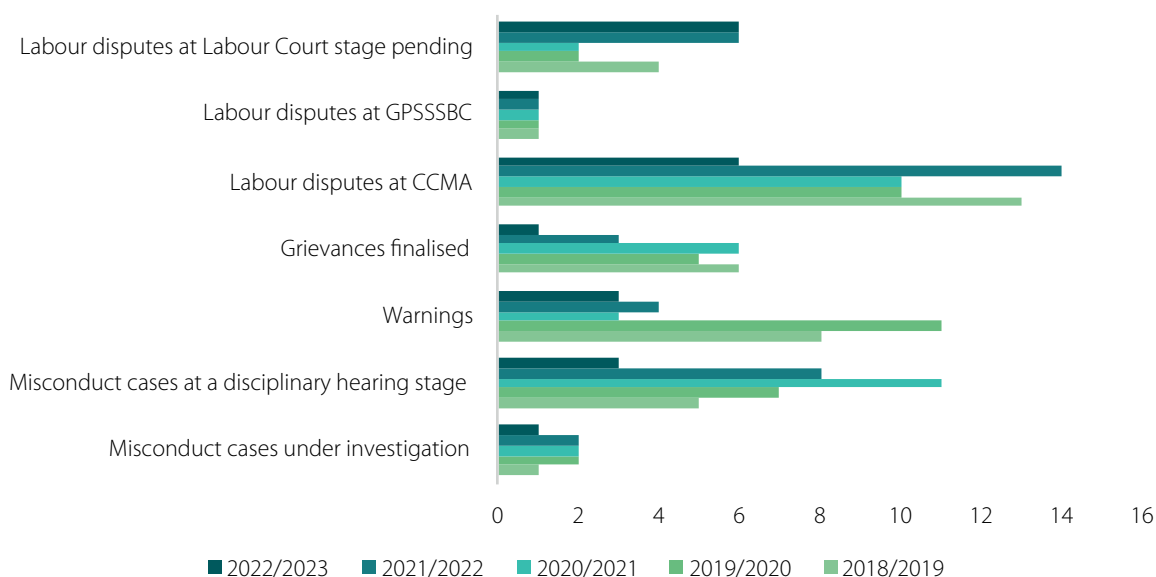
Over the most recent two-year period, twenty-six (26) staff left the organisation, of which twenty-four (24) left the organisation due to retirement or resignation, with sixteen (16) being added to the organisation's staff complement.

Thus, considering only retirements and resignations over the five- and two-year periods, the organisation has been unable to replace staff members leaving the organisation in a timely manner.

### Labour Relations

**Figure B. 43: Labour Relations Issues** and **Table B. 30: Labour Relations Issues**, below, depict the breakdown of labour-related issues over the past five (5) years.

**Figure B.43:** Labour Relations Issues



**Table B.29:** Labour Relations Issues

| Description                                      | 2018/19 | 2019/2020 | 2020/2021 | 2021/22 | 2022/23 |
|--------------------------------------------------|---------|-----------|-----------|---------|---------|
| Misconduct cases under investigation             | 1       | 2         | 2         | 2       | 1       |
| Misconduct cases at a disciplinary hearing stage | 5       | 7         | 11        | 8       | 3       |
| Warnings                                         | 8       | 11        | 3         | 4       | 3       |
| Grievances finalised                             | 6       | 5         | 6         | 3       | 1       |
| Labour disputes at CCMA                          | 13      | 10        | 10        | 14      | 6       |
| Labour disputes at GPSSSBC                       | 1       | 1         | 1         | 1       | 1       |
| Labour disputes at Labour Court stage pending    | 4       | 2         | 2         | 6       | 6       |

As can be observed, the number of warnings issued has come down and stabilised since 2019/20. Labour disputes at the CCMA have also been reduced from the previous year. However, labour disputes at the labour court remain quite high.

### 1.2.5 Facilities and Security

#### Compliance to OHS Act

Organisational committee members were nominated, subsequent to which training was facilitated and concluded on the 14<sup>th</sup> of July 2022. The first awareness programme was hosted in the month of July 2022, and first aid boxes have been installed accordingly. All scheduled training was finalised, and monthly awareness programmes were conducted, while an organisational emergency evacuation drill was successfully conducted as well.

#### Compliance to MISS and PFMA

Compliance to MISS and PFMA (CCTV system) – the CCTV camera system installation project within building block F was completed and all cameras commissioned.

Compliance to MISS and PFMA (Physical Security) (OPS) – delivery of the access control security project has been dependent on *the dtic* and Broll. To this end, project timelines were adjusted with the project now expected to commence on the 8<sup>th</sup> of May 2023 and to be completed on the 28<sup>th</sup> of May 2023.

Appointment of security guarding services (Johannesburg SSC) – Isingisi Security was appointed to render security guarding services for a period of 12 months, effective from the 2<sup>nd</sup> of August 2022 to the 1<sup>st</sup> of August 2023, amounting to a cost of R766 020.

Nsudeng Cleaning services was appointed to render cleaning services within the Johannesburg SSC for a period of 12 months, from the 1<sup>st</sup> of August 2022 to the 31<sup>st</sup> of July 2023, amounting to R898 013.99.

Appointment of security guarding services (Pretoria SSC) – YV Security was appointed to render security guarding services for a period of 12 months, amounting to R579 999.96.

Nsudeng Cleaning services was appointed to render cleaning services within the Pretoria SSC for a period of 14 months, effective from the 1<sup>st</sup> of December 2022 to the 31<sup>st</sup> of January 2024, amounting to R328 515.00.

Katanga Parking Contract – a 24-month procurement process was finalized and approved, while service level negotiations began in Quarter 3. The contract is expected to end on the 31<sup>st</sup> of September 2023 and amounts to R460 004.52.

#### Business Continuity Management

The process of developing a Business Continuity Plan has been concluded. The plan will be circulated for consideration by the Management Committee, after which approval by the Executive Committee will be sought before training can be conducted throughout the organisation.

The Business Continuity Risk Register was reviewed and updated. Meetings with relevant managers to consider the existing technical BIAs (focused on IT systems) were held and have informed the development of the Business Continuity Plan. A scenario-testing exercise on the impact of industrial action on the CIPC was conducted with relevant stakeholders, the outcome of which was been incorporated into the plan.

Furthermore, the CIPC Disaster Management Plan is due for review and will take into consideration other related elements such as ICT continuity as well as Facilities and Security.

## 1.3 Key Policy Developments and Legislative Changes

### Beneficial Ownership

Development of the General Laws Amendment Bill, together with the Companies Act, 71 of 2008 Amendment Bill Regulations, were expected to have a major impact on CIPC activities. These legislative changes require the building of systems to accommodate Beneficial Ownership information, processing of Beneficial Ownership data, as well as availing information to local and global Law Enforcement Agencies.

### General Laws Amendment Act, 22 of 2022

The General Laws Amendment Act, 22 of 2022 was written into law on the 29<sup>th</sup> of December 2022 by the President of South Africa. The impact on the CIPC relates to beneficial ownership data - namely collection, processing and disclosure thereof - which necessitates the building of new automated systems.

## 1.4 Progress Towards Achievement of Institutional Impact Statements, Outcomes and Outputs

For the five (5) year strategic period 2021/22 – 2025/26, the CIPC focuses on 4 Impact Statements:

### Impact Statement #1

“Building the required competencies and capabilities to become **a world-class modern regulator** that is fit-for-purpose, agile, adaptive, relevant and ahead of the curve in making a strategic contribution to South Africa’s improved competitiveness and growth.”

#### 1. Building Organisational Capabilities and Competencies

The organisational design (OD) process is in its final stages and a review of the Performance Management Policy of the organisation was successfully undertaken. Similarly, a new organisational structure is in its final stages. Further, a skills development plan has been developed and is currently being implemented.

Ten (10) processes were conceived for automation in preparation for the future state of a modernised, digitised and automated business environment. New automated e-services were rolled out in January 2023. While these were later rolled back due to a number of technical challenges, the organisation has progressed in terms of the implementation of automated services.

Implementation of the Intellectual Property Automation System (IPAS) is geared towards offering CIPC customers efficient and effective services via a fully automated system for processing Patent and Design Applications. Thus, a system which assists the CIPC in moving away from a paper-based environment has been instituted.

The CIPC is also in the process of establishing a learning academy that will ensure integration and coordination of learning in the business and IP regulation space. A way forward with regards to the ultimate establishment of the CIPC Learning Academy is being considered.

#### 2. Organisational Effectiveness

The CIPC regularly conducts customer and stakeholder satisfaction surveys to assess the effectiveness of its query resolution mechanisms and transacting channels. High customer and stakeholder value index scores were achieved, according to the results of the 2021 Customer and Stakeholder Value Survey.

Moreover, the CIPC achieved a noticeable improvement in customer satisfaction scores with regards to query resolutions and transactions processed via the Call Centre, e-communication services, as well as at Self-service Centres in Pretoria, Johannesburg and Cape Town.

Ultimately, the organisation has taken a number of steps forward, towards becoming a world-class modern regulator, by improving its process automation and prioritising more responsive service delivery. Strengthening of virtual channels ensures that the CIPC is globally competitive and provides for reduced transacting times when transacting with the CIPC. Moreover, migration of processes to modernised platforms strengthens the CIPC’s ICT capabilities towards a modernised operations environment.

### Impact Statement #2

“Reducing the regulatory administrative burden by creating ease, simplicity, and flexibility in the formation, maintenance, and compliance by companies, as well as protection of intellectual property. This will make it **easy to do business in South Africa**, contributing to enterprise efficiency, growth and sustainability.”

### 1. Reduced administrative and compliance burden for companies and IP owners

The CIPC achieved increases in the percentage (%) of queries received via the QRS and Twitter that were resolved within set service delivery standard turnaround times. At the same time, the organisation achieved saw a decrease in average query resolution turnaround times for QRS, Facebook and Twitter platforms.

The CIPC's query resolution approach is premised on a multi-channel strategy, incorporating the Call Centre, the QRS, social media and Unstructured Supplementary Service Data (USSD). Thus, CIPC customers have many options for engaging with the CIPC. These channels are managed and monitored closely in conjunction with further training, mentoring and coaching, to ensure that queries are resolved timeously. In addition, the CIPC is currently developing its Mobile App and ChatBot as additional engagement and transaction channels.

Moreover, the CIPC achieved a reduction in the average number of days it takes to register a company or co-operative, thereby serving to bolster the ease of doing business in South Africa.

### 2. Increased awareness of company laws, regulations, as well as CIPC services, processes, and channels

The organisation hosted, conducted or participated in a substantial number of corporate education and awareness events (72) - also in collaboration with partners - during the period under review. These events contributed towards greater compliance with company laws and regulations, thereby contributing to the ease of doing business in South Africa, by increasing awareness of the CIPC and its services, channels and compliance requirements, as well as those of its partners.

### 3. Reputable business regulation environment

Several targeted pro-active investigations were conducted in relation to contraventions of the Companies Act. These investigations targeted identified companies by way of the State Capture Commission Report, as well as by way of the XBRL and Companies Tribunal (Social and Ethics Committee) outcomes.

As regards companies identified in the State Capture Commission Report, there were a number of private

entities - in addition to state entities - implicated in the report. These were found not to have complied with the Companies Act and, therefore, four (4) inspectors were appointed to conduct pro-active investigations.

Furthermore, pertinent companies identified via the XBRL and the Companies Tribunal (Social and Ethics committee) decisions, six (6) targeted pro-active cases were identified (some retrospectively) and allocated for monitoring and investigation.

By contributing towards the maintenance and protection of the business environment in South Africa, the CIPC has been working towards improving the ease of doing business in the country.

Considering the above, the CIPC has conducted many activities in line with improving the ease of doing business in South Africa, including with regards to easing the compliance burden for companies, increasing education and awareness of laws and regulations and fostering a reputable business regulatory environment suitable for additional investment and for further business opportunities.

#### Impact Statement #3:

"The CIPC will ensure implementation and compliance with Company and IP Laws to create a reputable Business Regulation and IP Protection environment in South Africa, contribution to **investor confidence in South African businesses and innovations** translating to investments in business and innovations, contributing to business growth and sustainability."

#### 1. Building state capacity to better regulate and ensure integrity of granted patent rights

The CIPC continues to successfully implement the Substantive Search Examination (SSE) Experiential Learning programme, in relation to which a number of training initiatives were undertaken, towards building state capacity for a reconfigured patent regime. Via the SSE Experiential Learning programme, seven separate training initiatives resulted in the training of 24 Patent Examiners and interns over the 2022/23 period.

#### 2. Reduce IP filing costs to transform the economy through localisation

The Inventor Assistance Program (IAP), which continues to be implemented, is an innovative program whose principal goal is to bring under-resourced inventors into their local IP systems by giving them the knowledge, tools and means that they need

to file complete applications, undergo substantive examination and ultimately enjoy benefits of a duly issued patent. This is achieved through the provision of an online course (e-Tutorial on Pro Bono Patent Attorney Services) and finally pairing of inventors with pro bono Patent Attorneys. The target audience is thus potential inventors. The tool used to implement the program is MS Teams for the Event, CIPC website and WIPO websites for advertising the program.

### 3. Increase compliance with IP Regulations

The CIPC increased the number of education and awareness events it participated in, which are aimed at promoting compliance with regulations by Collecting Societies. These were hosted, conducted or attended by the CIPC, and in collaboration with various of the organisation's partners.

Moreover, due to the emergence of a newly accredited Collecting Society, the CIPC extended its regulatory intervention to these and other agencies falling outside of the CIPC's current regulatory framework.

### 4. Increased awareness (including capacity building) of IP protection laws, regulations, as well as services and related processes

Over the years, the CIPC has determined a need to support and, therefore, increase protection of local innovation and creativity by providing information on IP rights, and by raising awareness of the opportunities that could arise from formalising IP rights through registrations.

Furthermore, in an effort to improve investor confidence in the country, the CIPC increased the number of IP education and awareness events (73) it conducted or hosted, including in collaboration with various partners in the IP space, such as SEDA and other government departments. Annual events, such as World IP Day and the IP Summer School also contribute to the IP education and awareness programme.

The CIPC also increased the number of public copyright and IP enforcement-related education and awareness events (11) hosted or in which it participated. In this regard, three main platforms are used to establish respect for IP Rights among users. These include a continued focus on collaboration capacity, training, and targeted awareness. Creating awareness is crucial in the fight against counterfeit goods. Participating and presenting at various local and international events has assisted to raise the

level of awareness regarding the value of IP, as well as respect for IPR.

Finally, the organisation effectively worked towards increasing capacity within law enforcement in South Africa by increasing the number of law enforcement agency training sessions (7) held during the course of this reporting period.

In line with the above, the CIPC has taken a number of steps towards increasing investor confidence in South African businesses and innovations, for the benefit of all South African citizens.

Further in this regard, the CIPC, in collaboration with local and international partners - in this case WIPO - has introduced innovative programmes such as the IP for SMMEs programme in South Africa. The IP for SMME Capacity Development Programme is a national flagship programme spearheaded by the CIPC in partnership with WIPO and the National Task Force Team comprising **the dtic**, Department of Small Business Development (DSBD), Small Enterprise Development Agency (SEDA), NIPMO, and several research institutions.

This particular programme aims to increase IP awareness, build capacity and make the patent system more accessible to financially under-resourced inventors and small businesses, respectively, thus ensuring that there is greater inclusivity in terms of use of the IP system. The project has two main objectives. Firstly, it is to enhance SMME competitiveness through the effective use and management of intellectual property (IP) assets; and secondly, it is to strengthen the institutional capacity of SMME support institutions (also known as SMME Intermediaries) for delivering IP-related services to their stakeholders.

#### Impact Statement #4:

**Support third-party decision making** by leveraging knowledge assets and networks, extracting maximum value for the CIPC and its customers.

In 2019, South Africa's Regulatory Agencies and Law Enforcement Agencies collaborated in preparing for jurisdictional assessment of the financial system by the Financial Action Task Force (FATF), with the emphasis on compliance and level of effectiveness of the measures employed to mitigate against Anti Money Laundering (AML) / Counter Financing of Terror (CFT).

These assessments led to a formal report which summarizes the AML / CFT measures in place in the Republic of South Africa as of the date of the onsite visit

(October 22 to November 12, 2019). It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of South Africa's AML / CFT system and provides recommendations on how the system could be strengthened.

According to the report, Law Enforcement Agencies face challenges in obtaining accurate and up to date beneficial ownership (BO) information, pertaining to companies and trusts, which are of an adequate standard to enable effective investigation of money laundering and terror financing.

As a result, insufficient BO transparency was identified as a vulnerability, as companies and trusts are often misused for money laundering purposes or for perpetrating crimes, thereby fostering inherent vulnerability and insecurity. However, significant money laundering risks remain largely unaddressed for beneficial owners of legal entities and trusts.

The CIPC administers - and is a regulator of - legal persons. It is to be expected that the CIPC is to assist Law Enforcement Agencies by collecting relevant data on beneficial ownership. Therefore, the CIPC has been identified as a key player to ensure delivery of this competence and capability.

As such, the CIPC endeavoured to develop an automated Beneficial Ownership Register to strengthen the financial system and ownership transparency for registered entities in South Africa. In 2022/23, the CIPC successfully implemented phase one of the Beneficial Ownership Register.

This has become key to supporting third-party decision making as it has supported law enforcement agencies in tracking and prosecuting crimes, thereby also contributing to an improved business environment and investor confidence in South Africa.

## 2. PERFORMANCE INFORMATION BY PROGRAMME

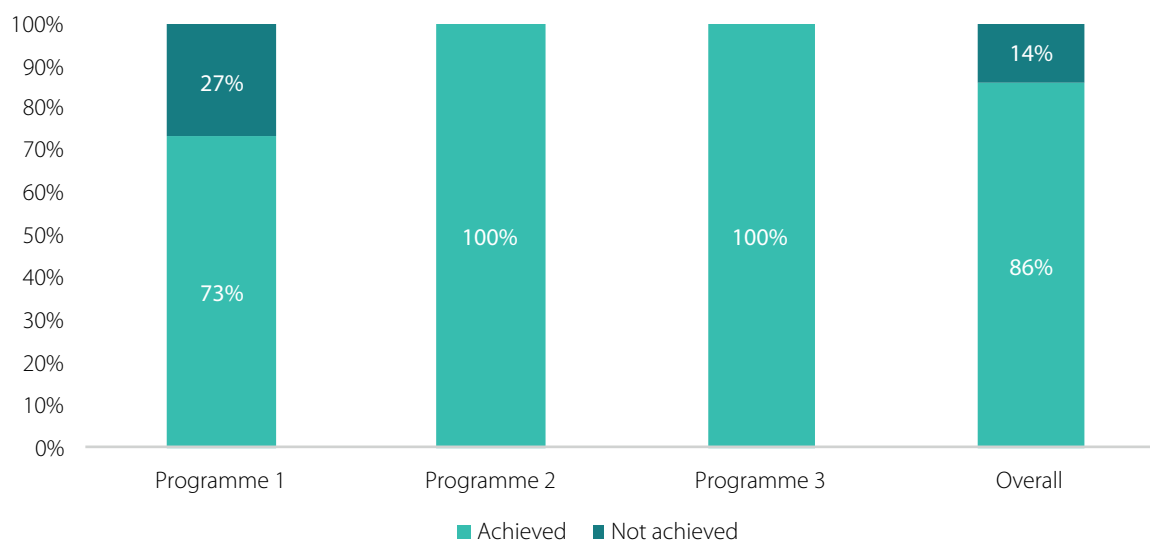
The CIPC has implemented three programmes responsible for carrying out its mandate and for realisation of strategic outcome-oriented goals, strategic objectives and targets:

- Programme 1: Service Delivery and Access
- Programme 2: Innovation and Creativity

- Programme 3: Business Regulation and Reputation

The CIPC's overall performance in terms of APP KPIs was 86%, as 25 out of 29 output targets were achieved in 2022/23. This is represented in **Figure B.44: CIPC Overall Performance and Programmatic Performance** below.

