

BEE Element	Code	Element Weighting		Indicator	Indicator Weighting		Compliance Target			
		Generic	CA Sector		Generic	CA Sector	Generic	CA Sector	Generic	CA Sector
Employment Equity	300	15	20	• Black Disabled Employees as a percentage of all Employees using the adjusted recognition for gender	2	2	2%	2%	3%	3%
				• Black Employees in Senior Management as a percentage of all such Employees using the adjusted recognition for gender	5	6	43%	40%	60%	50%
				• Black Employees in middle Management as a percentage of all such Employees using the adjusted recognition for gender	4	6	63%	50%	75%	60%
				• Black Employees in junior Management as a percentage of all such Employees using the adjusted recognition for gender	4	6	68%	60%	80%	70%
				Bonus points Meeting or exceeding the Economically Active Population (EAP) Targets in each category	3	3				
							10 years To 2016			
Skills Development	400	15	20	Skills Development Expenditure on any programme specified in the Learning Programmes Matrix –						
				• for black Employees as a percentage of Leivable Amount using the adjusted recognition for gender	6	6	3%	3%		
				• for black Employees with disabilities as a percentage of Leivable Amount using the adjusted recognition for gender	3	3	0,3%	0,3%		
				Bursary expenditure Specific bursary expenditure on potential black Employees, which includes amounts spent on the Thuthuka Bursary Fund as a percentage of NPAT or turnover	0	5	4% of NPAT or 0,5% of turnover	4% of NPAT or 0,5% of turnover		
Learnerships Number of black Employees participating in learnerships or category B, C and D programmes as a percentage of total Employees using the adjusted recognition for gender	6	6	5%	18%						

	5 years To 2011	10 years To 2016
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BEE Element	Code	Element Weighting		Indicator	Indicator Weighting		Compliance Target	
		Generic	CA Sector		Generic	CA Sector		
Preferential Procurement	500	20	10	<ul style="list-style-type: none"> • B-BBEE procurement spend from all Suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of total measured procurement spend • B-BBEE procurement spend from Qualifying Small Enterprises or Exempted Micro Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of total measured procurement spend • B-BBEE procurement spend from any of the following Suppliers as a percentage of total measured procurement spend <ul style="list-style-type: none"> ○ Suppliers that are 50% black owned ○ Suppliers that are 30% black owned 	12	5	50%	70%
					3	2	10%	15%
					3	2	9%	12%
					2	1	6%	8%
10 years To 2016								
Enterprise Development	600	15	15	Average annual value of all Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of NPAT or turnover	15	15	3% of NPAT or 0,375% of turnover	
Socio-economic Development	700	5	5	Average annual value of all Socio-Economic Development contributions by a Measured Entity as a percentage of NPAT or turnover	5	5	1% of NPAT or 0,125% of turnover	

12.2 APPLICATION OF THE CA SECTOR SCORECARD

Adjusted recognition for women

In a number of the Elements of the Scorecard, the indicators are adjusted to take into account the participation of black women. In each case the following formula is used to calculate the adjusted recognition for gender:

$$A = \frac{B}{2} + C$$

C is limited to a maximum of 50% the Target

Where

- A = Adjusted recognition for gender
- B = percentage of Employees in the measurement category that are Black People
- C = percentage of Employees in the measurement category that are black women

12.2.1 THE OWNERSHIP SCORECARD

The ownership Element measures the effective ownership of enterprises (CA sector) by Black People. It is measured on the basis of the following indicator Weightings:

Ownership indicators	Weighting points	Compliance
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	Code	CA sector	Target for 2016
Voting Rights			
• Exercisable Voting Rights in the enterprise in the hands of Black People	3	5	32.5%
• Exercisable Voting Rights in the enterprise in the hands of black women	2	3	10%
Economic Interest			
• Economic Interest of Black People in the enterprise	4	7	32.5%
• Economic Interest of black women in the enterprise	2	3	10%
• Economic Interest of the following black natural people in the enterprise: Black Designated Groups	1	2	2,5%
Realisation Points			
• Ownership Fulfilment	1	0	
• Net Value	7	0	
Bonus points			
Involvement in the ownership of the enterprise of –			
• Black New Entrants	2		10%
• black Participants in	1		10%
○ Employee Ownership Schemes,			
○ Broad-Based Ownership Schemes; or			
○ co-operatives			
Exercisable Voting Rights in the enterprise in the hands of Black People, for having achieved the following Targets:			
• Between 3.5% and 39%; or		1	32.5–39%
• Between 40% and 49%; or		2	40–49%
• 50% or more		3	50% or more

For purposes of the CA sector, indicator Weightings have the following definitions:

Voting Rights

- Voting Rights means a Voting Right attaching to an Equity Instrument owned by or held for a Participant.

