

# Disclosure of Director Remuneration

– CIPC Notice 38 of 2020

September 2020

All companies that are required to have their annual financial statements (AFS) audited and those that have their AFS voluntarily audited in terms of Section 30(2) of the Companies Act 71 of 2008, shall disclose directors' or prescribed officers' remuneration and other benefits paid, payable or receivable as per Section 30 (4)(5)(6) of the Act.

**The Companies and Intellectual Property Commission (CIPC) has issued notice 38 of 2020 to clarify the requirement of the disclosure of director remuneration in terms of the Companies Act.**

## Overview

Section 30(4) of the Companies Act, Act 71 of 2008 requires the disclosure of directors' and prescribed officers' remuneration in the annual financial statements. This disclosure must be provided per individual and must include all remuneration received by that individual for their services provided to all group entities.

In terms of section 30(5), the disclosure must show the **amount of any remuneration or benefits paid to or receivable by persons** in respect of:

- services rendered as **directors or prescribed officers** of the company; or
- services rendered while being **directors or prescribed officers** of the company:
  - as directors or prescribed officers of any other company within the same group of companies; or
  - otherwise in connection with the carrying on of the affairs of the company or any other company within the same group of companies.

**Note:** Refer to the tip issued in **March 2019** regarding the disclosure of directors' remuneration for group perspective

## What is defined as remuneration in terms of the Act?

The definition of **remuneration** includes:

- ❖ fees paid to directors for services rendered by them to or on behalf of the company, including any amount paid to a person in respect of the person's accepting the office of director
- ❖ salary, bonuses and performance-related payments
- ❖ expense allowances, to the extent that the director is not required to account for the allowance
- ❖ contributions paid under any pension scheme
- ❖ the value of any option or right given directly or indirectly to a director, past director or future director, or person related to any of them

- ❖ financial assistance to a director, past director or future director, or person related to any of them, for the subscription of shares
- ❖ any loan or other financial assistance by the company to a director, past director or future director, or a person related to any of them, or any loan made by a third party to any such person

## Which companies are required to disclose this information – as clarified by CIPC?

- **Statutory audits** in terms of the Companies Act
- **Voluntary** audits.

**Note: Applicable to ALL companies whose AFS are audited**

## Disclosure

### Incorrect disclosure (R'000)

	2020	2019
Directors remuneration	R5 000	R4 000

	2020	2019
Director A	R2 000	R2 500
Director B	R3 000	R1 500

### Correct disclosure (R'000)

	Services to company	Services to other group companies	Other benefit and allowances	Pension paid or payable	Total emoluments
Name of Director A	R3 000	R1 000	R500	R500	R 5 000
Name of Director B	R2 500	R 500	R750	R250	R4 000
<b>2020 Total</b>	<b>R5 500</b>	<b>R1 500</b>	<b>R1 250</b>	<b>R750</b>	<b>R9 000</b>

Where **no remuneration** was paid, a note to the financial statements is still required indicating that no payments were made to the directors