**Figure B.44:** CIPC Overall Performance and Programmatic Performance



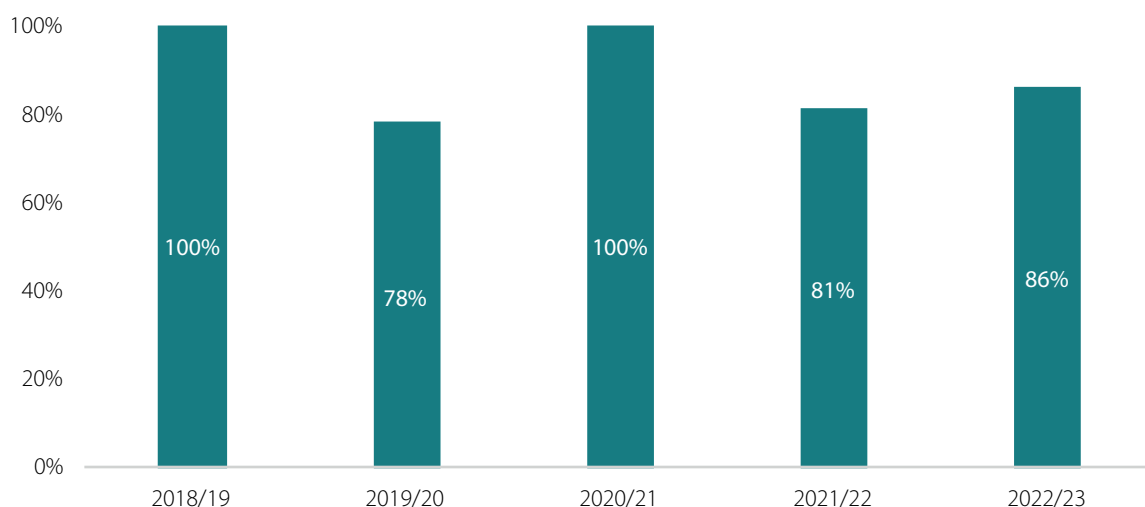
Programme 1: Service Delivery and Access performance in 2022/23 stood at 73%, as 11 out of 15 APP KPI output targets were achieved.

Programme 2: Innovation and Creativity performance in 2022/23 stood at 100%, as 7 out of 7 APP KPI output targets were achieved.

Programme 3: Business Regulation and Reputation performance in 2022/23 stood at 100%, as 7 out of 7 APP KPI output targets were achieved.

Further, the table below depicts the CIPC's overall performance over the past five (5) years.

**Figure B.45:** Annual Overall Performance Comparison



The CIPC's performance improved by 5% when compared to 2021/22. While overall 2022/23 performance appears significantly lower compared to 2018/19 and 2020/21, it should be noted that there were significantly fewer targets to achieve in 2018/19 (10) and 2020/21 (10) compared to 2022/23 (29).

Therefore, it may be concluded that the CIPC's overall performance has been improving.

## 2.1 Programme 1: Service Delivery and Access

### 2.1.1 Purpose

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

The following is a list of sub-programmes:

1. Broader Office of the Commissioner
  - a) Advisor to the Commissioner
  - b) Innovation and Collaboration
  - c) Strategy
    - (i) Strategy, Planning and Monitoring
    - (ii) Operational Excellence
    - (iii) Strategic Communications
  - d) Compliance, Governance and Risk
  - e) Internal Audit
2. Corporate Services
  - a) Human capital
    - (i) Human capital
    - (ii) Knowledge Centre
    - (iii) Labour Relations and Employee Engagement
  - b) Facilities and Security
    - (i) Facilities
    - (ii) Security
    - (iii) Disclosure
  - c) Service Centres
  - d) Client Engagement and E-communications
3. Finance
  - a) Financial Management
  - b) Treasury

- c) Supply Chain Management
4. Business Information and Systems
  - a) Chief Technology Officer
  - b) Enterprise Information Management
    - (i) Enterprise information management
    - (ii) Information assurance
  - c) Enterprise Programme Management Office
  - d) ICT Service Delivery
    - (i) Application management
    - (ii) Infrastructure management
    - (iii) Process Engineering

The institutional outcomes that Programme 1 contributes towards are:

- i Organisational competencies and capabilities
- ii Organisational effectiveness
- iii Reduced administrative burden for companies and IP owners

### 2.1.2 Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Under Programme 1, 73% (11 out of 15) targets were achieved, as illustrated in **Figure B.44: CIPC Overall Performance and Programmatic Performance** above.

Key Achievements and Contributions Towards Institutional Outcomes

See Part B: Section 1.4 and 2.1.3

## 2.1.3 Programme 1: Performance Table

**Table B.30:** Programme 1- Service Delivery and Access, Key Performance Indicators, Planned Targets and Actual Achievements

| Outcome                                                     | Output                                                                          | Output Indicator                                                                                                         | Audited performance 2020/21 | Audited performance 2021/22         | Planned 2022/23 Annual Target                                                            | Actual 2022/23 Performance                                                             | Deviation from Planned Performance to Actual | Reason for Deviation from Planned Performance to Actual                                                                                                                                                                                                                                    |
|-------------------------------------------------------------|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Impact Statement #1: A World Class Modern Regulator</b>  |                                                                                 |                                                                                                                          |                             |                                     |                                                                                          |                                                                                        |                                              |                                                                                                                                                                                                                                                                                            |
| Organisational competencies and capabilities                | Implement organisation design outcome (review of performance management policy) | Performance Management Policy Document                                                                                   | N/A                         | The OD process is not yet complete. | Performance Management Policy reviewed<br>Workshop CIPC Employees on the reviewed Policy | 3 CIPC employee workshops of the reviewed performance management policy were conducted | N/A                                          | The Policy was approved in March 2023 and workshops of the policy were conducted in March and April                                                                                                                                                                                        |
| A governed, accountable, clean and compliant administration | Clean audit report                                                              | AG Audit Outcome                                                                                                         | N/A                         | N/A                                 | Clean Audit                                                                              | Clean Audit                                                                            | N/A                                          | N/A                                                                                                                                                                                                                                                                                        |
| Organisational effectiveness                                | Increase the score of the customer stakeholder value index                      | A score between 1 – 10 of the customer and stakeholder value index, a higher score indicating satisfaction with the CIPC | 8                           | Not measured                        | 8                                                                                        | 8                                                                                      | N/A                                          | N/A                                                                                                                                                                                                                                                                                        |
|                                                             | Customer satisfaction at the call centre                                        | % - average call centre customer satisfaction                                                                            | N/A                         | 7.8                                 | 7.7                                                                                      | 8.1                                                                                    | +0.4                                         | N/A                                                                                                                                                                                                                                                                                        |
|                                                             | E-communication satisfaction                                                    | % customer satisfaction with e-communication                                                                             | N/A                         | 78%                                 | 70%                                                                                      | 74%                                                                                    | +4%                                          | N/A                                                                                                                                                                                                                                                                                        |
|                                                             | SSCs customer satisfaction                                                      | % customer satisfaction on SSCs                                                                                          | N/A                         | 82%                                 | 75%                                                                                      | 90%                                                                                    | +15%                                         | N/A                                                                                                                                                                                                                                                                                        |
| Organisational Competencies and Capabilities                | Automated Company Registration                                                  | Number of services (Company Registration) migrated                                                                       | N/A                         | N/A                                 | 56                                                                                       | 0                                                                                      | -56                                          | Implementation was done in January 2023 and was operating in Production for a period of 2 weeks (02 -13 January 2023). Due to multiple issues experienced, the system was rolled back to old e-services on 16 January 2023. Implementation plan to be reviewed in terms of the way forward |

| Outcome                                                                  | Output                                                                     | Output Indicator                                                                                | Audited performance 2020/21 | Audited performance 2021/22 | Planned 2022/23 Annual Target | Actual 2022/23 Performance | Deviation from Planned Performance to Actual | Reason for Deviation from Planned Performance to Actual                                                                                                                                                                                               |
|--------------------------------------------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-------------------------------|----------------------------|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                          |                                                                            | Number of new services (Company Registration) developed                                         | N/A                         | N/A                         | 19                            | 0                          | -19                                          | Implementation was done in January 2023 and was operating in Production for a period of 2 weeks (02 -13 January 2023)                                                                                                                                 |
| Organisational Competencies and Capabilities                             | Automated business intelligence report                                     | Number of automated business intelligence reports (Reports to be specified by business)         | N/A                         | N/A                         | 15                            | 0                          | -15                                          | Implementation plan to be reviewed in terms of the way forward                                                                                                                                                                                        |
| <b>Impact Statement #2: Ease of doing Business in South Africa</b>       |                                                                            |                                                                                                 |                             |                             |                               |                            |                                              |                                                                                                                                                                                                                                                       |
| Reduced administrative and compliance burden for companies and IP owners | QRS – resolve queries within the set turnaround time - 10 working days     | % of queries received through the QRS resolved within the set turnaround time – 10 working days | N/A                         | 92%                         | 90%                           | 92%                        | +2%                                          | Due to challenges experienced and roll back of the enhanced e-services system, the number of tickets logged was extremely high. This had an influence on the number of tickets responded to, within the turnaround time.                              |
|                                                                          | Facebook – resolve queries within the set turnaround time of 1 working day | % of queries received through Facebook resolved within the set turnaround time - 1 working day  | N/A                         | 96%                         | 96%                           | 89%                        | -7%                                          | There were some challenges experienced when the new social media tool was introduced. The unit was understaffed due to the absence of two team members. Additionally, the rebalancing of priorities towards Twitter queries affected the performance. |
|                                                                          | Twitter - resolve queries within the set turnaround time - 1 working day   | % of queries received through Twitter resolved within the set turnaround time - 1 working day   | N/A                         | 97%                         | 65%                           | 82%                        | +17%                                         | N/A                                                                                                                                                                                                                                                   |

| Outcome                                                              | Output                                                                                | Output Indicator                                                             | Audited performance 2020/21 | Audited performance 2021/22 | Planned 2022/23 Annual Target | Actual 2022/23 Performance | Deviation from Planned Performance to Actual | Reason for Deviation from Planned Performance to Actual                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------|-----------------------------|-----------------------------|-------------------------------|----------------------------|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reduced administrative compliance burden for companies and IP owners | Reduced turnaround time to resolve queries received through the QRS – 10 working days | Average turnaround time to resolve queries received through the QRS          | N/A                         | 5                           | 7                             | 5                          | +2                                           | Although most units achieved the required target to respond to tickets within the required timeframe, certain units did not meet the target due to challenges. For example, the roll-out of the enhanced e-services system and subsequent rollback (Finance and ICT) due to challenges with the system. The File Transition Project also influenced the response to certain tickets from the Paper based Disclosure unit, as the files had to be searched after the transition. |
|                                                                      | Reduced turnaround time to resolve queries received through Facebook (hours)          | Average turnaround time to resolve queries received through Facebook (hours) | N/A                         | 1 (4 hours)                 | 12                            | 5                          | +7                                           | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                                      | Reduced turnaround time to resolve queries received through Twitter (hours)           | Average turnaround time to resolve queries received through Twitter (hours)  | N/A                         | 1 (4 hours)                 | 12                            | 4                          | 8                                            | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

## 2.2 Programme 2: Innovation and Creativity Promotion

### 2.2.1 Purpose

The purpose of Programme 2: Innovation and Creativity Promotion is to support and promote local innovation and creativity by maintaining accurate and secure registries of patents, designs, film productions and creative works. This includes maintenance of accurate, up-to date and relevant information concerning companies, foreign companies and other juristic persons contemplated in subsection (1) (a) (ii) of the Companies Act, no 71 of 2008, and concerning intellectual property rights, as well as the provision of that information to the public and to other organs of state. IP enforcement includes referring offense to law enforcement agencies such as the National Prosecution Authority.

Under this programme, the CIPC also supervises and regulates the distribution of collected royalty by accredited collecting agencies. In addition, the programme is responsible for providing policy inputs and legal advisory opinion on the coordination, implementation and impact of the respective IP laws. Furthermore, the group ensures that the implementation of the national IP regime is in alignment with the international IP system.

The group also registers patent attorneys that have passed the Patent Board Examination. Other functions of the Programme include the coordination of appropriate enforcement actions, education and creating awareness of the requirements and benefits of registration of IP rights, the remedies available and the opportunities for commercialisation and industrial development through efficient management of IP assets.

Through this programme, the CIPC also provides policy and legal insights into the implementation and impact of the relevant IP legislation. Thus, additional functions in this programme include in-depth research to identify gaps and to analyse the impact of IP rights registration forming a basis for further IP policy inputs. The programme is also responsible for monitoring the unauthorised use of private and public IP rights, with a particular focus on the protection of IP rights holders in the creative industries.

The following is a list of sub-programmes:

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

The institutional outcomes that Programme 2 contributes to are:

- i Organisational competencies and capabilities
- ii Organisational effectiveness
- iii Reduced administrative burden for companies and IP owners
- iv Reduce filing costs for IPR owners
- v PR Enforcement Data/Information Integration (All stakeholders)

### 2.2.2 Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Under Programme 2, 100% (7 out of 7) targets were achieved, as illustrated in **Figure B.44: CIPC Overall Performance and Programmatic Performance** above.

### Key Achievements and Contributions Towards Outcomes

See Part B: Section 1.4 and 2.1.3

## 2.2.3 Programme 2: Performance Table

**Table B.31:** Programme 2 - Innovation and Creativity Promotion, Key Performance Indicators, Planned Targets and Actual Achievements

| Outcome                                                                                     | Output                                                         | Output Indicator                                                                                                                                                       | Audited performance 2020/21 | Audited performance 2021/22 | Planned 2022/23 Annual Target | Actual 2022/23 Performance | Deviation from Planned Performance to Actual | Reason for Deviation from Planned Performance to Actual                                                                                                                |
|---------------------------------------------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-------------------------------|----------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Impact Statement #3: Investor Confidence in South African Businesses and Innovations</b> |                                                                |                                                                                                                                                                        |                             |                             |                               |                            |                                              |                                                                                                                                                                        |
| Building state capacity to better regulate and ensure integrity of granted patent rights.   | Substantive search examination (SSE) Experiential learning     | Number of non-binding work products (including Search Reports and a Written Opinions on patentability) issued per examiner, in line with SSE Experiential Learning     | N/A                         | N/A                         | 24                            | 24                         | N/A                                          | N/A                                                                                                                                                                    |
|                                                                                             |                                                                | Number of SSE Training initiatives undertaken                                                                                                                          | N/A                         | N/A                         | 4                             | 7                          | +3                                           | More training opportunities than envisaged were available and attended.                                                                                                |
| Reduce IP filing costs<br>Transform the economy through localisation                        | Inventor Assistance Programme Implemented                      | Number of IAP Review Committee meetings to screen applications                                                                                                         | N/A                         | N/A                         | 4                             | 5                          | +1                                           | An additional meeting was held to finalise screening of applications.                                                                                                  |
| Increase compliance with IP Regulations                                                     | Compliance with regulations by accredited collecting societies | Number of education and awareness events to promote compliance to regulations by Collecting Societies conducted by the CIPC, including collaboration with its partners | N/A                         | N/A                         | 4                             | 8                          | +4                                           | Due to newly accredited Collecting Society, we extended regulatory intervention to these and other agencies falling outside of the CIPC's current regulatory framework |

| Outcome                                                                                                                            | Output                                                                                                          | Output Indicator                                                                                                     | Audited performance 2020/21 | Audited performance 2021/22 | Planned 2022/23 Annual Target | Actual 2022/23 Performance | Deviation from Planned Performance to Actual | Reason for Deviation from Planned Performance to Actual                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-------------------------------|----------------------------|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Increased awareness (Including capacity building) of IP protection laws and regulations, as well as services and related processes | IP education and awareness events conducted by the CIPC, also in collaboration with partners                    | Number of IP education and awareness events conducted by the CIPC, including collaboration with partners             | N/A                         | N/A                         | 36                            | 73                         | +37                                          | The CIPC utilised existing partnerships and effectively entered into collaborations in an effort to do more for the benefit of society |
|                                                                                                                                    | IP enforcement public education and awareness events conducted by the CIPC, also in collaboration with partners | Number of IP enforcement education and awareness events conducted by the CIPC, including collaboration with partners | 27                          | 18                          | 9                             | 11                         | +2                                           | N/A                                                                                                                                    |
|                                                                                                                                    | Increase capacity in Law Enforcement Agencies on IPR                                                            | Number of Law Enforcement training sessions                                                                          | N/A                         | N/A                         | 4                             | 7                          | +3                                           | We put in an extensive and extended effort as law enforcement agency capacity building was deemed to be of critical importance         |

## 2.3 Programme 3: Business Regulation and Reputation

### 2.3.1 Purpose

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

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

- maintaining registers of companies and close corporations, co-operatives, directors and delinquent persons, and Trade Marks as well as company names and business names;
- accreditation of practitioners and intermediaries;
- educating business owners and practitioners on compliance with the legislation; and
- promoting and enforcing compliance with the legislation.

The CIPC is required to monitor compliance with certain requirements of the legislation, such as the submission of annual returns, the rotation of auditors and disclosures in terms of the financial reporting standards and the requirements for prospectuses. Furthermore, the CIPC investigates complaints and enforces the provision of the Companies Act, the Close Corporations Act, the Share Block Companies Act and the Co-operatives Act relating to governance and disclosure.

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

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

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

After receiving an investigation report the Commission may:

- excuse a respondent;
- refer the complaint to the Companies Tribunal;
- issue a notice of non-referral to complainant, advising the complainant of any rights to seek a remedy in court;
- propose that the complainant and any affected person meet with the Commission or with the Tribunal, to resolve matter by consent order;
- commence proceedings in a court in the name of the complainant if the complainant:
  - has a right to apply to a court; and
  - has consented to the Commission to do so;
- refer the matter to the NPA, or other regulatory authority, if the Commission alleges that a person:
  - has committed an offence in terms of this Act or any other legislation; or
  - has been issued a compliance notice in terms of section 171.