Measurement of Voting Rights

$$A = \frac{B}{C} \times D$$

- Where
- A = score achieved by the enterprise for the measured ownership indicator
 - B = percentage that Exercisable Voting Rights in the hands of the category of Participants who are Black People in that enterprise holds to all Voting Rights held by all Participants of that enterprise
 - C = percentage compliance Target for Exercisable Voting Rights for the applicable measured ownership indicator
 - D = Weighting points allocated to the applicable measured ownership indicator

- If an entity gains a score in the formula above that exceeds the Weighting points, that entity will only receive the Weighting points.

Economic Interest

- Economic Interest means a claim against an entity representing a return on ownership of the entity, similar in nature to a dividend right. For the CA Sector it will mean any distribution to a partner or partner equivalent, this includes salaries, drawings and/or profit share paid to partners. Partner equivalent would include all persons who have an equivalent status to a partner per the IRBA rules, this will include individuals who are not necessarily registered accountants per the IRBA rules but are directors in the practice (should these individuals be regarded as partner equivalents).
- Broad-Based Ownership Schemes as defined in the Codes are not expected to be relevant to the CA sector due to the ownership and management constraints brought about by the regulation of the auditing profession. However, it might be applicable to audit firms who have affiliated entities who do have such schemes.

Measurement of Economic Interest

$$A = \frac{B}{C} \times D$$

- Where
- | | | |
|---|---|--|
| A | = | recognisable percentage of black Participants' claim to Economic Interest in the enterprise |
| B | = | percentage that Economic Interest which Participants who fall within the category of Black People in the enterprise holds to all Economic Interest which all Participants of that enterprise holds |
| C | = | percentage compliance Target for Economic Interest for the applicable measured ownership indicator |
| D | = | Weighting points allocated to the applicable measured ownership indicator |

- If an entity gains a score in the formula above that exceeds the Weighting points, that entity will only receive the Weighting points.

Ownership Fulfilment

- Ownership Fulfilment occurs –
 - on the release of all black Participants in a Measured Entity from all Third Party Rights arising from the financing of their transaction with the Measured Entity (this is not likely to be applicable to the CA profession), or
 - if all black Participants in the Entity have never been subject to any such Third Party Rights.
- A score of 7 points for Net Value is a requirement for awarding the Ownership Fulfilment point.

Net Value

- The following formula is used to calculate the deemed Net Value referred to in formulas A and C below:

Calculation of deemed Net Value

$$A = \frac{B - C}{D}$$

- Where
- A = deemed Net Value
 - B = for purposes of formula A or B below, is the value of the Equity Instruments relevant to the calculation, determined on the date of measurement
 - B = for purposes of formula C below, is the value of the Equity Instruments relevant to the calculation, determined on the date of sale or loss
 - C = for purposes of formula A or B below, is the carrying value of any Acquisition Debts of the relevant black Participants on the date of measurement
 - C = for purposes of formula C below, is the carrying value of any Acquisition Debts of the relevant black Participants on the date of sale or loss
 - D = for purposes of formulas A or B and C below, is the value of the Measured Entity on the date of measurement
 - D = for purposes of the exclusion principle, is the value of the measurable portion of the Measured Entity on the date of measurement

- The Net Value points are the lower result of formula A and formula B. For the CA profession Formula A is generally not applicable as there is seldom a purchase of goodwill in professional service firms. Therefore only formula B will be used to calculate this section of the scorecard for the profession.

$$\text{Formula A} \quad A - B \times \left[\frac{1}{32.5\% \times C} \right] \times 7$$

- Where
- A = the score obtained for Net Value
 - B = the deemed Net Value for all black Participants in the Measured Entity determined using the formula for the calculation of Deemed Net Value above
 - C = the time-based graduation factor of the Economic Interest compliance Target outlined below
 - 10% for the first year after the current equity interest date
 - 20% for the second year after the current equity interest date
 - 40% from the first day of the third year after the current equity interest date to the last day of the fourth year after the current equity interest date
 - 60% from the first day of the fifth year after the current equity interest date to the last day of the sixth year after the current equity interest date
 - 80% from the first day of the seventh year after the current equity interest date to the last day of the eighth year after the current equity interest date
 - 100% from the first day of the ninth year after the current equity interest date to the last day of the tenth year after the current equity interest date

$$\text{Formula B} \quad A = \frac{B}{C} \times 7$$

- Where
- A = the score obtained for Net Value
 - B = the percentage Economic Interest in the Measured Entity of black Participants
 - C = the Target for the ownership indicator measuring Economic Interest of Black People in the enterprise

- If an enterprise gains a score which exceeds the Weighting points for Net Value, that entity will only receive the Weighting points.
- Calculation of the recognition of ownership after the sale or loss of shares by black Participants