The following is a list of sub-programmes:

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

The institutional outcomes that Programme 3 contributes to are:

- i Organisational competencies and capabilities
- ii Organisational effectiveness
- iii Reduced administrative burden for companies and IP owners

### 2.3.2 Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Under Programme 3, 100% (7 out of 7) targets were achieved, as illustrated in **Figure B.44: CIPC Overall Performance and Programmatic Performance** above

### Key Achievements and Contributions Towards Outcomes

See Part B: Section 1.4 and 2.1.3

### 2.3.3 Programme 3: Performance Table

**Table B.32:** Programme 3 - Business Regulation and Reputation, Key Performance Indicators, Planned Targets and Actual Achievements

| Outcome                                                                                             | Output                                                                                                                                            | Output Indicator                                                                                                                     | Audited performance 2020/21 | Audited performance 2021/22 | Planned 2022/23 Annual Target                                                                      | Actual 2022/23 Performance                                                                                                    | Deviation from Planned Performance to Actual | Reason for Deviation from Planned Performance to Actual                                                                                                                |
|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Impact Statement #2: Ease of doing Business in South Africa</b>                                  |                                                                                                                                                   |                                                                                                                                      |                             |                             |                                                                                                    |                                                                                                                               |                                              |                                                                                                                                                                        |
| Reduced administrative compliance burden for companies and IP owners                                | Reduction in the average number of days to register a company from the date of receipt of a complete application                                  | The average number of days to register a company from the date of receipt of a complete application                                  | 2                           | 1                           | 1                                                                                                  | 1                                                                                                                             | N/A                                          | N/A                                                                                                                                                                    |
|                                                                                                     | Reduction in the average number of days to approve applications for registering a co-operative from the date of receipt of a complete application | The average number of days to approve applications for registering a co-operative from the date of receipt of a complete application | 2                           | 1                           | 1                                                                                                  | 1                                                                                                                             | N/A                                          | N/A                                                                                                                                                                    |
| Capacity building and institutional capabilities                                                    | CIPC Learning Academy                                                                                                                             | Business case                                                                                                                        | N/A                         | N/A                         | Approved Request for Proposal (RFP) for the development of the CIPC Learning Academy Business Case | An approved Request for Quote (RFQ) for the development of the CIPC Learning Academy Business Case was released on 10/03/2023 | N/A                                          | A tendering process aimed at attaining at least 3 proposals / quotations was instituted, however there were no responses on behalf of service providers in the market. |
| Increased awareness of company laws, regulations, as well as CIPC services, processes, and channels | Corporate education and awareness events conducted by the CIPC, also in collaboration with partners                                               | Number of education and awareness events conducted by the CIPC, also in collaboration with partners                                  | N/A                         | N/A                         | 30                                                                                                 | 72                                                                                                                            | +42                                          | A high number of requests to participate in webinars and events was received.                                                                                          |

| Outcome                                                                                                     | Output                                                                                                                                             | Output Indicator                                                                                                                                                                                           | Audited performance 2020/21                 | Audited performance 2021/22                          | Planned 2022/23 Annual Target                                | Actual 2022/23 Performance      | Deviation from Planned Performance to Actual | Reason for Deviation from Planned Performance to Actual                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|------------------------------------------------------|--------------------------------------------------------------|---------------------------------|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reputable business regulation environment (Strengthened Financial System and Ownership Transparency for SA) | Automated Beneficial Ownership Register (Strengthened financial system and ownership transparency for SA-registered entities)                      | Beneficial Ownership Register establishment phase                                                                                                                                                          | Approved Beneficial Ownership concept paper | Approved Beneficial Ownership Register business case | Beneficial Ownership Register establishment system (Phase 1) | Phase 1 implementation achieved | N/A                                          | N/A                                                                                                                                                                                                                                                                                                                                     |
| Reputable business regulation environment                                                                   | Pro-active Investigations in response to contraventions of Companies Act No 71 of 2008, on Companies identified in State Capture Commission Report | Number of Pro-Active Investigations in response to contraventions of Companies Act No 71 of 2008 on Companies identified in State Capture Commission Report started                                        | N/A                                         | N/A                                                  | 2                                                            | 4                               | +2                                           | Other than the SOC entities, there were various private entities implicated in the State Capture report which were found to not have complied with the Companies Act, hence 4 inspectors were appointed.                                                                                                                                |
|                                                                                                             | Targeted Pro-active Investigations                                                                                                                 | Number of Pro-Active Investigations in response to contraventions of Companies Act No 71 of 2008 on Companies identified from XBRL and Companies Tribunal (Social and Ethics committee decisions) started. | N/A                                         | N/A                                                  | 3                                                            | 6                               | +3                                           | The CIPC never previously collaborated with the Companies Tribunal on Social & Ethics Committee decisions. Thus, the CIPC had to retrospectively monitor non-compliance of decisions dating back to the period 2019 -2021. Thus, 6 pro-active matters were identified and allocated. The same applies to Auditors Rotation pro-actives. |

### 3. REVENUE COLLECTION

**Table B.33:** Revenue Collection related to Key Objectives of the Organisation

| Programme/ Activity/ Objective | 2022/2023      |                         |                         | 2021/2022      |                         |                         |
|--------------------------------|----------------|-------------------------|-------------------------|----------------|-------------------------|-------------------------|
|                                | Budget         | Actual Amount Collected | (Over)/Under Collection | Budget         | Actual Amount Collected | (Over)/Under Collection |
|                                | R'000          | R'000                   | R'000                   | R'000          | R'000                   | R'000                   |
| Annual Returns                 | 475,202        | 437,943                 | 37,259                  | 434,409        | 431,623                 | 2,786                   |
| Companies                      | 117,630        | 95,311                  | 22,319                  | 117,551        | 106,184                 | 11,367                  |
| Cooperatives                   | 17             | 727                     | -710                    | 693            | 736                     | -43                     |
| Data Sales/ Disclosure         | 23,544         | 25,928                  | -2,384                  | 29,547         | 25,513                  | 4,034                   |
| Trade marks                    | 28,561         | 29,894                  | -1,333                  | 31,290         | 30,464                  | 826                     |
| Patents and designs            | 27,340         | 34,349                  | -7,009                  | 27,040         | 27,791                  | -751                    |
| Copyright                      | 47             | 26                      | 21                      | 10             | 17                      | -7                      |
| <b>Total Revenue</b>           | <b>672,341</b> | <b>624,178</b>          | <b>48,163</b>           | <b>640,540</b> | <b>622,328</b>          | <b>18,212</b>           |

Revenue collection of the organisation is, although stable compared to the previous financial year, not showing an increase. Previously, annual revenue collection increased year-on-year. The CIPC did not achieve its budgeted operating revenue target for the year resulting in a variance of R48 million from budget.

### 4. CAPITAL INVESTMENT

**Table B.34:** Capital Investment, FY2021/22-FY2022/23

| Programme/ Activity/ Objective | 2022/2023     |                    |                          | 2021/2022     |                    |                          |
|--------------------------------|---------------|--------------------|--------------------------|---------------|--------------------|--------------------------|
|                                | Budget        | Actual Expenditure | (Over)/Under Expenditure | Budget        | Actual Expenditure | (Over)/Under Expenditure |
|                                | R'000         | R'000              | R'000                    | R'000         | R'000              | R'000                    |
| Computer hardware              | 9,200         | 5,021              | 4,179                    | 13,000        | 4,889              | 8,111                    |
| Computer software              | 16,700        | 10,814             | 5,886                    | 18,730        | 21,272             | -2,542                   |
| Furniture and equipment        | 0             | 542                | -542                     | 350           | 69                 | 281                      |
| Leasehold improvements         | 500           | -                  | 500                      | 1,000         | -                  | 1,000                    |
| Safety and Security Equipment  | 2,000         | -                  | 2,000                    | 1,850         | -                  | 1,850                    |
| <b>Total Expenditure</b>       | <b>28,400</b> | <b>16,377</b>      | <b>12,023</b>            | <b>34,930</b> | <b>26,230</b>      | <b>8,700</b>             |

The organisation continued with its ICT strategy in an effort to increase efficiencies through automation. This resulted in almost all capital expenditure being directed towards ICT hardware and software.



# **PART C**

## GOVERNANCE

## 1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, 2008, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

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

## 2. PORTFOLIO COMMITTEES

**Table C.1:** Portfolio Committee Meetings

| Date                             | Details                                                                 | Attending Officials                                           | Agenda / Areas of Risk Identified and CIPC Implementation Plans / Actions | Required Action |
|----------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------------------|-----------------|
| 9 <sup>th</sup> of November 2022 | The CIPC presented its 2021/22 Annual Report to the Portfolio Committee | Rory Voller, Adv., CIPC Commissioner Muhammed Jasat, Mr., CFO | CIPC Financial and Non-financial performance                              | None            |

## 3. EXECUTIVE AUTHORITY

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

**Table C.2:** Quarterly Performance Report Submitted to the Executive Authority

| Quarter Report submission | Approval by the Minister | Comments & Required Action | Progress |
|---------------------------|--------------------------|----------------------------|----------|
| Quarter 1 submitted       | Awaiting approval        | N/A                        | N/A      |
| Quarter 2 submitted       | Awaiting approval        | N/A                        | N/A      |
| Quarter 3 submitted       | Awaiting approval        | N/A                        | N/A      |
| Quarter 4 submitted       | Awaiting approval        | N/A                        | N/A      |

## 4. ACCOUNTING AUTHORITY

**Table C.3:** Audit Committee and RISK & ICT Committees

| Committee             | Ordinary meetings held | Special Meetings held | Workshop | No. of members | Name of members                                                                                                                                                                                                                                                               |
|-----------------------|------------------------|-----------------------|----------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Audit Committee       | 4                      | 2                     | 0        | 7              | Dr L Konar – Chairperson;<br>Ms. N Maharaj – Independent Member;<br>Mr. C de Kock – Independent Member;<br>Ms. G Ramphaka – Independent Member;<br>Dr T Sethibe – Independent Member;<br>Adv. R Voller – Commissioner;<br>Ms. K Singh – the dtic (shareholder) representative |
| Risk and IT Committee | 4                      | 0                     | 1        | 4              | Dr T Sethibe – Chairperson;<br>Dr H Patrick – Independent Member;<br>Ms. T van der Sandt – Independent Member;<br>Adv. R Voller - Commissioner                                                                                                                                |

**Table C.4:** Remuneration of Committee Members

| Name              | Remuneration          | Other allowance | Other re-<br>imbursements | Total                 |
|-------------------|-----------------------|-----------------|---------------------------|-----------------------|
| Konar, D          | R 187,141.50          | N/A             | R 418.64                  | R 187,560.14          |
| Maharaj, N        | R 124,135.00          | N/A             | N/A                       | R 124,135.00          |
| Ramphaka, GT      | R 94,794.00           | N/A             | N/A                       | R 94,794.00           |
| Patrick, H        | R 115,107.00          | N/A             | N/A                       | R 115,107.00          |
| van der Sandt, CM | R 115,107.00          | N/A             | N/A                       | R 115,107.00          |
| Sethibe, TG       | R 281,082.00          | N/A             | N/A                       | R 281,082.00          |
| De Kock, CG       | R 163,519.65          | N/A             | N/A                       | R 163,519.65          |
| <b>Total</b>      | <b>R 1,080,886.15</b> | <b>N/A</b>      | <b>R 418.64</b>           | <b>R 1,081,304.79</b> |

## 5. RISK MANAGEMENT

Risk management provides the CIPC employee with a common approach to understand and manage uncertainties in pursuit of our objectives and goals. The CIPC has - and maintains - policies and frameworks, strategies and plans to guide the implementation of risk management. On a regular basis, risks assessments are conducted, and mitigation actions are implemented and reviewed. Emerging risks are identified as part of the process and are discussed at various governance forums.

The CIPC established the Risk Management and ICT Committee as part of the Audit Committee. This committee is a sub-committee of the Audit Committee and oversees the implementation and management of risk and ICT activities. The chairperson and the majority of members of the committee are independent and non-executive members.

**Table C.5: Risk and ICT Committee Member Details** discloses relevant information on the Risk and ICT committee members.

**Table C.5:** Risk and ICT Committee Member Details

| Name                     | Qualifications                                                                                                                                                                                         | Internal or<br>external | If internal, position in<br>the public entity | Date<br>appointed | Date<br>Resigned | No. of Meetings<br>attended |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------|-------------------|------------------|-----------------------------|
| Dr Tebogo<br>Sethibe     | DBL, MBL, MIT, BSc<br>Computer Science<br>(Honours)                                                                                                                                                    | External                | --                                            | 01 April 2022     | N/A              | 4                           |
| Dr Harold<br>Patrick     | DPhil (Info Systems<br>& Technology), CFE<br>MComm (Info Systems<br>& Technology), BCom<br>(Business Management)<br>(Honours), Postgraduate<br>Diploma Forensic Auditing<br>& Criminal Justice, BAdmin | External                | --                                            | 01 April 2022     | N/A              | 4                           |
| Ms. Tia van<br>der Sandt | MBA Edinburg, BSc (ITM),<br>Postgraduate Diploma in<br>Auditing, BCompt (Hons)                                                                                                                         | External                | --                                            | 01 April 2022     | N/A              | 4                           |

## 6. INTERNAL AUDIT AND AUDIT COMMITTEES

The Audit Committee provides oversight on the CIPC's governance, risk, compliance, control and performance management, including financial and annual performance. The table below discloses relevant information on the audit committee members.

**Table C.6:** Disclosure of Information on Audit Committee Members

| Name                   | Qualifications                                                                              | Internal or external | If internal, position in the public entity | Date appointed | Date Resigned | No. of Meetings attended |
|------------------------|---------------------------------------------------------------------------------------------|----------------------|--------------------------------------------|----------------|---------------|--------------------------|
| Dr Len Konar           | BCom, PG DIP in ACC, CA (SA), MAS, CERT in Tax Law, DCOM, CRMA                              | External             | --                                         | 01 April 2022  | N/A           | 6                        |
| Dr Tebogo Sethibe      | DBL, MBL, MIT, BSC Computer Science (Honours)                                               | External             | --                                         | 01 April 2022  | N/A           | 6                        |
| Mr Charl de Kock       | MCom – IT Audit, BCom – Hons/Acc; CISA, CIA                                                 | External             | --                                         | 01 April 2022  | N/A           | 6                        |
| Ms. Gratitude Ramphaka | CA (SA), Bachelor of Accountancy (Honours) BCom, Auditing Specialism                        | External             | --                                         | 01 April 2022  | N/A           | 5                        |
| Ms. Nalini Maharaj     | BProc LLB, Financial Accounting for public entities                                         | External             | --                                         | 01 April 2022  |               | 6                        |
| Adv. Rory Voller       | LLM                                                                                         | Internal             | Commissioner                               | 01 Sep 2016    | N/A           | 6                        |
| Ms. Kamitha Singh      | BCom; BCompt; BCompt Honours; Executive Development Programme, CIA, Associate Member of IIA | Dtic rep             | Dtic rep                                   | Dtic rep       | Dtic rep      | 5                        |

2 induction sessions held with newly appointed members and 1 risk IT workshop held with newly appointed members

## 7. COMPLIANCE LAWS AND REGULATIONS

The organisation has established processes to ensure compliance with relevant and applicable legislation, regulations and prescripts and policies. A compliance Policy, Framework, Universe and Plan is being implemented. Regular monitoring is conducted, and results are communicated to all governance structures on a regular basis.

## 8. FRAUD AND CORRUPTION

The CIPC has an approved Fraud Prevention Plan in place. In addition, policies, systems and processes for managing, handling and responding to the fraud risks and incidents, in accordance with applicable legislation, have been established. Progress reports on the implementation of the plan are discussed by management and other relevant governance structures.

A fraud risk register detailing areas in which the CIPC is exposed is in place and is reviewed regularly.

The organisation has various channels for reporting fraud and corruption. Among these is a dedicated independently managed hotline, which is available 24/7/365. The hotline is preferred by most complainants and whistle-blowers, as it provides a degree of anonymity for those who prefer to have their identity and other personal information protected.

A Case Register which provides a record of all frau- related complaints is maintained. This register is updated regularly with

regard to the status or progress of the reported matters. On receipt, information is analysed and depending on the nature and complexity, cases are allocated for investigation by internal or external resources. Investigation reports are used to determine the course of action.

## 9. MINIMISING CONFLICT OF INTEREST

As regulator, the CIPC expects and promotes the highest standard of ethical conduct from all its employees. Appropriate policies and procedures to direct and support expected behaviour are in place, including the Code of Conduct and Ethics and the Declaration of Interest policies.

For the reporting period, an organization-wide ethics campaign was held to create education and awareness on ethics. All employees of the CIPC are required to declare their interest in line with the approved policy. Finance and SCM-related processes address declarations by suppliers and service providers.

## 10. CODE OF CONDUCT

The Code of Conduct and Ethics defines who we are and how we act whilst pursuing the CIPC goals. Our conduct is closely aligned with the ethical behaviour expected of each employee and stakeholder involved with the CIPC. The Code of Conduct and Ethics has been updated and aligned with other policies of the organisation.

## 11. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

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

## 12. COMPANY/BOARD SECRETARY

Not applicable.

## 13. SOCIAL RESPONSIBILITY

Not applicable

## AUDIT COMMITTEE



**Dr Len Konar**  
Audit Committee Chairperson



**Dr Tebogo Sethibe**  
Independent Risk & ICT Chairperson



**Ms Gratitude Rampahaka**  
Independent Audit Committee



**Ms Kamitha Singh**  
the dtic Representative



**Ms Nalin Maharaj**  
Independent Audit Committee



**Dr Harold Patrick**  
Independent Risk & ICT Committee  
Member



**Mr Charl de Kock**  
Independent Audit Committee  
Member



**Ms Tia van der Sandt**  
Independent Risk & ICT Committee  
Member

## 14. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2023.

### 14.1 Audit Committee Responsibility

#### 14.1.1 The Effectiveness of Internal Control

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

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

In-Year Management and Monthly/Quarterly Report

The public entity has submitted monthly and quarterly reports to the Executive Authority.

#### Evaluation of Financial Statements

We have reviewed the annual financial statements prepared by the public entity.

### Auditor's Report

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

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



**Dr Len Konar**

Chairperson of the Audit Committee

Companies and Intellectual Property Commission

Date: 31/07/2023

## 15. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

**Table C.7:** B-BBEE Compliance Table

| Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:                        |                 |                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------------------------------------------------------------------------------------------|
| Criteria                                                                                                                                                 | Response Yes/No | Discussion (Include a discussion on your response and indicate what measures have been taken to comply) |
| Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law? | No              | This does not fall within the CIPC mandate.                                                             |
| Developing and implementing a preferential procurement policy?                                                                                           | Yes             | The Preferential Procurement Policy is implemented at all times.                                        |
| Determining qualification criteria for the sale of state-owned enterprises?                                                                              | No              | This does not fall within the CIPC mandate.                                                             |
| Developing criteria for entering into partnerships with the private sector?                                                                              | Yes             | A collaboration framework is in place.                                                                  |
| Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?                 | No              | This does not fall within the CIPC mandate.                                                             |



# PART D

## HUMAN RESOURCE MANAGEMENT

# 1. INTRODUCTION

## 1.1 Overview of Human Capital Matters in a Public Entity

CIPC embarked on an organisational design project to review the current organisational structure with the assistance of a Service Provider that was appointed to run the project. The as-is analysis, Gap analysis and Skills Audit has been completed. The To-be organisational structure and implementation of the New Organisational structure is still underway.