Formula C $A = B \times C \times D$

- Where
- A = the percentage of rights of ownership that survive the sale of an Equity Instrument by a black Participant
 - B = the percentage of rights of ownership for each of the indicators in the ownership scorecard that were attributable to the black Participant immediately before his or her sale or loss
 - C = the Net Value percentage provided for in the calculation of deemed Net Value above undertaken for the Equity Instruments sold or lost by the black Participant on the date of the sale or loss. The value of the enterprises is measurable as at the date of measurement
 - D = the most recently determined B-BBEE Recognition Level of the Measured Entity which is less than one year old, based on its Generic Scorecard result for all Elements other than ownership determined using statement 000

Bonus points

In terms of the CA sector and based on the specific sectoral characteristics, the bonus points under ownership will be awarded as follows:

	Bonus point	Compliance Target for 2016
Exercisable Voting Rights in the enterprise in the hands of Black People, for having achieved the following Targets:		
• Between 32.5% and 39%; or	1	32.5–39%
• Between 40% and 49%; or	2	40–49%
• 50% or more	3	50% or more

While the bonus points awarded in terms of the CA Sector Code differ from that gazetted in the Codes, it does adhere to the intention of the Codes.

12.2.2 MANAGEMENT CONTROL SCORECARD

The Management Control Element measures the effective control of an enterprise by Black People.

The Management Control Element aims at addressing certain key issues surrounding black Management and control of enterprises. These issues include the following:

- Representation of Black People at executive board level: This provides incentives for the representation of Black People as executive directors, in order to reverse the trend that companies hire Black People as non-executive directors only.
- Involvement of Black People in daily operations and strategic decision making at the most senior level: This Code encourages the inclusion of Black People in driving the implementation of operational and strategic decisions.

Black People represented in positions that are key to the functioning of companies: This Code encourages the employment of Black People in positions that are core to the operations of a company.

The measurement takes place through indicator Weightings which are as follows:

Management Control indicators	Weighting points		Compliance Target for 2016
	Code	CA sector	
Board participation			
• Exercisable Voting Rights of black board members using the adjusted recognition for gender	3	3	50%
• Black executive directors using the adjusted recognition for gender	2	2	50%
Top Management			
• Black Senior Top Management using the adjusted recognition for gender	3	3	40%
• Black other Top Management using the adjusted recognition for gender	2	2	40%
Bonus point			
Black Independent Non-Executive Board Members	1	1	40%

For purposes of the CA sector, indicator Weightings have the following definitions:

Board participation

- Board means the body consisting of persons appointed to undertake the executive management of the enterprise: Their main functions are to design, formulate and implement policy and undertake strategic planning, as well as to plan, direct and co-ordinate the overall policies and activities of the enterprise. These are also the persons responsible for governance of the enterprise as defined in the King Report.
- Board participation refers to the level of control exercised by a person over the decisions of the board. In the CA sector this usually means that the black persons participating in the board have Exercisable Voting Rights that are not subject to any limitation.

Top Management

- Top Management is a collective term for 'other Top Management' despite the fact that the EE Act does not contain these sub-categories.
- The EE Act contains a category for 'Top Management'. However, this is measured under Management Control and NOT under Employment Equity. Thus, if an Employee who is categorised as senior Management as per the EEA9 schedule is included in Top Management under Management, this Employee will not be accounted for under the Measured Entity's Employment Equity Element for the year under measurement.
- In certain instances where Senior Management is included in the calculation of Top Management, the Weightings should be adjusted as follows:
 - Black Senior Top Management 6
 - Black other Top Management 5
 - Senior Management (code 300) 0
- The Target for Top Management will then be adjusted to reflect the ten-year Target for Senior Management under code 300, being 60%.
- Management means those persons who undertake the executive or operational Management of the enterprise, as well as operational implementation which includes directing and coordinating the policies and activities of the enterprise. Within the CA sector, this usually refers to the partners of the enterprise. The Management category can be subdivided into the following, where decision-making level and level of responsibility within the enterprise determine their title:

- In terms of the Code, Senior Top Management positions would include the chief executive officer, the chief operating officer, the chief financial officer and other people holding similar positions.
- For the CA Sector Code, Senior Top Management means Employees of a Measured Entity who are appointed by or on the authority of the board to undertake the day-to-day management, both with regard to general and financial management functions. These persons are actively involved in the development and/or implementation of strategy.
- In terms of the Code, other Top Management positions would include the chief information officer, the heads of marketing, sales, public relations, transformation and human resources as well as other people holding similar positions.
- For the CA Sector Code, other Top Management means Employees of a Measured Entity, other than Senior Top Management, who undertake the day-to-day management and are actively involved in the development and/or implementation of strategy, but limited to their area of responsibility.
- A Measured Entity must use the same data used in its returns filed with the Department of Labour under the EE Act, in calculating its score under the Management Control scorecard. This will not apply where such a Measured Entity is exempt from filing such returns.
- Where a Measured Entity does not distinguish between Top Management and other Top Management, Top Management is measurable as a single indicator with a Weighting of 5 points. It may include its Senior Management in this section. If a Measured Entity adopts this approach then the compliance Targets will be as follows:
 - Years 0–5 43%
 - Years 6–10 60%
- If in practice it is found that certain entities do not have a component of executive directors at all, the points for board participation should be collapsed into one indicator and the Weighting should be adjusted to 5 points and the Target will remain the same at 50% of Exercisable Voting Rights not in the hands of Black People.
- However, if Senior Management is included here, it will not be measured under Employment Equity (see statement 300).
- If Measured Entities do appoint Independent Non-executive Board Members, they are encouraged to appoint persons who do not serve in that capacity for any other Measured Entity.
- The adjusted recognition for gender should be calculated as per paragraph 12.2 and used in the calculations below.

Calculation of Management indicators

$$A = \frac{B}{C} \times D$$

C is limited to a maximum of 50% the Target

Where

A	=	score for the measured Management indicator
B	=	adjusted recognition for gender
C	=	Target for that measurement category
D	=	Weighting for measured indicator

Bonus point

In this section 1 bonus point can be achieved through the percentage that Black People, who are Independent Non-Executive Board Members, constitute of the total number of Independent Non-Executive Board Members. Particularly in the medium and small firms, this is not necessarily applicable to the CA sector.

Measurement of the bonus point

$$A = \frac{B}{C} \times D$$

- Where
- A = score for the Management indicator of the number of black Independent Non-Executive Board Members of the Measured Entity as a percentage of the total number of Independent Non-Executive Board Members of the Measured Entity
 - B = not defined in the Codes, but assumed to be the adjusted recognition for gender
 - C = Target for Independent Non-Executive Board Members of the Measured Entity
 - D = Weighting points

12.2.3 THE EMPLOYMENT EQUITY SCORECARD

The objective is to measure initiatives targeted to achieve equity in respect of all Measured Entities (CA sector) in the workplace in terms of the Act and the EE Act.

The aim of the Employment Equity Element is to address certain key issues surrounding the representation of black Employees as well as black Employees with disabilities, in the workplace.

In order to contribute to the achievement of the vision of the CA Sector Code and based on sound economic principles, sectoral characteristics and empirical research in line with the principles set out in paragraph 11.3, five additional Weighting points were allocated to the Employment Equity scorecard.

In addition the compliance Targets were amended to reflect more realistic targets for the CA sector. This is based on actual trainee and university statistics (see the 'pipeline' statistics in appendix 4), which substantiate that the gazetted Targets cannot realistically be achieved based on 'students' in the pipeline and the time it takes before a student is able to take up a position within the CA sector.

For purposes of this section the indicators and Weightings shall be as follows:

Employment Equity indicators	Weighting points		Compliance Target			
	Code	CA sector	For 2011		For 2016	
			Code	CA sector	Code	CA sector
(a) Black Disabled Employees as a percentage of all Employees using the adjusted recognition for gender	2	2	2%	2%	3%	3%
(b) Black Employees in Senior Management as a percentage of all such Employees using the adjusted recognition for gender	5	6	43%	40%	60%	50%
(c) Black Employees in middle Management as a percentage of all such Employees using the adjusted recognition for gender	4	6	63%	50%	75%	60%
(d) Black Employees in junior Management as a percentage of all such Employees using the adjusted recognition for gender	4	6	68%	60%	80%	70%
Bonus points						
For meeting or exceeding the EAP Targets in categories (b) to (d) above	3	3				

For purposes of the CA sector, indicator Weightings have the following definitions:

- When calculating the score under this section Measured Entities must, where possible, use the data that it files with the Department of Labour under the EE Act. This has been included to encourage entities to avoid duplication of data collection for B-BBEE reporting purposes.
- If a Measured Entity is exempt from filing such returns, then it must complete its data using the guidelines set out in the EE Act.
- As the EE Act seeks to encourage companies to meet the Economically Active Population (EAP) Targets, the Codes have also embedded this principle as a Target toward which Measured Entities should be aspiring.
- The Codes require that a Measured Entity should only start being allocated points on its EE scorecard provided it achieves a minimum of 40% of its Target in each measurement category.
- This implies that for a Measured Entity to obtain points in the Senior Management category it would have to meet a minimum of 40% of its Target of 43% in each of the first five years of application of the Codes. Therefore at least 17% of the Employees of a Measured Entity at Senior Management level must be Black People, using the adjusted recognition for gender, before it can start scoring points in that occupational level.
- The same principle would apply to other categories.
- If the organisation structure of a Measured Entity does not distinguish between middle Management and junior Management, it can consolidate these categories against the Targets for junior Management. The Weighting points will be adjusted as follows:
 - Senior Management 10 points
 - Junior Management 8 points
- The bonus points will be apportioned equally between these two categories as 1,5 each for exceeding the EAP Targets.
- Senior Management level means a senior audit manager / principal consultant in a practice, whose role is to manage either client and / or certain administrative functions. This is the person, who would generally have 5–10 years' relevant experience, who would be entrusted with large or key accounts or responsibilities in an administrative or support function.
- Middle Management means the equivalent of a manager, assistant manager or senior consultant who has at least 2–4 years' relevant experience and is entrusted with a supervisory or managerial role. In the audit context it would involve the senior on the assignment.
- Junior Management means all employees not defined as senior or mid-Management. In the audit context it would comprise all trainee accountants and other consultants and practitioners in other divisions.