During this process of organisational design, management and organised labour have agreed on a process to fill critical positions through a consultative process when a need arises. Automation of certain functions within the CIPC brought a number of challenges, to the extent that some employees have been temporarily seconded to other divisions to ensure that they are gainfully utilised. At the end of the period under review (2022/23), CIPC's vacancy rate stood at 30.6%.

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

## 1.2 Set Human Resource Priorities for the year Under Review, and the Impact of these Priorities

The following are HR priorities:

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

- Training and Development - The CIPC Work Skills plan addresses all the needs for development of CIPC staff. This is supplemented by the Personal Development Plans for employees.

## 1.3 Employee Performance Management Framework

Ninety five percent (95%), of the performance reviews have been completed and we take pride in the fact that that the CIPC Employee Performance Management Policy is being actively implemented.

## 1.4 Employee Wellness

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

The comprehensive wellness programme is an integral part of the overall strategy, and it incorporates multiple new capabilities, such as:

- Confidential Counselling services provided to staff;
- Health and Productivity Management, e.g.
  - Financial Life Skills provided through e-Communication.
  - Wellness Day interventions could not be implemented internally during this period due to telecommuting arrangements. Staff were, however, encouraged to take personal initiative to amongst other things, eat healthily and exercise while working from home; practise healthy ergonomics while working from home, etc. Through their medical aid, staff can also access Wellness Day services via private health providers.
- Occupational Health Clinic and advisory services provided through the dtic (incl. HIV programmes, disease prevention, chronic disease management, etc.);
- Work-Life Balance programmes implemented. This included a number of webinars and e-communication on work-life balance being made available to staff;

- A survey was conducted to determine the effectiveness of telecommuting and its impact on productivity and work-life balance.

- Information on disease prevention and management interventions was provided. This included support provided to employees under medical treatment;
- Bereavement Support – as part of showing care and concern for its Staff, through the EHW office the CIPC supported staff who lost their family members and also conducted memorial services for deceased staff.

### 1.5 Policy Development

- Consultation with organised labour on human capital policies is going well.
- Information sessions on all EHW Policies were conducted for all CIPC across all levels of the organisation.
- Information sessions on Performance Management Policy were conducted for all CIPC staff.

### 1.6 Highlight Achievements

The achievements for the year under review were:

- Key Human Capital Policies approved.
- Eleven (11) strategic positions were filled during this financial year.
- Employment Equity Report submitted to the Department of Labour.
- Fifteen (15) employees were awarded bursaries.
- Three (3) arbitration awards in favour of the employer.

### 1.7 Challenges faced by the Entity

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

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

### 1.8 Future Plans

The HR Plan seeks to achieve the following goals for the 2023/24 financial year:

- New Organisational Structure
- Reviewed HR policies.
- Development of staff in accordance with their Performance Development Plans.
- Internship programme

## 2. HUMAN RESOURCE OVERSIGHT STATISTICS

**Table D.1:** Personnel Cost by Programme / Activity / Objective, FY2022/23

| Programme/<br>Activity/ Objective   | Total Expenditure<br>for the entity | Total Personnel<br>Expenditure | Total Personnel<br>exp. as a % of total<br>Expenditure | No. of employees | Average<br>personnel cost per<br>employee |
|-------------------------------------|-------------------------------------|--------------------------------|--------------------------------------------------------|------------------|-------------------------------------------|
|                                     | R'000                               | R'000                          | %                                                      | R'000            | R'000                                     |
| Business Regulation and Reputation  | 38 948                              | 26 976                         | 69%                                                    | 211              | 128                                       |
| Innovation and Creativity Promotion | 67 520                              | 46 766                         | 69%                                                    | 54               | 866                                       |
| Service Delivery and Access         | 438 417                             | 303 659                        | 69%                                                    | 179              | 1 696                                     |
| <b>Total / Average</b>              | <b>544 884</b>                      | <b>377 401</b>                 | <b>69%</b>                                             | <b>444</b>       | <b>897</b>                                |

**Table D.2:** Personnel Cost per Salary Band, FY2022/23

| Programme / Activity /<br>Objective | Personnel<br>Expenditure | % of personnel exp. To<br>total personnel cost | No. of employees | Average personnel<br>cost per employee |
|-------------------------------------|--------------------------|------------------------------------------------|------------------|----------------------------------------|
|                                     | R'000                    | R'000                                          | R'000            | R'000                                  |
| Top Management                      | 3 400                    | 1%                                             | 4                | 850                                    |
| Senior Management                   | 5 950                    | 2%                                             | 7                | 850                                    |
| Professional Qualified              | 55 250                   | 15%                                            | 65               | 850                                    |
| Skilled                             | 127 500                  | 34%                                            | 150              | 850                                    |
| Semi-Skilled                        | 185 300                  | 49%                                            | 218              | 850                                    |
| <b>Total</b>                        | <b>377 401</b>           |                                                | <b>444</b>       |                                        |

**Table D.3:** Performance Rewards, FY2022/23

| Programme/ activity/<br>objective | Performance<br>Rewards | Personnel<br>Expenditure | % of performance rewards<br>to total personnel cost | No. of employees |
|-----------------------------------|------------------------|--------------------------|-----------------------------------------------------|------------------|
|                                   | R'000                  | R'000                    | R'000                                               | R'000            |
| Top Management                    | 149                    | 3 400                    | 4%                                                  | 4                |
| Senior Management                 | 260                    | 5 950                    | 4%                                                  | 7                |
| Professional Qualified            | 2 418                  | 55 250                   | 4%                                                  | 65               |
| Skilled                           | 5 581                  | 127 500                  | 4%                                                  | 150              |
| Semi-Skilled                      | 8 111                  | 185 300                  | 4%                                                  | 218              |
| <b>Total</b>                      | <b>16 519</b>          | <b>377 401</b>           |                                                     | <b>444</b>       |

**Table D.4:** Training Costs, FY2022/23

| Programme/ Activity/<br>Objective   | Personnel<br>Expenditure | Training<br>Expenditure | Training<br>Expenditure as a %<br>of Personnel Cost. | No. of employees<br>trained | Avg training cost<br>per employee |
|-------------------------------------|--------------------------|-------------------------|------------------------------------------------------|-----------------------------|-----------------------------------|
|                                     | R'000                    | R'000                   | %                                                    | R'000                       | R'000                             |
| Business Regulation and Reputation  | 26 976                   | 32                      | 0,1%                                                 | 136                         | 0                                 |
| Innovation and Creativity Promotion | 46 766                   | 56                      | 0,1%                                                 | 48                          | 1                                 |
| Service Delivery and Access         | 303 659                  | 361                     | 0,1%                                                 | 104                         | 3                                 |
| <b>Total</b>                        | <b>377 401</b>           | <b>449</b>              | <b>0,3%</b>                                          | <b>188</b>                  | <b>1,3</b>                        |

**Table D.5:** Employment and Vacancies

| Programme/activity/objective        | Employment beginning of period | Approved Posts | Employment end of period | Vacancies  | Vacancy Rate % |
|-------------------------------------|--------------------------------|----------------|--------------------------|------------|----------------|
| Commissioner's Office               | 48                             | 72             | 46                       | 26         | 36,1%          |
| Corporate Services                  | 92                             | 126            | 93                       | 33         | 26,2%          |
| Business Intelligence & Systems     | 40                             | 61             | 40                       | 21         | 34,4%          |
| Innovation and Creativity Promotion | 61                             | 99             | 54                       | 45         | 45,5%          |
| Business Regulation & Reputation    | 215                            | 282            | 211                      | 71         | 25,2%          |
| <b>Total / Average</b>              | <b>456</b>                     | <b>640</b>     | <b>444</b>               | <b>196</b> | <b>30,6%</b>   |

**Table D.6:** Occupational Bands

| Occupational Bands                                                  | Employment beginning of period | Approved Posts | Employment end of period | Vacancies  | Vacancy Rate % |
|---------------------------------------------------------------------|--------------------------------|----------------|--------------------------|------------|----------------|
| Top Management / Executives                                         | 4                              | 6              | 4                        | 2          | 33,3%          |
| Senior Management / Advanced Specialists                            | 7                              | 14             | 7                        | 7          | 50,0%          |
| Professional Qualified / Experienced Specialist / Middle Management | 63                             | 96             | 65                       | 31         | 29%            |
| Skilled Technical / Academically Qualified / Junior Management      | 161                            | 261            | 150                      | 111        | 41,3%          |
| Semi-skilled                                                        | 221                            | 263            | 218                      | 45         | 25,9%          |
| <b>Total</b>                                                        | <b>456</b>                     | <b>640</b>     | <b>444</b>               | <b>196</b> | <b>28,9%</b>   |

Senior management posts are being filled as and when they are vacated or required. Positions are advertised internally and externally, and the best suitable candidate is appointed. The CIPC prides itself on paying its employees market-related salaries and offering service benefits such as:

- 13<sup>th</sup> cheque
- Performance bonuses
- Rewards for years of service
- UIF
- Group life policy.

**Table D.7:** Employment Changes

| Occupational Bands                                                  | Employment at beginning of period | Appointments | Terminations | Turnover Rate % | Employment at end of the period |
|---------------------------------------------------------------------|-----------------------------------|--------------|--------------|-----------------|---------------------------------|
| Top Management / Executives                                         | 4                                 | 0            | 0            | 0%              | 4                               |
| Senior Management / Advanced Specialists                            | 7                                 | 0            | 0            | 0%              | 7                               |
| Professional Qualified / Experienced Specialist / Middle Management | 63                                | 5            | 6            | 9,9%            | 65                              |
| Skilled Technical / Academically Qualified / Junior Management      | 161                               | 0            | 8            | 5,6%            | 150                             |
| Semi-skilled                                                        | 221                               | 1            | 3            | 0,8%            | 218                             |
| <b>Total</b>                                                        | <b>456</b>                        | <b>6</b>     | <b>17</b>    | <b>3,8%</b>     | <b>444</b>                      |

**Table D.8:** Reasons for Staff Leaving

| Reason             | Number    | % of total no. of staff leaving |
|--------------------|-----------|---------------------------------|
| Death              | 3         | 17.6%                           |
| Resignation        | 9         | 52.9%                           |
| Dismissal          | 0         | 0.0%                            |
| Retirement         | 5         | 29.5%                           |
| Ill health         | 0         | 0.0%                            |
| Expiry of contract | 0         | 0.0%                            |
| Other              | 0         | 0.0%                            |
| <b>Total</b>       | <b>17</b> | <b>100%</b>                     |

**Table D.9:** Labour Relations: Misconduct and Disciplinary Action

| Nature of disciplinary Action | Number |
|-------------------------------|--------|
| Verbal Warning                | 0      |
| Written Warning               | 2      |
| Final Written warning         | 1      |
| Dismissal                     | 0      |

**Table D.10:** Equity Target and Employment Equity Status – Male

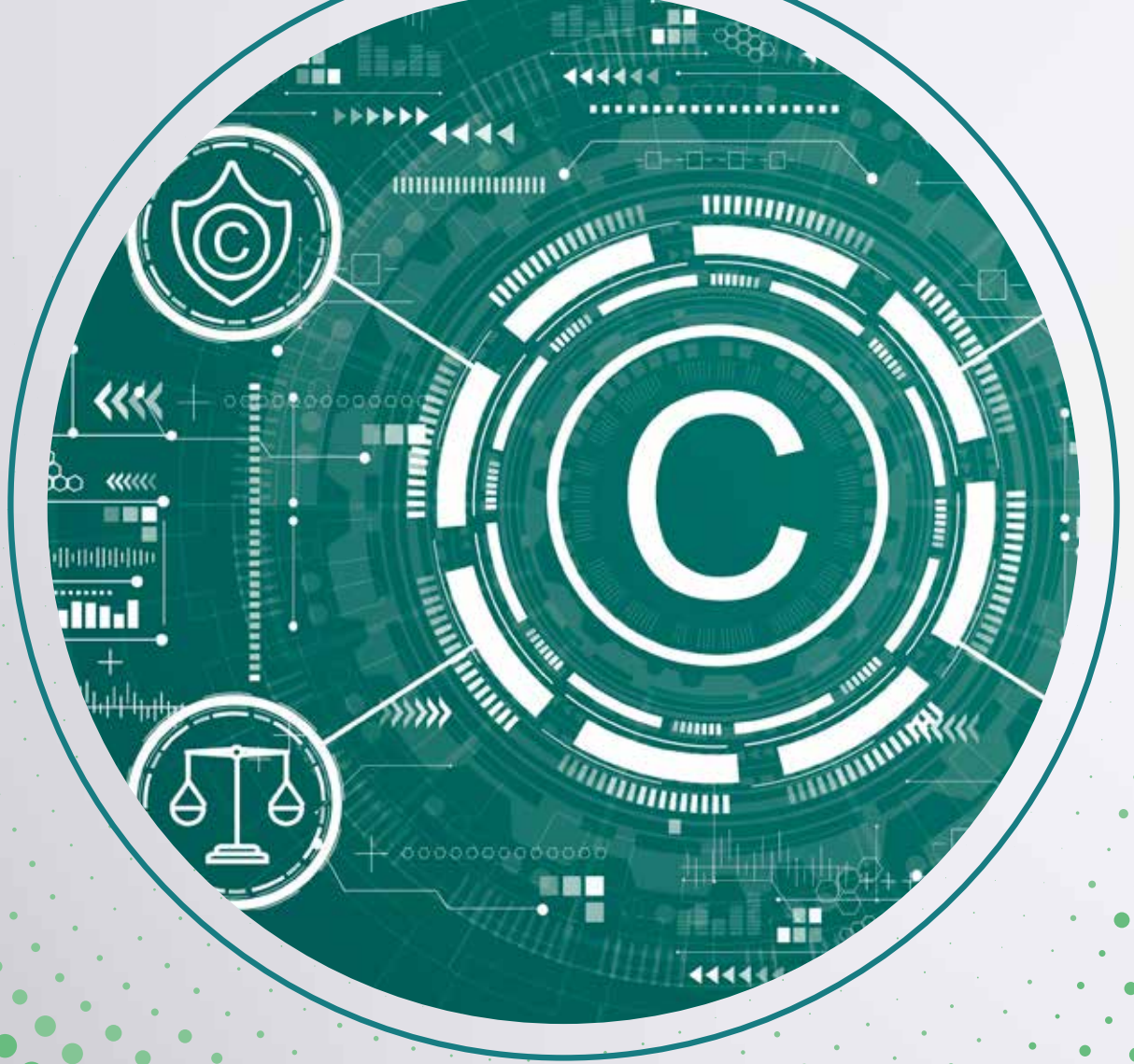
| Levels                 | MALE       |            |          |           |          |          |           |           |
|------------------------|------------|------------|----------|-----------|----------|----------|-----------|-----------|
|                        | Black      |            | Coloured |           | Indian   |          | White     |           |
|                        | Current    | Target     | Current  | Target    | Current  | Target   | Current   | Target    |
| Top Management         | 0          | 1          | 1        | 1         | 0        | 0        | 1         | 1         |
| Senior Management      | 5          | 5          | 0        | 0         | 1        | 1        | 0         | 0         |
| Professional qualified | 27         | 34         | 3        | 3         | 4        | 4        | 4         | 4         |
| Skilled                | 71         | 79         | 3        | 17        | 1        | 1        | 9         | 14        |
| Semi-skilled           | 65         | 75         | 1        | 1         | 1        | 1        | 2         | 2         |
| Unskilled              |            |            |          |           |          |          |           |           |
| <b>Total</b>           | <b>168</b> | <b>194</b> | <b>8</b> | <b>22</b> | <b>7</b> | <b>7</b> | <b>16</b> | <b>21</b> |

**Table D.11:** Equity Target and Employment Equity Status – Female

| Levels                 | Female     |            |           |           |          |          |           |           |
|------------------------|------------|------------|-----------|-----------|----------|----------|-----------|-----------|
|                        | Black      |            | Coloured  |           | Indian   |          | White     |           |
|                        | Current    | Target     | Current   | Target    | Current  | Target   | Current   | Target    |
| Top Management         | 1          | 1          | 0         | 0         | 1        | 1        | 0         | 0         |
| Senior Management      | 4          | 4          | 0         | 0         | 0        | 0        | 0         | 0         |
| Professional qualified | 17         | 15         | 3         | 6         | 2        | 2        | 11        | 8         |
| Skilled                | 70         | 65         | 5         | 9         | 5        | 2        | 10        | 5         |
| Semi-skilled           | 141        | 120        | 8         | 8         | 1        | 1        | 23        | 10        |
| Unskilled              |            |            |           |           |          |          |           |           |
| <b>Total</b>           | <b>233</b> | <b>205</b> | <b>16</b> | <b>23</b> | <b>9</b> | <b>6</b> | <b>44</b> | <b>23</b> |

**Table D.12:** Equity Target and Employment Equity Status – Disabled staff

| Levels                 | Disabled Staff |          |          |           |
|------------------------|----------------|----------|----------|-----------|
|                        | Male           |          | Female   |           |
|                        | Current        | Target   | Current  | Target    |
| Top Management         | 0              | 0        | 0        | 0         |
| Senior Management      | 0              | 0        | 0        | 0         |
| Professional qualified | 0              | 1        | 0        | 2         |
| Skilled                | 5              | 5        | 0        | 7         |
| Semi-skilled           | 1              | 2        | 1        | 3         |
| <b>Total</b>           | <b>6</b>       | <b>8</b> | <b>1</b> | <b>12</b> |



# **PART E**

## **PFMA COMPLIANCE REPORT**

**Table E.1:** Irregular expenditure

| Reconciliation of irregular expenditure                   |           |           |           |
|-----------------------------------------------------------|-----------|-----------|-----------|
| Description                                               | 2022/2023 | 2021/2022 | 2020/2021 |
|                                                           | R'000     | R'000     | R'000     |
| Opening balance                                           | 98,788    | 98,788    | 98,581    |
| Prior Period Errors                                       |           |           |           |
| As Restated                                               | 98,788    | 98,788    | 98,581    |
| Add: Irregular expenditure confirmed                      |           |           | 207       |
| Less: Irregular expenditure condoned                      |           |           |           |
| Less: Irregular expenditure not condoned and removed      |           |           |           |
| Less: Irregular expenditure recoverable                   |           |           |           |
| Less: Irregular expenditure not recovered and written off |           |           |           |
| Closing balance                                           | 98,788    | 98,788    | 98,788    |

| Reconciling notes to the annual financial statement disclosure          |           |           |
|-------------------------------------------------------------------------|-----------|-----------|
| Description                                                             | 2022/2023 | 2021/2022 |
|                                                                         | R'000     | R'000     |
| Irregular expenditure that was under assessment in 2021/2022            |           |           |
| Irregular expenditure that relates to 2021/22 and identified in 2022/23 |           |           |
| Irregular expenditure for the current year                              |           |           |
| Total                                                                   | -         | -         |

**Table E.2:** Fruitless expenditure

| Reconciliation of irregular expenditure                   |           |           |           |
|-----------------------------------------------------------|-----------|-----------|-----------|
| Description                                               | 2022/2023 | 2021/2022 | 2020/2021 |
|                                                           | R'000     | R'000     | R'000     |
| Opening balance                                           | -         | 51        | 51        |
| Prior Period Errors                                       |           |           |           |
| As Restated                                               | -         | 51        | 51        |
| Add: Fruitless expenditure confirmed                      |           |           | -         |
| Less: Fruitless expenditure condoned                      |           |           |           |
| Less: Fruitless expenditure not condoned and removed      |           |           |           |
| Less: Fruitless expenditure recoverable                   |           |           |           |
| Less: Fruitless expenditure not recovered and written off |           | -51       |           |
| Closing balance                                           | -         | -         | 51        |

**Table E.3:** Details of current and previous year fruitless expenditure not recoverable and written off (irrecoverable)

| Description                       | 2022/2023 | 2021/2022 |
|-----------------------------------|-----------|-----------|
|                                   | R'000     | R'000     |
| Fruitless expenditure written off |           | -51       |
| Total                             |           | 51        |



# PART F

## FINANCIAL INFORMATION

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

### REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON COMPANIES AND INTELLECTUAL PROPERTY COMMISSION

#### Report on the audit of the financial statements

##### Opinion

1. I have audited the financial statements of the Companies and Intellectual Property Commission set out on pages 117 to 154 which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Companies and Intellectual Property Commission as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

##### Basis for opinion

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

##### Other matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

7. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 33 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Companies and Intellectual Property Commission. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees.
8. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

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

### Responsibilities of the accounting authority for the financial statements

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

### Responsibilities of the auditor-general for the audit of the financial statements

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

### Report on the audit of the annual performance report

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
14. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

| Programme                           | Page numbers | Purpose                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Innovation and Creativity Promotion | 84           | The purpose of Programme 2: Innovation and Creativity Promotion is to support and promote local innovation and creativity by maintaining accurate and secure registries of patents, designs, film productions and creative works.                                                                                                                                                                                                                                                                                                                             |
| Business Regulation and Reputation  | 87           | The purpose of the Programme 3: Business Regulation and Reputation is to enhance the reputation of South African businesses and the South African business environment by ensuring that the registers of corporate entities, their managers and their identity have integrity and that a culture of corporate compliance and high standards of governance, disclosure and corporate reputation is established. The programme also aims to provide policy and legal insight and advice on the co-ordination, implementation and impact of the respective laws. |

15. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

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

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16. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives;
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements;
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated;
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents;
- the reported performance information is presented in the annual performance report in the prescribed manner;
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

17. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

18. I did not identify any material findings on the reported performance information for the selected programmes.

### Other matter

19. I draw attention to the matter below.

#### Material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 2: Innovation and Creativity Promotion. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

### Report on compliance with legislation

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

24. I did not identify any material non-compliance with the selected legislative requirements.

### Other information in the annual report

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

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

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26. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.
29. I have nothing to report in this regard.