Measurement of the economic Employment Equity indicators

Calculate the adjusted recognition for gender as per paragraph 12.2.

Measurement of the Employment Equity indicators

$$A = \frac{B}{C} \times D$$

Where	A	=	score for the measured category indicator
	B	=	adjusted recognition for gender
	C	=	Target for that measurement category
	D	=	Weighting for the measured indicator

Bonus points

A Measured Entity will be allocated bonus points for meeting or exceeding the EAP Targets in the Senior, middle and junior Management levels of the scorecard (except for the disabled (a) category). Each occupational category will be allocated a bonus point if the Target is met.

12.2.4 SKILLS DEVELOPMENT SCORECARD

Through the indicators listed below the objective is to measure the extent of initiatives desired by the CA sector (employers) to develop the competencies of black Employees within the organisation.

This section of the scorecard requires that Measured Entities prove that programmes have been implemented which target the development for SETA-defined core, critical and scarce skills. The Skills Development spend recognition is not restricted to SETA-acquired training only. The Learning Programmes Matrix lists Learning Programmes that result in tangible outcomes such as degrees, diplomas, certificates, etc.

The Skills Development scorecard comprises three indicators: the first two measure monetary spend on black Employees, whilst the third measures the number of black Employees who are enrolled in learnerships and / or structured work-based Learning Programmes as set out in the Learning Programmes Matrix.

In order to contribute to the achievement of the vision of the CA Sector Code and based on sound economic principles, sectoral characteristics and empirical research in line with the principles set out in paragraph 11.3, five additional Weighting points were allocated to the Skills Development scorecard.

All five Weighting points have been allocated to one specific indicator, namely bursary expenditure. The CA sector aim of improving the pipeline numbers with the ultimate objective of increasing the output and number of qualified CAs will only become possible if more funds are allocated to providing black learners with bursaries. This was the motivation for the increase in focus on Skills Development Expenditure.

Secondly, the Generic Scorecard compliance Targets for learnerships, which is set at 5%, is far too low for the CA sector. This statement is based on data obtained from a number of CA sector organisations which indicated that the present learnership figure is already 13%. Accordingly the compliance Target has been set at 18%. This will be re-evaluated by the Charter Council once credible information has been collected on the status of all organisations making up the CA sector, as indicated in paragraph 8.1, item 8.

It should be noted that as far as learnership positions are concerned, this is the one area where the CA sector can make a significant contribution (for the reasons stated above). In fact, trainees

who are developed and groomed for leading positions in the country and the economy make up the majority of the CA sector Employees.

The indicators and Weightings are as follows:

Skills Development indicators	Weighting points		Compliance Target for 2016	
	Code	CA sector	Code	CA sector
Skills Development Expenditure on any programme specified in the Learning Programmes Matrix –				
• for black Employees as a percentage of Leivable Amount using the adjusted recognition for gender	6	6	3%	3%
• for black Employees with disabilities as a percentage of Leivable Amount using the adjusted recognition for gender	3	3	0,3%	0,3%
Bursary expenditure				
Specific bursary expenditure on potential black Employees, which includes amounts spent on the Thuthuka Bursary Fund as a percentage of NPAT or turnover	0	5	4% of NPAT or 0,5% of turnover	4% of NPAT or 0,5% of turnover
Learnerships / Learning Programmes				
Number of black Employees participating in learnerships or category B, C and D programmes as a percentage of total Employees using the adjusted recognition for gender	6	6	5%	18%

- Measured Entities will receive points for this part of the scorecard only if –
 - they are in compliance with the Skills Development Act and Skills Development Levies Act;
 - they have registered with the appropriate SETA;
 - they have developed a Workplace Skills Plan; and
 - they have implemented programmes targeted at developing Priority Skills generally and specifically for black Employees.