### Internal control deficiencies

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

Auditor-General

Pretoria

31 July 2023



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

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

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### ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

#### Auditor-general's responsibility for the audit

##### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with selected requirements in key legislation.

##### Financial statements

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

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

##### Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

| Legislation                                                                                                  | Sections or regulations                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Public Finance Management Act 1 of 1999 (PFMA)                                                               | Sections 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56(1); 56(2); 57(b)                                                                                                                                                                                                                                                                                                                                           |
| Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR) | Treasury Regulations 8.2.1; 8.2.2; 16A3.1; 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a) & (b); 16A6.2(e); 16A6.3(a); 16A3.3(a)(i); 16A6.3(b); 16A6.3(c); 16A6.3(d); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A7.6; 16A7.7; 16A8.2(1); 16A8.2(2); 16A8.3; 16A8.3(d); 16A8.4; 16A9.1; 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 16A9.2(a)(iii); 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.1.2(c); 31.2.1; 31.3.3; 33.1.1; 33.1.3 |
| Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)                                    | Section 29; 34(1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Construction Industry Development Board Act No.38 of 2000 (CIDB)                                             | Section 18(1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Construction Industry Development Board Regulations                                                          | Regulations 17; 25(1); 25(5) & 25(7A)                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Preferential Procurement Policy Framework Act 5 of 2005 (PPPFA)                                              | Sections 1(i); 2.1(a); 2.1(b); 2.1(f)                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Preferential Procurement Regulations 2017 (PPR)                                                              | Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2; 12.1 and 12.2                                                                                                                                                                                                                                                                                                                                 |
| Preferential Procurement Regulations (PPR) 2022                                                              | Regulations 3.1; 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| PFMA SCM Instruction no. 09 of 2022/2023                                                                     | Paragraphs 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| National Treasury Instruction (NTI) No.1 of 2015/16                                                          | Paragraphs 3.1; 4.1; 4.2                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| NT SCM Instruction Note 03 2021/22                                                                           | Paragraphs 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.4 (c)-(d); 4.6; 5.4; 7.2; 7.6                                                                                                                                                                                                                                                                                                                                                                                                                  |
| NT SCM Instruction 4A of 2016/17                                                                             | Paragraph 6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| NT SCM Instruction Note 03 2019/20                                                                           | Paragraphs 5.5.1(vi); 5.5.1(x);                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| NT SCM Instruction Note 11 2020/21                                                                           | Paragraphs 3.1; 3.4(a) and (b); 3.9; 6.1; 6.2; 6.7                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| NT SCM Instruction note 2 of 2021/22                                                                         | Paragraphs 3.2.1; 3.2.2; 3.2.4(a)&(b); 3.3.1; 3.2.2; 4.1                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| PFMA SCM Instruction 04 of 2022/23                                                                           | Paragraphs 4(1); 4(2); 4(4)                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Practice Note 5 of 2009/10                                                                                   | Paragraph 3.3                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| PFMA SCM instruction 08 of 2022/23                                                                           | Paragraphs 3.2; 4.3.2; 4.3.3                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| NT instruction note 4 of 2015/16                                                                             | Paragraph 3.4                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Second amendment of NTI 05 of 2020/21                                                                        | Paragraphs 4.8; 4.9 ; 5.1 ; 5.3                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Erratum NTI 5 of 202/21                                                                                      | Paragraphs 1; Paragraphs 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Practice note 7 of 2009/10                                                                                   | Paragraph 4.1.2                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Practice note 11 of 2008/09                                                                                  | Paragraphs 3.1; 3.1 (b)                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| NT instruction note 1 of 2021/22                                                                             | Paragraph 4.1                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

## General Information

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|                                                    |                                                                                                  |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------|
| <b>Country of incorporation and domicile</b>       | South Africa                                                                                     |
| <b>Legal form of entity</b>                        | Public Entity in terms of Schedule 3A of the Public Finance Management Act                       |
| <b>Controlling entity</b>                          | Department of Trade, Industry and Competition                                                    |
| <b>Nature of business and principal activities</b> | Regulator of Companies and Intellectual Property in South Africa                                 |
| <b>Registered Office</b>                           | the dtic Campus (Block F - Entfufukweni)<br>77 Meintjies Street<br>Sunnyside<br>Pretoria<br>0001 |
| <b>Postal address</b>                              | PO Box 429<br>Pretoria<br>0001                                                                   |
| <b>Bankers</b>                                     | ABSA Corporate Banking<br>Nedbank<br>First National Bank                                         |
| <b>Auditors</b>                                    | Auditor-General South Africa                                                                     |

## Index

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

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## Accounting Authority's Responsibilities and Approval

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The annual financial statements for the year ended 31 March 2023, are prepared in accordance with Generally Recognised Accounting Practice (GRAP) and incorporate disclosures in line with the accounting policies of the entity and the requirements of the Public Finance Management Act 1999 (Act No. 1 of 1999) (PFMA).

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

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

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

The annual financial statements which have been prepared on the going concern basis, were approved and signed by the Accounting Authority on 31 July 2023.



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**Adv. Rory Voller**

Commissioner (Accounting Authority)

Pretoria

31 July 2023

## Statement of Financial Position as at 31 March 2023

|                                          |       | 2023           | 2022           |
|------------------------------------------|-------|----------------|----------------|
|                                          | Notes | R'000          | R'000          |
| <b>Assets</b>                            |       |                |                |
| <b>Current Assets</b>                    |       |                |                |
| Receivables from exchange transactions   | 3     | 1 384          | 1 162          |
| Prepayments                              | 4     | 25 031         | 13 329         |
| Cash and cash equivalents                | 5     | 585 363        | 690 359        |
|                                          |       | <b>611 778</b> | <b>704 850</b> |
| <b>Non-Current Assets</b>                |       |                |                |
| Property, plant and equipment            | 6     | 17 395         | 22 060         |
| Intangible assets                        | 7     | 40 925         | 42 284         |
| Prepayments                              | 4     | 2 050          | 2 213          |
|                                          |       | 60 370         | 66 557         |
| <b>Total Assets</b>                      |       | <b>672 148</b> | <b>771 407</b> |
| <b>Liabilities</b>                       |       |                |                |
| <b>Current Liabilities</b>               |       |                |                |
| Operating lease liability                | 9     | 192            | 1 202          |
| Payables from exchange transactions      | 10    | 19 786         | 50 630         |
| Payables from customer deposits received | 11    | 130 891        | 130 583        |
| Employee benefit obligations             | 12    | 1 895          | 1 778          |
| Provisions                               | 13    | 48 257         | 49 212         |
|                                          |       | <b>201 021</b> | <b>233 405</b> |
| <b>Non-Current Liabilities</b>           |       |                |                |
| Operating lease liability                | 9     | 69             | 228            |
| Employee benefit obligations             | 12    | 22 153         | 23 018         |
|                                          |       | <b>22 222</b>  | <b>23 246</b>  |
| <b>Total Liabilities</b>                 |       | <b>223 243</b> | <b>256 651</b> |
| <b>Net Assets</b>                        |       | <b>448 905</b> | <b>514 756</b> |
| Accumulated surplus                      |       | 448 905        | 514 756        |

## Statement of Financial Performance

|                                                 |       | 2023             | 2022             |
|-------------------------------------------------|-------|------------------|------------------|
|                                                 | Notes | R'000            | R'000            |
| <b>Revenue</b>                                  |       |                  |                  |
| <b>Revenue from exchange transactions</b>       |       |                  |                  |
| Fees                                            | 14.1  | 186 235          | 190 705          |
| Interest income                                 | 14.2  | 39 496           | 25 817           |
| Other income                                    | 14.3  | 9 926            | 8 749            |
| Gain on disposal of assets                      |       | 7                | -                |
| Actuarial gains                                 | 12    | 2 742            | 1 051            |
| <b>Total revenue from exchange transactions</b> |       | <b>238 406</b>   | <b>226 322</b>   |
| <b>Revenue from non-exchange transactions</b>   |       |                  |                  |
| Annual return fees                              | 14.4  | 437 943          | 431 623          |
| <b>Total revenue</b>                            | 14    | <b>676 349</b>   | <b>657 945</b>   |
| <b>Expenditure</b>                              |       |                  |                  |
| Advertising                                     |       | (1 638)          | (880)            |
| Audit fees                                      | 15    | (5 896)          | (5 909)          |
| Bad debts                                       |       | (27)             | (76)             |
| Bank charges                                    |       | (4 708)          | (4 915)          |
| Consulting and professional fees                | 16    | (75 653)         | (82 807)         |
| Depreciation and amortisation                   | 17    | (22 255)         | (20 141)         |
| Employee related costs                          | 18    | (377 401)        | (365 244)        |
| Internet and network costs                      |       | (1 227)          | (3 745)          |
| Maintenance and repairs                         |       | (800)            | (896)            |
| Operating lease charges                         | 19    | (31 719)         | (37 728)         |
| Loss on disposal of assets and liabilities      |       | -                | (336)            |
| Other operating expenses                        | 20    | (20 119)         | (19 172)         |
| Publications, printing and stationery           | 21    | (1 328)          | (986)            |
| Travelling and subsistence                      |       | (2 113)          | (930)            |
| <b>Total expenditure</b>                        |       | <b>(544 884)</b> | <b>(543 765)</b> |
| <b>Surplus for the year</b>                     |       | <b>131 465</b>   | <b>114 180</b>   |

## Statement of Changes in Net Assets

|                                   | Accumulated<br>surplus | Total net<br>assets |
|-----------------------------------|------------------------|---------------------|
|                                   | R '000                 | R '000              |
| <b>Balance at 01 April 2021</b>   | <b>527 353</b>         | <b>527 353</b>      |
| Changes in net assets             |                        |                     |
| Surplus for the year              | 114 180                | 114 180             |
| Transfer to National Revenue Fund | (126 777)              | (126 777)           |
| Total changes                     | (12 597)               | (12 597)            |
| <b>Balance at 01 April 2022</b>   | <b>514 756</b>         | <b>514 756</b>      |
| Changes in net assets             |                        |                     |
| Surplus for the year              | 131 465                | 131 465             |
| Transfer to National Revenue Fund | (197 316)              | (197 316)           |
| Total changes                     | (65 851)               | (65 851)            |
| <b>Balance at 31 March 2023</b>   | <b>448 905</b>         | <b>448 905</b>      |
| Note                              | 23                     |                     |

## Cash Flow Statement

|                                                               |       | 2023             | 2022            |
|---------------------------------------------------------------|-------|------------------|-----------------|
|                                                               | Notes | R'000            | R'000           |
| <b>Cash flows from operating activities</b>                   |       |                  |                 |
| <b>Receipts</b>                                               |       |                  |                 |
| Fees: Exchange transactions                                   |       | 185 918          | 190 705         |
| Annual return fees                                            |       | 438 251          | 440 832         |
| Other income                                                  |       | 9 925            | 8 749           |
| Interest income                                               |       | 39 496           | 25 817          |
|                                                               |       | 673 590          | 666 103         |
| <b>Payments</b>                                               |       |                  |                 |
| Employee costs                                                |       | (375 934)        | (361 744)       |
| Suppliers                                                     |       | (189 845)        | (123 325)       |
|                                                               |       | (565 779)        | (485 069)       |
| <b>Net cash flows from operating activities</b>               | 24    | <b>107 811</b>   | <b>181 034</b>  |
| <b>Cash flows from investing activities</b>                   |       |                  |                 |
| Acquisition of property, plant and equipment                  | 6     | (5 563)          | (4 958)         |
| Proceeds on disposal of property, plant and equipment         | 6     | 89               | 198             |
| Acquisition of intangible assets                              | 7     | (10 017)         | (21 272)        |
| <b>Net cash flows from investing activities</b>               |       | <b>(15 491)</b>  | <b>(26 032)</b> |
| <b>Cash flows from financing activities</b>                   |       |                  |                 |
| Transfer to National Revenue Fund                             | 23    | (197 316)        | (126 777)       |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   |       | <b>(104 996)</b> | <b>28 225</b>   |
| <b>Cash and cash equivalents at the beginning of the year</b> |       | <b>690 359</b>   | <b>662 134</b>  |
| <b>Cash and cash equivalents at the end of the year</b>       | 5     | <b>585 363</b>   | <b>690 359</b>  |

## Statement of Comparison of Budget and Actual Amounts

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

### Statement of Financial Performance

#### Revenue

|                                              |                |          |                |                |                 |    |
|----------------------------------------------|----------------|----------|----------------|----------------|-----------------|----|
| Revenue from exchange transactions           | 197 139        | -        | 197 139        | 186 235        | (10 904)        | N1 |
| Revenue from non-exchange transactions       | 475 202        | -        | 475 202        | 437 943        | (37 259)        | N2 |
| Other income                                 | 391            | -        | 391            | 9 926          | 9 535           | N3 |
| Interest received from exchange transactions | 25 547         | -        | 25 547         | 39 496         | 13 949          | N4 |
| <b>Total revenue</b>                         | <b>698 279</b> | <b>-</b> | <b>698 279</b> | <b>673 600</b> | <b>(24 679)</b> |    |

#### Expenses

|                                                                                                                              |                  |               |                  |                  |               |    |
|------------------------------------------------------------------------------------------------------------------------------|------------------|---------------|------------------|------------------|---------------|----|
| Employee costs                                                                                                               | (433 179)        | 900           | (432 279)        | (377 401)        | 54 878        | N5 |
| Operational expenditure                                                                                                      | (162 244)        | 10 410        | (151 834)        | (122 475)        | 29 359        | N6 |
| Other administrative expenditure                                                                                             | (44 325)         | 16 824        | (27 501)         | (22 662)         | 4 839         | N7 |
| Depreciation and amortisation                                                                                                | (23 928)         | 2 118         | (21 810)         | (22 255)         | (445)         |    |
| Assets derecognised                                                                                                          | -                | -             | -                | (64)             | (64)          |    |
| Bad debts                                                                                                                    | -                | -             | -                | (27)             | (27)          |    |
| <b>Total expenditure</b>                                                                                                     | <b>(663 676)</b> | <b>30 252</b> | <b>(633 424)</b> | <b>(544 884)</b> | <b>88 540</b> |    |
| <b>Operating surplus</b>                                                                                                     | <b>34 603</b>    | <b>30 252</b> | <b>64 855</b>    | <b>128 716</b>   | <b>63 861</b> |    |
| Gain on disposal of assets                                                                                                   | -                | -             | -                | 7                | 7             |    |
| Actuarial gains/losses                                                                                                       | -                | -             | -                | 2 742            | 2 742         |    |
|                                                                                                                              | -                | -             | -                | 2 749            | 2 749         |    |
| <b>Surplus for the year</b>                                                                                                  | <b>34 603</b>    | <b>30 252</b> | <b>64 855</b>    | <b>131 465</b>   | <b>66 610</b> |    |
| <b>Actual Amount on comparable basis as presented in the Budget and Actual Comparative Statement - Refer notes 35 and 36</b> | <b>34 603</b>    | <b>30 252</b> | <b>64 855</b>    | <b>131 465</b>   | <b>66 610</b> |    |

### Statement of Financial Position

#### Assets

##### Non-Current Assets

|                               |               |                |               |               |                 |    |
|-------------------------------|---------------|----------------|---------------|---------------|-----------------|----|
| Property, plant and equipment | 9 190         | 2 510          | 11 700        | 5 563         | (6 137)         | N8 |
| Intangible assets             | 25 412        | (8 712)        | 16 700        | 10 814        | (5 886)         | N8 |
| <b>Total Assets</b>           | <b>34 602</b> | <b>(6 202)</b> | <b>28 400</b> | <b>16 377</b> | <b>(12 023)</b> |    |

#### Net Assets

##### Net Assets Attributable to Owners of Controlling Entity

#### Reserves

|                     |        |         |        |        |          |  |
|---------------------|--------|---------|--------|--------|----------|--|
| Accumulated surplus | 34 602 | (6 202) | 28 400 | 16 377 | (12 023) |  |
|---------------------|--------|---------|--------|--------|----------|--|

## Statement of Comparison of Budget and Actual Amounts

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

Budget narrations are provided for variances above R3 million.

### N1 - Revenue from exchange transactions

The variance of R10,9 million, translated to 5.5% below budget is primarily due to lower than anticipated company registrations occurring during the year, with higher than anticipated Intellectual Property revenue and revenue from data sales. This offset accounted for the total variance.

### N2 - Revenue from non exchange transactions

The variance of R37,2 million, translated to 7.8% below budget is primarily due to lower than anticipated annual return submissions compared to the prior year. The gross volume of filings have decreased by 5% since the prior year.

### N3 - Other income

The variance of R9,5 million over the budgeted income relates mainly to the prescription of customer deposits balances for which no transactions have been processed against, and are older than three years. The CIPC did not budget for such income due to the uncertainty of the amount which will be unutilised by customers during each financial year.

### N4 - Interest income

The variance of R13,9 million, translated to 54,6% above budget is primarily due to the increase in the interest rate from an average of 3.8% in the prior year to 6.1% in the current year. The budgeted interest was based on the prior year average interest rate.

### N5 - Employee costs

The variance of R54,9 million, translated to 12.7% below the budgeted expenditure is due to conservative cost of living adjustments being implemented across certain levels at the CIPC, as well as conservative percentages being applied to the performance bonus payments, resulting in the full provision not being utilised. The conservative percentages were applied taking into consideration the current economic climate of South Africa.

### N6 - Operational expenditure

The variance of R29,3 million, translated to 19.3% savings in the budgeted expenditure relates mainly to under spending of consulting and professional fees due to:

- R9,3 million of the fees being capitalised to Computer software and therefore not being expensed in the current year
- R20 million underspending due to planned projects not commenced.

### N7 - Other administrative expenditure

The variance of R4,8 million, translated to 17.6% savings in the budgeted expenditure is attributed mainly to the change in the way of working at CIPC, and relates mainly to the following:

- Underspending of R1,6 million in budgeted advertising expenditure due to later than expected commencement of campaigns.
- Savings of R2,2 million in repairs and maintenance expenditure due to less repairs being required.

### N8 - Capital expenditure

The variance of R12 million translated to 42,3% below budgeted capital expenditure is attributed to the planned implementation of a new projects not being finalised during the year.

## Accounting Policies

### 1. Basis of preparation

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

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

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

#### 1.1 Presentation currency

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

#### 1.2 Going concern assumption

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

#### 1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities,

accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

#### 1.4 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset when:

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

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

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

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

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

## Accounting Policies

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

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

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

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

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

### 1.5 Intangible assets

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

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

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

Intangible assets are derecognised:

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

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

An intangible asset is recognised when:

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

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

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

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

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

### 1.6 Financial instruments

#### Classification

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

#### Financial assets

#### Cash and cash equivalents

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

## Accounting Policies

### 1.6 Financial instruments (continued)

#### Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They comprise prepayments and receivables from exchange

transactions. Subsequent to initial recognition, these are measured at amortised cost using the effective interest rate method, less any impairment loss. The entity classifies its financial assets as reflected on the face of the statement of financial position as follows:

| Class                     | Category                                   |
|---------------------------|--------------------------------------------|
| Cash and cash equivalents | Financial asset measured at amortised cost |
| Receivables               | Financial asset measured at amortised cost |

#### Financial liabilities

##### Payables: Customer deposits

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

#### Trade and other payables

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

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

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

#### Initial measurement of financial assets and financial liabilities

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

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

#### Fair value measurement considerations

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

- Financial instruments at amortised cost.

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

#### Impairment of financial assets

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

Financial assets measured at amortised cost:

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

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

## Accounting Policies

### 1.6 Financial instruments (continued)

#### Derecognition

##### Financial assets

The entity derecognises a financial asset only when:

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

##### Financial liabilities

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

### 1.7 Leases

#### Operating leases

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

### 1.8 Impairment of cash-generating assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use, and its fair value less costs to sell. In assessing value in use, the estimated future

cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time, value for money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

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

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

### 1.9 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

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

## Accounting Policies

### 1.9 Impairment of non-cash-generating assets (continued)

The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition.

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

### 1.10 Provisions and contingencies

Provisions are recognised when:

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

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

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

The discount rate used reflects current market assessments of the time value of money and the risks specific to the liability. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

### 1.11 Revenue from exchange transactions

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

### Interest income

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

### Revenue from fees

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

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed, taking into consideration the total time that the transaction has been in process and the probability of the customer continuing with the application.

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

### Measurement

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

## Accounting Policies

### 1.11 Revenue from exchange transactions (continued)

#### Trade receivables from exchange transactions

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

#### Interest income

Interest is recognised, in surplus or deficit, using the effective interest rate method.

### 1.12 Revenue from non-exchange transactions

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

Non-exchange revenue comprises annual return revenue.

#### Revenue from annual return fees

Non-exchange revenue comprises annual return revenue. Revenue from annual return fees is measured at fair value. Fair

value is deemed to be the transaction cost and is based on the annual return fee as prescribed in the annual return table as set out in annexure 2 of the Companies Regulations, 2011.

#### Trade receivables from non-exchange transactions

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

### 1.13 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as

salaries, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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

#### Post-employment benefit: Defined contribution plan

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

#### Other employee benefit obligations

The entity provides long service awards to current employees as well as post-retirement medical aid benefits to retirees.

#### Long service awards

The entitlement to long service awards is based on the employee remaining in uninterrupted service of the entity and is payable upon the completion of each five year anniversary of employment at the entity. The expected costs of these benefits are accrued over the period of each five year anniversary.

A Long Service Award cannot be awarded to an individual who has not reached his/her anniversary date yet, unless the employee is about to retire at the age of 65. A pro-rata payment will be paid to retiring employees who are 65 years of age.

Independent qualified actuaries carry out valuations of these obligations.

#### Post-retirement medical aid benefit

The entitlement to post-retirement medical aid benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. In-service members employed after 01 July 2013 are not eligible for a post-employment benefit.

Independent qualified actuaries carry out valuations of these obligations. An annual charge to income is made to cover both these liabilities.

## Accounting Policies

### 1.13 Employee benefits (continued)

The amount recognised as a liability for other long-term employee benefits is the present value of the defined benefit obligation at the reporting date.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another

Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

### 1.14 Fruitless and wasteful expenditure

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

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

### 1.15 Irregular expenditure

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

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

### 1.16 Budget information

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

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

### 1.17 Related parties

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

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

### 1.18 Events after reporting date

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

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

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

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

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

## 2. NEW STANDARDS AND INTERPRETATIONS

### 2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

|                                                          |               |                                          |
|----------------------------------------------------------|---------------|------------------------------------------|
| • GRAP 104 (amended): Financial Instruments              | 01 April 2025 | Unlikely there will be a material impact |
| • GRAP 25 (revised): Employee benefits                   | 01 April 2023 | Unlikely there will be a material impact |
| • iGRAP21: The effect of past decisions on materiality   | 01 April 2023 | Unlikely there will be a material impact |
| • GRAP 1 (amended): Presentation of Financial Statements | 01 April 2023 | Unlikely there will be a material impact |

## 3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

|                                             |              |              |
|---------------------------------------------|--------------|--------------|
| Trade receivables                           | 618          | 379          |
| Staff receivables                           | 398          | 493          |
| Patent Corporation Treaty (PCT) receivables | 80           | 118          |
| Other receivables                           | 379          | 284          |
| Allowance for impairment                    | (91)         | (112)        |
|                                             | <b>1 384</b> | <b>1 162</b> |

### Reconciliation of provision for impairment of trade and other receivables

|                                          |             |              |
|------------------------------------------|-------------|--------------|
| Opening balance                          | (112)       | (100)        |
| Net provision for impairment             | (6)         | (88)         |
| Net amounts written off as uncollectible | 27          | 76           |
|                                          | <b>(91)</b> | <b>(112)</b> |

## 4. PREPAYMENTS

### Prepaid expenses:

|                                   |               |               |
|-----------------------------------|---------------|---------------|
| Insurance                         | 1             | 3             |
| Software licences and maintenance | 19 424        | 15 539        |
| Subscriptions                     | 221           | -             |
| Assets received after year-end    | 7 435         | -             |
|                                   | <b>27 081</b> | <b>15 542</b> |

### Reconciliation of prepayments

|                   | Current | Non-current | Total  |
|-------------------|---------|-------------|--------|
| <b>March 2023</b> |         |             |        |
| Prepayments       | 25 031  | 2 050       | 27 081 |
| <b>March 2022</b> |         |             |        |
| Prepayments       | 13 329  | 2 213       | 15 542 |

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

|                                                    |                |                |
|----------------------------------------------------|----------------|----------------|
| Bank balances                                      | 23 902         | 77 059         |
| Collection accounts                                | 7 012          | 13 485         |
| Call account-Corporation for Public Deposits (CPD) | 554 449        | 599 815        |
|                                                    | <b>585 363</b> | <b>690 359</b> |

Call account: Interest was earned at an average rate of 6.1% (2022: 3.7%) during the financial year.

### 6. PROPERTY, PLANT AND EQUIPMENT

|                                | 2023           |                                                     |                | 2022          |                                                     |                |
|--------------------------------|----------------|-----------------------------------------------------|----------------|---------------|-----------------------------------------------------|----------------|
|                                | Cost           | Accumulated depreciation and accumulated impairment | Carrying value | Cost          | Accumulated depreciation and accumulated impairment | Carrying value |
| Computer equipment             | 91 039         | (75 067)                                            | 15 972         | 88 658        | (68 302)                                            | 20 356         |
| Office furniture and equipment | 8 619          | (7 216)                                             | 1 403          | 8 512         | (6 839)                                             | 1 673          |
| Leasehold improvements         | 519            | (499)                                               | 20             | 519           | (488)                                               | 31             |
| <b>Total</b>                   | <b>100 177</b> | <b>(82 782)</b>                                     | <b>17 395</b>  | <b>97 689</b> | <b>(75 629)</b>                                     | <b>22 060</b>  |

#### Reconciliation of property, plant and equipment - 2023

|                                | Opening balance | Additions    | Disposals   | Derecognition | Depreciation    | Total         |
|--------------------------------|-----------------|--------------|-------------|---------------|-----------------|---------------|
| Computer equipment             | 20 356          | 5 021        | (28)        | (59)          | (9 318)         | 15 972        |
| Office furniture and equipment | 1 673           | 542          | (54)        | -             | (758)           | 1 403         |
| Leasehold improvements         | 31              | -            | -           | -             | (11)            | 20            |
|                                | <b>22 060</b>   | <b>5 563</b> | <b>(82)</b> | <b>(59)</b>   | <b>(10 087)</b> | <b>17 395</b> |

#### Reconciliation of property, plant and equipment - 2022

|                                | Opening balance | Additions    | Disposals    | Derecognition | Depreciation   | Total         |
|--------------------------------|-----------------|--------------|--------------|---------------|----------------|---------------|
| Computer equipment             | 24 370          | 4 889        | (60)         | (1)           | (8 842)        | 20 356        |
| Office furniture and equipment | 2 989           | 69           | (474)        | -             | (911)          | 1 673         |
| Leasehold improvements         | 65              | -            | -            | -             | (34)           | 31            |
|                                | <b>27 424</b>   | <b>4 958</b> | <b>(534)</b> | <b>(1)</b>    | <b>(9 787)</b> | <b>22 060</b> |

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

|                  |     |     |
|------------------|-----|-----|
| General expenses | 800 | 896 |
|------------------|-----|-----|

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 7. INTANGIBLE ASSETS

|                               | 2023   |                                                     |                | 2022   |                                                     |                |
|-------------------------------|--------|-----------------------------------------------------|----------------|--------|-----------------------------------------------------|----------------|
|                               | Cost   | Accumulated amortisation and accumulated impairment | Carrying value | Cost   | Accumulated amortisation and accumulated impairment | Carrying value |
| Capitalised computer software | 93 154 | (52 229)                                            | 40 925         | 83 589 | (41 305)                                            | 42 284         |

#### Reconciliation of intangible assets - 2023

|                               | Opening balance | Additions | Derecognition | Amortisation | Total  |
|-------------------------------|-----------------|-----------|---------------|--------------|--------|
| Capitalised computer software | 42 284          | 10 814    | (5)           | (12 168)     | 40 925 |

#### Reconciliation of intangible assets - 2022

|                               | Opening balance | Additions | Other changes, movements | Amortisation | Total  |
|-------------------------------|-----------------|-----------|--------------------------|--------------|--------|
| Capitalised computer software | 31 741          | 21 272    | (375)                    | (10 354)     | 42 284 |

### 8. CHANGES IN ACCOUNTING ESTIMATES

#### Property, plant and equipment

Management reviewed the estimated useful lives of property, plant and equipment at the end of the annual reporting year as required by GRAP 17. The useful lives of certain assets were deemed to be longer and the effect of the reassessment, assuming the assets are held until the end of their useful lives, was to decrease the depreciation expense disclosed in note 6 by:

|                                                            |       |       |
|------------------------------------------------------------|-------|-------|
| Reassessment of property, plant and equipment useful lives | 1 509 | 1 057 |
|------------------------------------------------------------|-------|-------|

#### Intangible assets

Management reviewed the estimated useful lives of intangible assets at the end of the annual reporting year as required per GRAP 31. The useful lives of certain assets were deemed to be longer and the effect of the reassessment, assuming the assets are held until the end of their useful lives is a decrease in the amortisation expense disclosed in note 7 by:

|                                                |       |       |
|------------------------------------------------|-------|-------|
| Reassessment of intangible assets useful lives | 1 236 | 1 664 |
|------------------------------------------------|-------|-------|

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 9. OPERATING LEASE LIABILITIES

|                       |              |                |
|-----------------------|--------------|----------------|
| Current liability     | (192)        | (1 202)        |
| Non-current liability | (69)         | (228)          |
|                       | <b>(261)</b> | <b>(1 430)</b> |

Lease accruals arise due to the straight lining of operating lease expenditure over the term of the lease. Refer to note 19 for details of operating lease expenditure and note 26 for operating lease commitments.

### 10. PAYABLES FROM EXCHANGE TRANSACTIONS

|                                |               |               |
|--------------------------------|---------------|---------------|
| Trade payables                 | 6 129         | 35 454        |
| Accruals: Remuneration related | 6 713         | 6 545         |
| Accruals: Trade payables       | 6 944         | 8 631         |
|                                | <b>19 786</b> | <b>50 630</b> |

### 11. PAYABLES FROM CUSTOMER DEPOSITS RECEIVED

|                   |         |         |
|-------------------|---------|---------|
| Customer balances | 130 891 | 130 583 |
|-------------------|---------|---------|

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

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

### 12. EMPLOYEE BENEFIT OBLIGATIONS

#### Defined benefit plan

#### Post-retirement medical aid benefit

The CIPC offers in-service members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

Members must have belonged to a medical aid scheme for at least one year and must achieve at least 15 years of service to be eligible. For retirement on ill-health grounds, the minimum service period is 10 years. The benefit is forfeited on resignation and other withdrawals.

In-service members employed prior to 01 July 2013 will receive a post-employment subsidy of 75% of the contribution payable should they be a member of a medical scheme at retirement.

All continuation members and their eligible dependants receive a 75% subsidy. Upon a member's death-in-service or death-in-retirement the surviving dependants will continue to receive the same subsidy.

Post-employment subsidies are subject to a maximum of R 925 per member per month for a single member and R 1 850 for a member with dependents, for the year ending 31 March 2023.

In-service members employed after 01 July 2013 are not eligible for a post-employment subsidy.

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 12. EMPLOYEE BENEFIT OBLIGATIONS (continued)

#### Other long-term benefit

##### Long service awards

Employees qualify for a long service award in the month following each five year anniversary date of uninterrupted service to the CIPC.

Long service awards are paid out as follows:

| Years of service | Amount  |
|------------------|---------|
| 5                | R5 000  |
| 10               | R10 000 |
| 15               | R15 000 |
| 20               | R20 000 |
| 25               | R25 000 |
| 30               | R30 000 |
| 35               | R35 000 |
| 40               | R40 000 |

A Long Service Award cannot be awarded to an individual who has not reached his/her anniversary date yet, unless the employee is about to retire at the age of 65. A pro-rata payment will be paid to retiring employees who are 65 years of age.

#### The amounts recognised in the statement of financial position are as follows:

##### Carrying value

|                                                                                                      |                 |                 |
|------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Post-retirement medical aid benefit: Present value of the defined benefit obligation wholly unfunded | (11 727)        | (12 142)        |
| Long service awards: Present value of the other long-term benefit obligation - wholly unfunded       | (12 321)        | (12 654)        |
|                                                                                                      | <b>(24 048)</b> | <b>(24 796)</b> |
| Non-current liabilities: Post-retirement medical aid benefit                                         | (11 303)        | (11 702)        |
| Current liabilities: Post-retirement medical aid benefit                                             | (424)           | (440)           |
| Non-current liabilities: Long service awards                                                         | (10 850)        | (11 316)        |
| Current liabilities: Long service awards                                                             | (1 471)         | (1 338)         |
|                                                                                                      | <b>(24 048)</b> | <b>(24 796)</b> |

#### Changes in the present value of the employee benefit obligation are as follows:

|                                                                  |               |               |
|------------------------------------------------------------------|---------------|---------------|
| Opening balance                                                  | 24 796        | 23 284        |
| Benefits paid - Post-retirement medical aid benefit              | (367)         | (369)         |
| Benefits paid - Long service awards                              | (1 370)       | (1 531)       |
| Net expense recognised in the statement of financial performance | 989           | 3 412         |
|                                                                  | <b>24 048</b> | <b>24 796</b> |

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 12. EMPLOYEE BENEFIT OBLIGATIONS (continued)

#### Net expense recognised in the statement of financial performance

|                                                                |            |              |
|----------------------------------------------------------------|------------|--------------|
| Current service cost - Post-retirement medical aid benefit     | 410        | 350          |
| Current service cost - Long service awards                     | 764        | 865          |
| Interest cost - Post-retirement medical aid benefit            | 1 373      | 1 211        |
| Interest cost - Long service awards                            | 1 184      | 1 097        |
| Actuarial (gains) losses - Post-retirement medical aid benefit | (1 831)    | 940          |
| Actuarial (gains) losses - Long service awards                 | (911)      | (1 051)      |
|                                                                | <b>989</b> | <b>3 412</b> |

#### Calculation of actuarial gains and losses: Post-retirement medical aid benefit

|                                                |                |            |
|------------------------------------------------|----------------|------------|
| Actuarial (gains) losses: economic assumptions | (1 092)        | 1 049      |
| Actuarial (gains) losses: experience items     | (739)          | (109)      |
|                                                | <b>(1 831)</b> | <b>940</b> |

#### Calculation of actuarial gains and losses: Long service awards

|                                                |              |                |
|------------------------------------------------|--------------|----------------|
| Actuarial (gains) losses: economic assumptions | (672)        | (917)          |
| Actuarial (gains) losses: experience items     | (239)        | (134)          |
|                                                | <b>(911)</b> | <b>(1 051)</b> |

#### Key assumptions used

Assumptions used at the reporting date:

|                                                           |         |         |
|-----------------------------------------------------------|---------|---------|
| Discount rates used - Post-retirement medical aid benefit | 11,90 % | 11,10 % |
| Discount rates used - Long service awards                 | 10,20 % | 9,30 %  |
| Medical cost trend rates                                  | 8,30 %  | 8,20 %  |
| Inflation rate - Post-retirement medical aid benefit      | 6,30 %  | 6,20 %  |
| Inflation rate - Long service awards                      | 5,10 %  | 5,80 %  |

The basis on which the discount rate has been determined is as follows:

#### Post-retirement medical aid benefit

The basis of the assumption used is the Nominal Bond Curve, as compiled by the Johannesburg Stock Exchange of South Africa and obtained from Inet Bridge, at the duration of the liabilities of 10 years.