Skills Development Expenditure

- This will include legitimate expenses incurred in any programme offered by a Measured Entity to the Employees substantiated by an invoice or appropriate internal accounting record.
- Any such expenditure that is an Adult Basic Education and Training (ABET) programme is recognisable at a multiple of 1,25 to the actual value of such expenditure.
- Legitimate training expenses include –
 - cost of training material
 - cost of trainers
 - cost of training facilities (including catering)
 - course fees
 - accommodation and travel
 - administration costs such as the organisation of training including, where appropriate, the cost to the Measured Entity of employing a Skills Development facilitator or a training manager.
- The opportunity cost of an Employee's time may NOT be included as a legitimate training expense EXCEPT where the Employee participates in Learning Programmes.
- Overhead costs should be allocated according to the amount of time administrative staff spends on different areas of skills training.

Salaries and wages

Payment to an Employee participating as a learner in any Learning Programme only constitutes Skills Development Expenditure if the Learning Programme is a learnership or falls within category B, C or D of the Learning Programme Matrix.

Learning Programmes Matrix

Cat.	Narrative description	Delivery mode	Learning site	Learning achievement
A	Instruction-based theoretical instruction alone – formally assessed by the institution	Institutional instruction	Institutions such as universities and colleges, schools, ABET providers	Recognised theoretical knowledge resulting in the achievement of a degree, diploma or certificate issued by an accredited or registered formal institution of learning
B	Instruction-based theoretical instruction as well as some practical learning with an employer or in a simulated work environment – formally assessed through the institution	Mixed mode delivery with institutional instruction as well as supervised learning in an appropriate workplace or simulated work environment	Institutions such as universities and colleges, schools, ABET providers and workplace	Theoretical knowledge and workplace experience resulting in the achievement of a degree, diploma or certificate issued by an accredited or registered formal institution of learning
C	Recognised or registered structured experiential learning in the workplace that is required after the achievement of a qualification – formally assessed by a statutory occupational or professional body	Structured learning in the workplace with mentoring or coaching	Workplace	Occupational or professional knowledge and experience formally recognised through registration or licensing
D	Occupationally directed instructional and work-based Learning Programme that requires a formal contract – formally assessed by an accredited body	Institutional instruction together with structured, supervised experiential learning in the workplace	Institutions and workplace	Theoretical knowledge and workplace learning, resulting in the achievement of a South African Qualifications Authority registered qualification, a certificate or other similar occupational or professional qualification issued by an accredited or registered formal institution of learning
E	Occupationally directed instructional and work-based Learning Programme that does not require a formal contract – formally assessed by an accredited body	Structured, supervised experiential learning in the workplace which may include some institutional instruction	Workplace and some institutional as well as ABET providers	Credits awarded for registered unit standards

Cat.	Narrative description	Delivery mode	Learning site	Learning achievement
F	Occupationally directed informal instructional programmes	Structured information sharing or direct instruction involving workshops, seminars and conferences and short courses	Institutions, conferences and meetings	Continuing professional development, attendance certificates and credits against registered unit standards (in some instances)
G	Work-based informal programmes	Informal training	Workplace	Increased understanding of job or work context or improved performance or skills

- The Learning Programmes Matrix was introduced to ensure that skills spend initiatives have clear learning outcomes.
- The Learning Programmes Matrix comprises the following:
 - Institutional based theoretical instruction. It must be formally assessed by the institution.
 - Institutional based theoretical instruction as well as some practical learning with an employer or in a simulated work environment. It must be formally assessed through the institution.
 - Recognised or registered structured experiential learning in the workplace that is required after the achievement of a qualification. It must be formally assessed by a statutory occupational or professional body.
 - Occupationally directed instructional and work-based Learning Programmes that require a formal contract. It must be formally assessed by an accredited body.
 - Occupationally-directed instructional and work-based Learning Programmes that do not require formal contracts. It must be formally assessed by an accredited body.
 - Occupationally-directed internal instructional programmes.
 - Work-based internal programmes.

Measurement of Skills Development indicators

The adjusted recognition for gender, as calculated in paragraph 12.2, is taken into account.

Measurement of the Skills Development indicators

$$A = \frac{B}{C} \times D$$

- Where
- A = score for any given indicator as referred to in the scorecard
 - B = adjusted recognition for gender
 - C = Target for the applicable indicators as referred to in the scorecard
 - D = Weighting for the applicable indicators as referred to in the scorecard

Bursaries and scholarships

- The Target is the greater of NPAT or turnover calculations, using the specified percentages.
- Expenses on scholarships and bursaries do not constitute Skills Development Expenditure if the Measured Entity can recover any portion of the expenses from the Employee or if the grant of the scholarship or bursary is conditional.

- If however the right of recovery or the condition involves either of the following obligations, the expenses are recognised, also in the case of all Thuthuka Bursary Fund contributions:
 - The obligation of successful completion in their studies within the time period allocated; or
 - The obligation of continued employment by the Measured Entity for a period following successful completion of their studies of not more than their study period.
- Bursary and scholarship expenditure include all legitimate related expenditure, similar to those mentioned under legitimate training expenses.