#### Long service awards

The basis of the assumption used is the Nominal Bond Curve, as compiled by the Johannesburg Stock Exchange of South Africa, at the duration of the liabilities of 6 years.

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 12. EMPLOYEE BENEFIT OBLIGATIONS (continued)

#### Other

Assumed cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed cost trends rates would have the following effects:

|                                                                  | One<br>percentage<br>point increase | One<br>percentage<br>point decrease |
|------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Defined benefit obligation - Post-retirement medical aid benefit | 10 547                              | 13 115                              |
| Other long-term benefits - Long service awards                   | 11 645                              | 13 072                              |

GRAP 25 requires the amount for the current year and the previous four years to be disclosed.

However, as this is the second year that the entity is disclosing the employee benefit obligation, the information relating to 2019 is not available.

Amounts for the current and previous two years are as follows:

|                                                                  | 2023<br>R'000 | 2022<br>R'000 | 2021<br>R'000 | 2020<br>R'000 | 2019<br>R'000 |
|------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Defined benefit obligation - Post-retirement medical aid benefit | 11 727        | 12 142        | 10 010        | 8 609         | -             |
| Other long-term benefits - Long service awards                   | 12 321        | 12 654        | 13 274        | 12 003        | -             |

#### Defined contribution plan: pension fund

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

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

|                                                        |        |        |
|--------------------------------------------------------|--------|--------|
| The total economic entity contribution to such schemes | 27 622 | 26 023 |
|--------------------------------------------------------|--------|--------|

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 13. PROVISIONS

#### Reconciliation of provisions - 2023

|                     | Opening Balance | Additions     | Utilised during the year | Utilised or forfeited during the year | Total         |
|---------------------|-----------------|---------------|--------------------------|---------------------------------------|---------------|
| Leave pay benefits  | 30 444          | 21 713        | -                        | (24 038)                              | 28 119        |
| Performance bonuses | 18 768          | 16 519        | (15 149)                 | -                                     | 20 138        |
|                     | <b>49 212</b>   | <b>38 232</b> | <b>(15 149)</b>          | <b>(24 038)</b>                       | <b>48 257</b> |

#### Reconciliation of provisions - 2022

|                     | Opening Balance | Additions     | Utilised during the year | Utilised or forfeited during the year | Total         |
|---------------------|-----------------|---------------|--------------------------|---------------------------------------|---------------|
| Leave pay benefits  | 30 715          | 22 944        | -                        | (23 215)                              | 30 444        |
| Performance bonuses | 18 089          | 15 123        | (14 444)                 | -                                     | 18 768        |
|                     | <b>48 804</b>   | <b>38 067</b> | <b>(14 444)</b>          | <b>(23 215)</b>                       | <b>49 212</b> |

#### Leave pay benefits

In terms of the CIPC leave pay policy, employees are entitled to accumulated leave pay benefits not taken within a leave cycle, provided that any leave benefits, excluding capped leave amounting to R6,4 million (2022: R7,8 million) which accrued before 01 July 2000, not taken within a period of six months after the end of the leave cycle are forfeited.

#### Performance bonuses

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

The actual expense paid during the 2022/2023 financial year relating to the 2022 provision amounted to R15,2 million. The difference was accepted as immaterial and therefore the comparatives were not restated.

### 14. REVENUE

|                            |                |                |
|----------------------------|----------------|----------------|
| Fees                       | 186 235        | 190 705        |
| Other income               | 9 926          | 8 749          |
| Interest income            | 39 496         | 25 817         |
| Actuarial gains            | 2 742          | 1 051          |
| Annual return fees         | 437 943        | 431 623        |
| Gain on disposal of assets | 7              | -              |
|                            | <b>676 349</b> | <b>657 945</b> |

#### The amount included in revenue arising from exchanges of goods or services are as follows:

|                            |                |                |
|----------------------------|----------------|----------------|
| Fees                       | 186 235        | 190 705        |
| Other income               | 9 926          | 8 749          |
| Interest income            | 39 496         | 25 817         |
| Gain on disposal of assets | 7              | -              |
|                            | <b>235 664</b> | <b>225 271</b> |

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 14. REVENUE (continued)

#### 14.1 Fees

|                                                    |                |                |
|----------------------------------------------------|----------------|----------------|
| Corporate information                              | 23 300         | 23 586         |
| Company registration and maintenance               | 95 311         | 106 184        |
| Data sales                                         | 2 628          | 1 927          |
| Intellectual property registration and maintenance | 64 269         | 58 272         |
| Cooperatives registration and maintenance          | 727            | 736            |
|                                                    | <b>186 235</b> | <b>190 705</b> |

#### 14.2 Interest income

|                   |        |        |
|-------------------|--------|--------|
| Interest received | 39 496 | 25 817 |
|-------------------|--------|--------|

#### 14.3 Other income

|                                        |              |              |
|----------------------------------------|--------------|--------------|
| Other exchange transactions            | 105          | 110          |
| Patent Corporation Treaty (PCT) income | 55           | 46           |
| Recognition of customer balances       | 9 766        | 8 593        |
|                                        | <b>9 926</b> | <b>8 749</b> |

The amount included in revenue arising from non-exchange transactions is as follows:

#### 14.4 Annual return fees

Annual return fees\* 437 943 431 623

\*Included in annual return fees are penalties levied for returns submitted more than 30 days after the due date.

### 15. AUDIT FEES

|                                          |              |              |
|------------------------------------------|--------------|--------------|
| External audit fees - Regulatory audit   | 4 990        | 5 438        |
| Internal audit fees (Co-sourced portion) | 906          | 471          |
|                                          | <b>5 896</b> | <b>5 909</b> |

### 16. CONSULTING AND PROFESSIONAL FEES

|                                                                      |               |               |
|----------------------------------------------------------------------|---------------|---------------|
| Specialist information technology consultants, licences and services | 65 682        | 68 669        |
| Management consultants                                               | 9 971         | 14 138        |
|                                                                      | <b>75 653</b> | <b>82 807</b> |

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 17. DEPRECIATION AND AMORTISATION

|                                   |               |               |
|-----------------------------------|---------------|---------------|
| Computer equipment                | 9 318         | 8 842         |
| Office furniture and equipment    | 758           | 911           |
| Leasehold Improvements            | 11            | 34            |
| Amortisation of intangible assets | 12 168        | 10 354        |
|                                   | <b>22 255</b> | <b>20 141</b> |

### 18. EMPLOYEE COSTS

|                                    |                |                |
|------------------------------------|----------------|----------------|
| Salary                             | 280 731        | 270 986        |
| Pension contributions              | 27 622         | 26 023         |
| Medical contributions              | 12 842         | 13 778         |
| Service bonus                      | 12 745         | 12 126         |
| Performance bonus                  | 16 519         | 15 123         |
| Other benefits                     | 11 217         | 11 457         |
| Skills Development Levy            | 3 169          | 3 065          |
| Group life cover                   | 2 186          | 1 718          |
| Overtime and production allowances | 418            | 352            |
| Long-service bonus                 | 1 908          | 1 977          |
| Internships                        | 8 044          | 8 639          |
|                                    | <b>377 401</b> | <b>365 244</b> |

### 19. OPERATING LEASE CHARGES

|                          |               |               |
|--------------------------|---------------|---------------|
| Offsite storage facility | 5 348         | 11 601        |
| Premises                 | 24 980        | 25 041        |
| Equipment                | 1 391         | 1 086         |
|                          | <b>31 719</b> | <b>37 728</b> |

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 20. OTHER OPERATING EXPENSES

|                                         |               |               |
|-----------------------------------------|---------------|---------------|
| Agency support staff                    | 55            | 34            |
| Audit and Risk committee fees           | 1 081         | 1 042         |
| Bursaries                               | 931           | 1 294         |
| Communication and postage               | 8 785         | 10 073        |
| Conferences and venues                  | 1 077         | 1 130         |
| Derecognition of assets - Refer note 22 | 64            | 376           |
| Entertainment and refreshments          | 54            | 39            |
| Flowers                                 | 10            | 5             |
| Insurance and courier services          | 149           | 3             |
| Legal fees                              | 4 309         | 2 396         |
| Membership fees                         | 369           | 135           |
| Resettlement costs                      | 14            | 21            |
| Security and cleaning                   | 2 772         | 1 911         |
| Training                                | 449           | 713           |
|                                         | <b>20 119</b> | <b>19 172</b> |

### 21. PUBLICATIONS, PRINTING AND STATIONERY

|                           |              |            |
|---------------------------|--------------|------------|
| Publications and printing | 569          | 7          |
| Stationery                | 759          | 979        |
|                           | <b>1 328</b> | <b>986</b> |

### 22. DERECOGNITION OF ASSETS

|                    |           |            |
|--------------------|-----------|------------|
| Computer equipment | 59        | 1          |
| Computer software  | 5         | 375        |
|                    | <b>64</b> | <b>376</b> |

#### Computer equipment

##### 2023

Relates to the carrying value of Computer Equipment which were stolen due to a burglary at the CIPC head office storeroom. The theft was reported to the South African Police Service.

##### 2022

Relates to the carrying value of two PC's which were stolen due to a burglary at the Bloemfontein service centre, and one stolen from the CIPC head office.

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 22. DERECOGNITION OF ASSETS (continued)

#### Computer software

##### 2023

Software with a net book value of R5 thousand and an original cost of R1,3 million were derecognised as no future economic benefits or service potential were expected from its use.

##### 2022

Software with a net book value of R375 thousand and an original cost of R6,4 million were derecognised as no future economic benefits or service potential were expected from its use.

Included in the amount is software with a net book value of R357 thousand at year-end which was replaced by new versions.

### 23. TRANSFER TO NATIONAL REVENUE FUND

|                                                 |           |           |
|-------------------------------------------------|-----------|-----------|
| Transfers to the National Revenue Fund declared | (197 316) | (126 777) |
|-------------------------------------------------|-----------|-----------|

#### March 2023

##### 2021/22 surplus

The CIPC submitted an application to the National Treasury to retain its surplus for the 2022/2023 financial year in terms of section 53(3) of the PFMA and section 6 of the National Treasury Instruction No. 12 of 2020/2021.

#### Instruction by National Treasury to surrender funds

Subsequent to year-end, the CIPC transferred R197,316 million of its accumulated surplus to the National Treasury as per instruction received from it. The transfer was declared and payment was effected during the 2022/23 financial year.

#### March 2022

##### 2020/21 surplus

The CIPC submitted an application to the National Treasury to retain its surplus for the 2020/2021 financial year in terms of section 53(3) of the PFMA and section 6 of the National Treasury Instruction No. 6 of 2017/2018.

#### Instruction by National Treasury to surrender funds

Subsequent to year-end, the CIPC transferred R126,8 million of its accumulated surplus to the National Treasury as per instruction received from it. The transfer was declared and payment was effected during the 2021/22 financial year.

## Notes to the Annual Financial Statements

|                                                  | 2023<br>R'000  | 2022<br>R'000  |
|--------------------------------------------------|----------------|----------------|
| <b>24. CASH GENERATED FROM OPERATIONS</b>        |                |                |
| Surplus                                          | 131 465        | 114 180        |
| <b>Adjustments for:</b>                          |                |                |
| Depreciation and amortisation                    | 22 255         | 20 141         |
| Loss / (Gain) on disposal of assets              | (7)            | 336            |
| Bad debts written off                            | 27             | 76             |
| Movements in operating lease assets and accruals | (1 169)        | 1 307          |
| Movements in retirement benefit liabilities      | (748)          | 1 512          |
| Movements in provisions - Employee costs         | (955)          | 408            |
| Derecognition of assets                          | 64             | 376            |
| Purchase of intangible assets not yet paid for   | (797)          | -              |
| Changes in working capital:                      |                |                |
| Receivables from exchange transactions           | (250)          | 288            |
| Prepayments                                      | (11 539)       | 9 264          |
| Payables from exchange transactions              | (30 843)       | 23 937         |
| Payables from customer deposits - Annual returns | 308            | 9 209          |
|                                                  | <b>107 811</b> | <b>181 034</b> |

## 25. KEY MANAGEMENT EMOLUMENTS

### Executive

#### 2023

| Name                     | Designation                                                       | Emoluments    | Long service | Travel    | Performance | Total         |
|--------------------------|-------------------------------------------------------------------|---------------|--------------|-----------|-------------|---------------|
| Adv Rory Voller          | Commissioner                                                      | 2 488         | 20           | 11        | -           | 2 519         |
| Ms Hamida Fakira-du Toit | Executive Manager: Corporate Services                             | 1 993         | -            | -         | 76          | 2 069         |
| Mr Lungile Dukwana       | Chief Strategy Executive                                          | 1 972         | -            | -         | 101         | 2 073         |
| Mr Muhammed Jasat        | Chief Financial Officer                                           | 1 685         | 5            | -         | 125         | 1 815         |
| Mr Phineas Mogale        | Executive Manager: Business Intelligence; Appointed 01 April 2021 | 2 125         | -            | -         | 81          | 2 206         |
| Mr Mpho Mathose          | Chief Audit Executive                                             | 1 564         | -            | -         | 115         | 1 679         |
| Ms Nomonde Maimela       | Executive Manager: Innovation and Creativity                      | 2 273         | -            | 1         | 117         | 2 391         |
| Ms Bathabile Kapumha     | Divisional Manager: Risk, Governance and Compliance               | 1 753         | -            | -         | 90          | 1 843         |
|                          |                                                                   | <b>15 853</b> | <b>25</b>    | <b>12</b> | <b>705</b>  | <b>16 595</b> |

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 25. KEY MANAGEMENT EMOLUMENTS (continued)

#### 2022

| Name                     | Designation                                                               | Emoluments    | Long service | Travel   | Performance | Total         |
|--------------------------|---------------------------------------------------------------------------|---------------|--------------|----------|-------------|---------------|
| Adv Rory Voller          | Commissioner                                                              | 2 403         | -            | 4        | -           | 2 407         |
| Ms Hamida Fakira-du Toit | Executive Manager: Corporate Services                                     | 1 963         | -            | -        | 74          | 2 037         |
| Mr Lungile Dukwana       | Chief Strategy Executive                                                  | 1 898         | -            | -        | 98          | 1 996         |
| Mr Muhammed Jasat        | Chief Financial Officer                                                   | 1 613         | -            | -        | 83          | 1 696         |
| Mr Andre Kritzing        | Executive Manager: Business Intelligence - contract ended 18 January 2021 | -             | -            | -        | 63          | 63            |
| Mr Phineas Mogale        | Executive Manager: Business Intelligence; Appointed 01 April 2021         | 1 872         | -            | -        | -           | 1 872         |
| Mr Mpho Mathose          | Chief Audit Executive                                                     | 1 483         | 5            | -        | 55          | 1 543         |
| Ms Nomonde Maimela       | Executive Manager: Innovation and Creativity                              | 2 188         | -            | -        | 83          | 2 271         |
| Ms Bathabile Kapumha     | Divisional Manager: Risk, Governance and Compliance                       | 1 686         | 5            | -        | 87          | 1 778         |
|                          |                                                                           | <b>15 106</b> | <b>10</b>    | <b>4</b> | <b>543</b>  | <b>15 663</b> |

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 26. OPERATING LEASE COMMITMENTS

| March 2023                                    | 0-1 Years     | 2-5 Years      | 5 years plus  | Total          |
|-----------------------------------------------|---------------|----------------|---------------|----------------|
| The dtic Campus - Office                      | 17 165        | 77 684         | -             | 94 849         |
| The dtic Campus - Parking                     | 98            | -              | -             | 98             |
| Hollard Street: Johannesburg                  | 655           | 282            | -             | 937            |
| Norton Rose House: Cape Town                  | 385           | -              | -             | 385            |
| Suncardia Mall: Pretoria                      | 345           | -              | -             | 345            |
| AGS Records Management - Offsite file storage | 6 695         | 26 780         | 22 530        | 56 005         |
| Iron mountain - Backup storage facility       | 105           | 511            | -             | 616            |
| Dido - Printers                               | 1 427         | 605            | -             | 2 032          |
|                                               | <b>26 875</b> | <b>105 862</b> | <b>22 530</b> | <b>155 267</b> |

| March 2022                                    | 0-1 Years     | 2-5 Years     | 5 years plus  | Total         |
|-----------------------------------------------|---------------|---------------|---------------|---------------|
| The dtic Campus - Office                      | 24 522        | -             | -             | 24 522        |
| The dtic Campus - Parking                     | 74            | -             | -             | 74            |
| Hollard Street: Johannesburg                  | 606           | 937           | -             | 1 543         |
| Norton Rose House: Cape town                  | 358           | 377           | -             | 735           |
| Suncardia Mall: Pretoria                      | 388           | 345           | -             | 733           |
| AGS Records Management - Offsite file storage | 6 695         | 26 780        | 27 826        | 61 301        |
| Iron Mountain - Backup storage facility       | 63            | -             | -             | 63            |
| Dido - Printers                               | 1 365         | 2 032         | -             | 3 397         |
|                                               | <b>34 071</b> | <b>30 471</b> | <b>27 826</b> | <b>92 368</b> |

#### The dtic Campus - Office

The offices are based at 77 Meintjies Street, in Sunnyside, Pretoria. The lease term is five years from 01 April 2023 to 31 March 2028. The lease rental escalates at the Consumer Price Index rate annually. A CPI rate of five percent was used to calculate the annual increase and future commitments.

#### The dtic Campus - Parking

Relates to the lease of parking bays at the dtic campus. The lease term is 24 months from 01 August 2021 to 31 July 2023. The lease rental escalates at 6% per annum.

#### Hollard Street: Johannesburg - Offices

The offices are based in Hollard Street, Johannesburg. The lease term is three years from 01 September 2021 to 31 August 2024. The lease rental escalates at 8% per annum.

#### Norton Rose House: Cape Town - Offices

The office is based at Norton Rose House, Cape Town. The lease term is three years from 01 April 2021 to 31 March 2024 and escalates at 5.5% per annum.

#### Suncardia Mall: Pretoria - Offices

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

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 26. OPERATING LEASE COMMITMENTS (continued)

#### AGS Records Management - Offsite file storage

The lease is for an off-site file storage facility. The lease term is ten years from 21 July 2021 to 20 July 2031. The commitment is based on the maximum estimated storage space which may be utilised by the CIPC, with the expense based on the actual storage space utilised and which results in differing monthly costs.

#### Iron Mountain - Backup storage facility

The lease is for a backup storage facility. The lease term is five years from 09 March 2023 to 08 March 2028. The lease rental escalates at 8% per annum.

#### Dido - Printers

Relates to a lease for printers at the CIPC offices in Pretoria. The lease term is three years from 01 September 2021 to 31 August 2024. The lease rental escalates at 4.5% per annum.

### 27. TAXATION

#### Income tax

The entity is not liable for income tax in terms of section 10(1)(a) of the Income Tax Act, as amended.

#### Value-added tax

The entity is exempt from value-added taxation in terms of a Tax Authorities' directive.