12.2.5 PREFERENTIAL PROCUREMENT SCORECARD

By means of the indicators listed below, the objective is to measure the extent to which the CA sector buys goods and services from companies with strong B-BBEE economic procurement recognition levels.

This is the section of the scorecard to which meaningful contributions by the CA sector are most limited in scope. While recognising the need for the CA sector to contribute to the development of black enterprises that provide goods and services to the sector, the nature and unique structure of the profession is such that a large portion of the procurement spend is not discretionary. This applies particularly to member firms of global networks. Therefore, based on sound economic principles, sectoral characteristics and empirical research in line with the principles set out in paragraph 11.3, the Preferential Procurement Weighting points of 20 were reduced to 10 Weighting points. The goal of this redistribution is to contribute to the achievement of the vision of the CA Sector Code.

The indicators and Weightings are as follows:

Preferential Procurement indicators	Weighting points		Compliance Target	
	Code	CA sector	For 2011	for 2016
• B-BBEE procurement spend from all Suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of total measured procurement spend	12	5	50%	70%
• B-BBEE procurement spend from Qualifying Small enterprises or Exempted Micro Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of total measured procurement spend	3	2	10%	15%
• B-BBEE procurement spend from any of the following Suppliers as a percentage of total measured procurement spend				
○ Suppliers that are 50% black owned	3	2	9%	12%
○ Suppliers that are 30% black owned	2	1	6%	8%

- **Enhanced recognition for spend on Enterprise Development beneficiaries:** If a Measured Entity procures goods and services from a Supplier that is a recipient of Enterprise Development Contributions from the Measured Entity as set out in paragraph 12.2.6 of this Sector Code, the recognisable B-BBEE procurement spend to be attributed to that Supplier is multiplied by a factor of 1,2.
- **Enhanced recognition for spend on Value-Adding Suppliers:** In the case of a Value-Adding Supplier, the recognisable B-BBEE procurement spend that can be attributed to that Supplier is multiplied by a factor of 1,25.

- **Enhanced recognition for Black-owned professional service providers and Entrepreneurs:** A Measured Entity will enjoy enhanced recognition for procurement from professional service providers and Entrepreneurs who are black owned. The recognisable B-BBEE procurement spend that can be attributable to that Supplier is multiplied by a factor of 1,25. It must be noted that the intention of the Code is to encourage procurement from such service providers who have a shareholding in excess of 50% and that such services are in the social and consulting areas of service provision.
- Professional and consulting services shall mean (this list is not exhaustive) –
 - Accounting and Auditing
 - Actuarial Sciences
 - Advertising and marketing
 - Any other professional and consulting services
 - Architectural services
 - Asset/fund management services
 - Corporate finance related services
 - Engineering services (all kinds of engineering disciplines)
 - Financial advisory services
 - HR consulting services
 - Information technology services and consulting
 - Legal services (including all legal related services)
 - Management consulting services
 - Medical services
 - Quantity surveying
 - Real estate appraisers
 - Real estate brokers and sales persons
 - Real estate developers
 - Real estate managers
 - Recruitment services
 - Scientists
 - Strategic consultants
 - Tax services
 - Town planning services
 - Training and development
 - Transaction advisory services.
- For purposes of the CA sector, the following will be considered to be procurement items:
 - All goods and services procured that comprise the cost of sales of the Measured Entity. Cost of sales is an amount arrived at by using opening and closing inventories in the calculation. For procurement purposes actual procurement for the period should be used.
 - All goods and services procured that comprise operational expenditure of the Measured Entity.
 - All capital expenditure.
 - All goods and services procured from organs of state and public entities (e.g. Eskom, SAA) (see schedules 2 and 3 of the Public Finance Management Act of 1998).
 - All goods and services procured from Suppliers that enjoy a monopolistic position.
 - All procurements on behalf of a third party or a client where the cost of that procurement is included as an expense in the Measured Entity's annual financial statements.