### 28. CONTINGENCIES

#### Contingent liabilities

|                            |         |         |
|----------------------------|---------|---------|
| <b>Accumulated surplus</b> | 385 725 | 510 308 |
|----------------------------|---------|---------|

In terms of section 53(3) of the PFMA, the entity at the end of the financial year needs to declare any surplus to the National Treasury. The National Treasury may apply such surplus to reduce any proposed allocation to the entity; or require that all or part of it be deposited in the Exchequer bank account.

#### Surplus for 2022/23

A declaration of the cash surplus as at 31 March 2022 will be submitted to the National Treasury, together with an application to retain such surpluses in terms of section 53(3) of the PFMA and National Treasury instruction No 12 of 2020/2021.

#### Surplus for 2021/22

A declaration of the cash surplus as at 31 March 2022 was submitted to the National Treasury, together with an application to retain such surpluses in terms of section 53(3) of the PFMA and National Treasury instruction No 12 of 2020/2021.

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 29. PLANNED CAPITAL PROGRAMMES

The following capital programmes were approved and contracted:

#### Head Office

|                     |               |               |
|---------------------|---------------|---------------|
| Computer equipment  | 3 815         | 4 614         |
| Software investment | 14 485        | 20 348        |
|                     | <b>18 300</b> | <b>24 962</b> |

The following capital programmes were approved but not yet contracted:

#### Head Office and Self-service centres

|                                                                                |               |              |
|--------------------------------------------------------------------------------|---------------|--------------|
| Furniture and equipment                                                        | 6 700         | 690          |
| Leasehold improvements - Head office and Self-service centres                  | 300           | 500          |
| Investment in ICT systems for improved service delivery: Hardware and Software | 41 465        | 8 450        |
|                                                                                | <b>48 465</b> | <b>9 640</b> |

### 30. PATENT CORPORATION TREATY (PCT) TRUST ACCOUNT

Funds held in trust to which the entity is not entitled, are accounted for separately and deposited into a separate bank account.

|               |     |     |
|---------------|-----|-----|
| PCT creditors | 301 | 252 |
|---------------|-----|-----|

Funds received from South African clients to be paid to the World Intellectual Property Organisation (WIPO) and the International Searching Authority (ISA).

|                                 |     |     |
|---------------------------------|-----|-----|
| Balance in the PCT bank account | 301 | 252 |
|---------------------------------|-----|-----|

### 31. RISK MANAGEMENT

#### Financial risk management

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

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

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 31. RISK MANAGEMENT (continued)

#### Liquidity risk

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

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and cash flow forecasts.

| March 2023                               | Carrying amount | Total cash flow | Contracted cash flow within 1 year | Contractual cash flow 2-5 years |
|------------------------------------------|-----------------|-----------------|------------------------------------|---------------------------------|
| Payables from exchange transactions      | 19 786          | 19 786          | 19 786                             | -                               |
| Payables from customer deposits received | 130 891         | 130 891         | 130 891                            | -                               |
|                                          | <b>150 677</b>  | <b>150 677</b>  | <b>150 677</b>                     | <b>-</b>                        |

| March 2022                               | Carrying amount | Total cash flow | Contracted cash flow within 1 year | Contractual cash flow 2-5 years |
|------------------------------------------|-----------------|-----------------|------------------------------------|---------------------------------|
| Payables from exchange transactions      | 50 630          | 50 630          | 50 630                             | -                               |
| Payables from customer deposits received | 130 583         | 130 583         | 130 583                            | -                               |
|                                          | <b>181 213</b>  | <b>181 213</b>  | <b>181 213</b>                     | <b>-</b>                        |

#### Credit risk

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

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

#### Exposure to credit risk

|                                        |                |                |
|----------------------------------------|----------------|----------------|
| Cash and cash equivalents*             | 585 363        | 690 359        |
| Prepayments                            | 27 081         | 15 542         |
| Receivables from exchange transactions | 1 384          | 1 162          |
|                                        | <b>613 828</b> | <b>707 063</b> |

\* Included is an amount of R554,5 million (2022: R600 million) invested in a call account at the South African Reserve Bank.

#### Concentration of credit risk

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

| March 2023                             | *Ba2 and Government | Unrated       |
|----------------------------------------|---------------------|---------------|
| Cash and cash equivalents              | 585 363             | -             |
| Prepayments                            | -                   | 27 081        |
| Receivables from exchange transactions | -                   | 1 384         |
|                                        | <b>585 363</b>      | <b>28 465</b> |

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 31. RISK MANAGEMENT (continued)

#### March 2022

|                                        | *Ba2 and<br>Government | Unrated       |
|----------------------------------------|------------------------|---------------|
| Cash and cash equivalents              | 690 359                | -             |
| Prepayments                            | -                      | 15 542        |
| Receivables from exchange transactions | -                      | 1 162         |
|                                        | <b>690 359</b>         | <b>16 704</b> |

Ageing of financial assets

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

#### March 2023

|                                        | Neither past<br>due nor<br>impaired | Past due but<br>not impaired<br>less than 12<br>months | Past due but<br>not impaired<br>more than 12<br>months | Carrying value |
|----------------------------------------|-------------------------------------|--------------------------------------------------------|--------------------------------------------------------|----------------|
| Cash and cash equivalents              | 585 363                             | -                                                      | -                                                      | 585 363        |
| Prepayments                            | 27 081                              | -                                                      | -                                                      | 27 081         |
| Receivables from exchange transactions | -                                   | 1 384                                                  | -                                                      | 1 384          |
|                                        | <b>612 444</b>                      | <b>1 384</b>                                           | <b>-</b>                                               | <b>613 828</b> |

#### March 2022

|                                        | Neither past<br>due nor<br>impaired | Past due but<br>not impaired<br>less than 12<br>months | Past due but<br>not impaired<br>more than 12<br>months | Carrying value |
|----------------------------------------|-------------------------------------|--------------------------------------------------------|--------------------------------------------------------|----------------|
| Cash and cash equivalents              | 690 359                             | -                                                      | -                                                      | 690 359        |
| Prepayments                            | 15 542                              | -                                                      | -                                                      | 15 542         |
| Receivables from exchange transactions | -                                   | 1 162                                                  | -                                                      | 1 162          |
|                                        | <b>705 901</b>                      | <b>1 162</b>                                           | <b>-</b>                                               | <b>707 063</b> |

#### Market risk

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

#### Interest rate risk

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

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

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 31. RISK MANAGEMENT (continued)

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

| March 2023                | Change in interest rate | Increase in the surplus for the year upward change | Decrease in the surplus for the year downward change |
|---------------------------|-------------------------|----------------------------------------------------|------------------------------------------------------|
| Cash and cash equivalents | 1 %                     | 6 362                                              | (6 302)                                              |
| March 2022                | Change in interest rate | Increase in the surplus for the year upward change | Decrease in the surplus for the year downward change |
| Cash and cash equivalents | 1 %                     | 6 555                                              | (6 495)                                              |

### 32. RELATED PARTY TRANSACTIONS

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

| Department of Trade, Industry and Competition (the dtic) | Transactions 31 March 2023 | Balance due as at 31 March 2023 | Transactions 31 March 2022 | Balance due as at 31 March 2022 |
|----------------------------------------------------------|----------------------------|---------------------------------|----------------------------|---------------------------------|
| <b>Expenses</b>                                          |                            |                                 |                            |                                 |
| Lease of building                                        | 24 522                     | 2 044                           | 22 293                     | 1 857                           |
| Telephone costs                                          | 636                        | -                               | 1 150                      | 264                             |
| Internet costs                                           | 1                          | -                               | 1                          | -                               |
| Subtotal                                                 | 25 159                     | 2 044                           | 23 444                     | 2 121                           |
|                                                          | <b>25 159</b>              | <b>2 044</b>                    | <b>23 444</b>              | <b>2 121</b>                    |

#### The dtic group

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

#### Income (Disclosure of information)

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

| Name                                                 | Relationship             |
|------------------------------------------------------|--------------------------|
| Department of Trade, Industry and Competition (dtic) | Member of the dtic group |
| BBBEE Commission                                     | Member of the dtic group |
| Companies Tribunal                                   | Member of the dtic group |
| Competition Commission                               | Member of the dtic group |
| Export Credit Insurance Corporation of South Africa  | Member of the dtic group |
| Industrial Development Corporation                   | Member of the dtic group |
| International Trade Administration Commission        | Member of the dtic group |
| National Consumer Commission (NCC)                   | Member of the dtic group |
| National Consumer Tribunal (NCT)                     | Member of the dtic group |
| National Credit Regulator (NCR)                      | Member of the dtic group |

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 32. RELATED PARTY TRANSACTIONS (continued)

| Name                                                                  | Relationship                  |
|-----------------------------------------------------------------------|-------------------------------|
| National Empowerment Fund (NEF)                                       | Member of the dtic group      |
| National Gambling Board (NGB)                                         | Member of the dtic group      |
| National Lotteries Commission (NLC)                                   | Member of the dtic group      |
| National Metrology Institute of South Africa                          | Member of the dtic group      |
| National Regulator for Compulsory Specifications (NRCS)               | Member of the dtic group      |
| South African Bureau of Standards (SABS)                              | Member of the dtic group      |
| South African National Accreditation System (SANAS)                   | Member of the dtic group      |
| Community Schemes Ombud Service (CSOS)                                | National sphere of government |
| Compensation Fund (WCA)                                               | National sphere of government |
| Co-operative Bank Development Agency (CBDA)                           | National sphere of government |
| Cross Border Road Transport Agency                                    | National sphere of government |
| Department of Agriculture, Land Reform and Rural Development          | National sphere of government |
| Department of Economic Development, Tourism and Environmental Affairs | National sphere of government |
| Department of International Relations and Co-operation - DIRCO        | National sphere of government |
| Department of Justice (National and Provincial)                       | National sphere of government |
| Department of Planning, Monitoring and Evaluation                     | National sphere of government |
| Department of Public Enterprise                                       | National sphere of government |
| Department of Science and Technology (DST) / National Intelligence    | National sphere of government |
| Property Management Office (NIPMO)                                    | National sphere of government |
| Department of Sport, Arts and Culture (DSAC)                          | National sphere of government |
| Department of the Premier – Free State province                       | National sphere of government |
| Department of Independent Police Investigative Directorate            | National sphere of government |
| Department of Co-operative Governance                                 | National sphere of government |
| Department of Economic Development (National and Provincial)          | National sphere of government |
| Department of Environmental Affairs                                   | National sphere of government |
| Department of Health - Western Cape                                   | National sphere of government |
| Department of Home Affairs Department of Human Settlements            | National sphere of government |
| Department of Infrastructure Development                              | National sphere of government |
| Department of Labour                                                  | National sphere of government |
| Department of Mineral Resources - DMR                                 | National sphere of government |
| Department of Public Service and Administration                       | National sphere of government |
| Department of Public Works                                            | National sphere of government |
| Department of Rural Development and Land Reform                       | National sphere of government |
| Department of Small Business Development (DSBD)                       | National sphere of government |
| Department of Social Development                                      | National sphere of government |
| Department of Tourism                                                 | National sphere of government |
| Department of Traditional Affairs                                     | National sphere of government |
| Department of Transport                                               | National sphere of government |
| Department of Water and Sanitation                                    | National sphere of government |

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 32. RELATED PARTY TRANSACTIONS (continued)

| Name                                                             | Relationship                  |
|------------------------------------------------------------------|-------------------------------|
| Development Bank of SA                                           | National sphere of government |
| Directorate for Priority Crime investigations                    | National sphere of government |
| Durban Chamber of Commerce and Industry (DCCI)                   | National sphere of government |
| Eastern Cape Liquor Board                                        | National sphere of government |
| E-Government                                                     | National sphere of government |
| Film & Publication Board                                         | National sphere of government |
| Financial Reporting Standards Council                            | National sphere of government |
| Financial Sector Conduct Authority (FSCA)                        | National sphere of government |
| Free State Development Corporation (FDC )                        | National sphere of government |
| Gauteng Department of Infrastructure Development                 | National sphere of government |
| Gauteng Growth and Development Agency – InvestSA (GGDA)          | National sphere of government |
| Gauteng Provincial Government                                    | National sphere of government |
| Gauteng Provincial Legislature                                   | National sphere of government |
| Government Printing Works                                        | National sphere of government |
| InvestSA – Western Cape                                          | National sphere of government |
| Johannesburg Stock Exchange                                      | National sphere of government |
| Judicial Commission of Inquiry into Allegations of State Capture | National sphere of government |
| KwaZulu-Natal Provincial Legislature                             | National sphere of government |
| Limpopo Economic Development Agency                              | National sphere of government |
| Limpopo Provincial Legislature                                   | National sphere of government |
| Medicines Patent Pool Foundation (MPP )                          | National sphere of government |
| SA Social Security Agency - National and Provincial (SASSA)      | National sphere of government |
| National Home Builders Registration Council                      | National sphere of government |
| National Nuclear Regulator (NNR)                                 | National sphere of government |
| National Prosecuting Authority (NPA)                             | National sphere of government |
| National Small Business Chamber                                  | National sphere of government |
| National Treasury (National and Provincial)                      | National sphere of government |
| North West Development Corporation                               | National sphere of government |
| North West Provincial Legislature                                | National sphere of government |
| Office of the President                                          | National sphere of government |
| Parliament of the Republic of South Africa                       | National sphere of government |
| Payment Association of South Africa (PASA)                       | National sphere of government |
| Pension Fund Adjudicator (PFA)                                   | National sphere of government |
| Private Security Industry Regulatory Authority (PSIRA)           | National sphere of government |
| Proudly South African (PSA)                                      | National sphere of government |
| Road Accident Fund (RAF)                                         | National sphere of government |
| Road Traffic Management Corporation (RTMC)                       | National sphere of government |
| SA Reserve Bank (SARB)                                           | National sphere of government |
| SA Revenue Services (SARS)                                       | National sphere of government |

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 32. RELATED PARTY TRANSACTIONS (continued)

| Name                                                | Relationship                  |
|-----------------------------------------------------|-------------------------------|
| SA Social Security Agency (SASSA)                   | National sphere of government |
| Small Enterprise Development Agency                 | National sphere of government |
| South African National Accreditation System (SANAS) | National sphere of government |
| South African Police Service (SAPS)                 | National sphere of government |
| South African Post Office (SAPO)                    | National sphere of government |
| State Institute Technology Agency (SITA)            | National sphere of government |
| State Security Agency (SSA)                         | National sphere of government |
| Statistics SA                                       | National sphere of government |
| Technology Innovation Agency                        | National sphere of government |
| Trade and Investment KwaZulu Natal - TIKZN          | National sphere of government |
| Transnet Enterprise Development Hub                 | National sphere of government |
| Transnet Mega Hub – Richards Bay                    | National sphere of government |
| Unemployment Insurance Fund                         | National sphere of government |
| West Coast Business Development Centre (WCBDC)      | National sphere of government |
| Western Cape Provincial Parliament                  | National sphere of government |
| ZADNA Domain Name Authority                         | National sphere of government |

Transactions with key management

The total remuneration of key management is included in employees' remuneration (refer to note 25 for Executive Management's remuneration).

### 33. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

|                                    |   |   |
|------------------------------------|---|---|
| Irregular expenditure              | - | - |
| Fruitless and wasteful expenditure | - | - |

No instances of irregular expenditure were identified during the current and prior year.

No losses have occurred during the current and prior financial year due to fruitless or wasteful expenditure.

The National Treasury Instruction Number 4 of 2022/2023, effective 03 January 2023, resulted in a change to the disclosure requirements of Irregular, Fruitless and Wasteful expenditure.

### 34. GIFTS AND DONATIONS

The acceptance or granting of a gift, donation or sponsorship is managed in terms of Section 76 of the Public Finance Management Act, 1999 (Act 1 of 1999). Gifts and donations received by employees during the year under review were: No gifts or donations were granted by CIPC to external parties during the current and previous financial year.

|                                         |   |   |
|-----------------------------------------|---|---|
| Smaller gifts received by staff members | 5 | - |
|-----------------------------------------|---|---|

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 35. RECONCILIATION BETWEEN BUDGET AND CASH FLOW STATEMENT

Reconciliation of budget surplus with the net cash generated from operating, investing and financing activities:

#### Operating activities

|                                                    |                |                |
|----------------------------------------------------|----------------|----------------|
| Actual amount as presented in the budget statement | 131 465        | 114 180        |
| Basis differences                                  | (23 654)       | 66 854         |
| <b>Net cash flows from operating activities</b>    | <b>107 811</b> | <b>181 034</b> |

#### Investing activities

|                                                    |                 |                 |
|----------------------------------------------------|-----------------|-----------------|
| Actual amount as presented in the budget statement | (16 377)        | (26 230)        |
| Basis differences                                  | 886             | 198             |
| <b>Net cash flows from investing activities</b>    | <b>(15 491)</b> | <b>(26 032)</b> |

#### Financing activities

|                                                                              |                  |               |
|------------------------------------------------------------------------------|------------------|---------------|
| Timing differences                                                           | (197 316)        | (126 777)     |
| <b>Net cash generated from operating, investing and financing activities</b> | <b>(104 996)</b> | <b>28 225</b> |

### 36. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

Reconciliation of the actual expenditure per the Statement of comparison of Budget and Actual Amounts to the Statement of Financial Performance:

#### Operational expenditure

|                                  |                |                |
|----------------------------------|----------------|----------------|
| Bank charges                     | 4 708          | 4 915          |
| Communication and postage        | 8 785          | 10 073         |
| Consulting and professional fees | 75 653         | 82 807         |
| Internet and network costs       | 1 227          | 3 745          |
| Membership fees                  | 369            | 135            |
| Operating lease charges          | 31 719         | 37 728         |
| Resettlement cost                | 14             | 21             |
|                                  | <b>122 475</b> | <b>139 424</b> |

## Notes to the Annual Financial Statements

|  | 2023  | 2022  |
|--|-------|-------|
|  | R'000 | R'000 |

### 36. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE (continued)

#### Other administrative expenditure

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| Advertising                           | 1 638         | 880           |
| Agency support staff                  | 55            | 34            |
| Audit and risk committee fees         | 1 081         | 1 042         |
| Audit fees                            | 5 896         | 5 909         |
| Bursaries                             | 931           | 1 294         |
| Conferences and venues                | 1 077         | 1 130         |
| Entertainment and refreshments        | 54            | 39            |
| Flowers                               | 10            | 5             |
| Insurance and courier services        | 149           | 3             |
| Legal fees                            | 4 309         | 2 396         |
| Maintenance and repairs               | 800           | 896           |
| Publications, printing and stationery | 1 328         | 986           |
| Security and cleaning                 | 2 772         | 1 911         |
| Training                              | 449           | 713           |
| Travelling and subsistence            | 2 113         | 930           |
|                                       | <b>22 662</b> | <b>18 168</b> |

### 37. PRIOR PERIOD ERROR

During the current financial year, it was discovered that communication and postage expenditure amounting to R1,1 million relating to the prior year was under accrued.

The financial impact of the error amounts to R1,1 million included in 2022/23 expenses instead of the 2021/22 expenditure. Management decided not to restate the prior year financial figures as the amount of the error is below the organisational materiality.

### 38. EVENTS AFTER REPORTING THE DATE

Management is not aware of any matters or circumstances as at the end of the financial year, not otherwise dealt within the annual financial statements, that significantly affects the financial position of the CIPC or the results of its operations.

### 39. GOING CONCERN

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



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