- Payment to independent contractors and to labour brokers for services provided by individuals who are not Employees of the Measured Entity (i.e. Outsourced Labour Expenditure).
 - All goods and services procured in carrying out B-BBEE initiatives. The procurement spend does not include the actual portion recognised under Enterprise Development and Socio-Economic Development (SED) Contributions, but does include any expenditure incurred in facilitating such contributions.
 - All goods and services procured or imported from a non-South-African source.
 - All goods and services procured from subsidiaries and holding companies of the Measured Entity.
 - Payments made to any post-retirement funding scheme or to a medical aid and/or similar medical insurer by a Measured Entity for its Employees, excluding any portions of such payments which are a contribution to a capital investment of the Employee.
 - Any commissions or similar payments payable by a Measured Entity.
- The following are the only permissible exclusions from the above total measured procurement spend:
 - Any amount payable to any person which represents a lawful tax or levy imposed by an organ of the state duly authorised to impose such tax or levy.
 - Procurement of services and goods on behalf of a third party where such an expense is not represented as an expense in the annual financial statements of the Measured Entity.
 - Imported goods and services for value-added production (provided there is no existing local production of such capital goods and services and importing these goods and services promotes further value-added production within South Africa).
 - Also imported goods and services where there is no local source or which has a different brand name than the local goods and services or has different technical specifications.
 - Public sector procurement – all goods and services procured from organs of state and public entities listed in schedule 1 of the Public Finance Management Act and from state and public entities that have a statutory or regulated monopoly. The exception is procurement from local government authorities who are resellers of schedule 1 services.
 - Salaries, wages, remuneration emoluments as well as any amount paid to an Employee as an Element of the salary or wage and any emoluments or similar payment paid to a director of a Measured Entity.
 - Empowerment related procurement is excluded if it relates to –
 - investments in or loans to an Associated enterprise; or
 - investments, donations or loans qualifying for recognition in terms of either Enterprise Development or SED contributions.
 - Where a global firm allows its local partners no discretion about the purchase of certain goods or services, such costs must be excluded from the total measured procurement spend, where no local equivalent supply exists.

Measurement of B-BBEE procurement spend**Calculation of B-BBEE procurement spend**

A = sum of (B x C)

- Where
- A = calculated total B-BBEE procurement spend for the Measured Entity. It is equal to the sum of the result of the product of B and C for each Supplier of the Measured Entity not excluded under the exclusion from total measured procurement spend
 - B = the value of procurement falling within total measured procurement spend and not excluded under the exclusion from total measured procurement spend from each Supplier of the Measured Entity
 - C = the B-BBEE Procurement Recognition Level of each such Supplier of the Measured Entity

Calculation of Preferential Procurement contributions to B-BBEE

$$A = \frac{B}{C} \times D$$

- Where
- A = the calculated Preferential Procurement score for each indicator in the scorecard
 - B = the total B-BBEE procurement spend of the Measured Entity calculated under measurement of B-BBEE procurement spend as a percentage of total measured procurement spend of that Measured Entity
 - C = the compliance Target for each indicator in the scorecard
 - D = the Weighting points allocated to each indicator in the scorecard

12.2.6 ENTERPRISE DEVELOPMENT SCORECARD

Through the indicators listed below, the objective is to measure initiatives intended to assist and accelerate the development and sustainability of other enterprises, more specifically black-owned entities that struggle to take their business from survivable and / or micro level to a level of sustainability and profitability. The challenges the Code seeks to address are –

- the high failure rate amongst black-owned start-ups due to a lack of access to financing and other business support; and
- job creation.

The indicators and Weighting points are as follows:

Enterprise Development indicator	Weighting points		Compliance Target for 2016
	Code	CA sector	
Average annual value of all Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of NPAT or turnover	15	15	3% of NPAT or 0,375% of turnover

While recognising the need for the CA sector to contribute to the development of black enterprises, Measured Entities are encouraged to provide support for small black-owned accountancy firms.

In fact, the custom of established audit firms working with black firms on joint projects, with working arrangements ranging from joint assignments which are shared equally between the firms to subcontracting arrangements where an established firm subcontracts part of the work to an emerging black firm, should be extended to the whole sector. At present arrangements of this nature are prevalent in servicing the public sector and in state-owned entities. They are beneficial in that emerging firms are given the opportunity to develop themselves. Established firms are

encouraged to extend these arrangements to the private sector as well, and are incentivised by earning points on their scorecards.

For the CA sector, the following are applicable:

- 3% of NPAT or 0,375% of turnover, whichever is the greater. In view of the partnership structure, which is unique to the CA profession, NPAT is not always an appropriate means of measurement, and accordingly turnover was agreed upon as an alternate acceptable measure.
- The CA sector shall be entitled to receive recognition for any qualifying Enterprise Development Contributions. It must be possible to quantify such contributions by attaching a monetary value, using a Standard Valuation Method.
- Qualifying Enterprise Development Contributions of any Measured Entity shall be measured cumulatively, which shall be from the commencement date of this Sector Code until the date of measurement.
- Qualifying Enterprise Development Contributions of the CA sector means capacity building of a monetary and non-monetary nature for black-owned firms within the profession and outside of the profession.

Beneficiaries of Enterprise Development defined

Beneficiary		Description of Beneficiary
1	Enterprise development Category A (QSEs & Exempted Micro Enterprises (EMEs))	QSEs and EMEs which are 50% black owned or 50% black women owned
2	Enterprise development Category B (any size entity)	Any size entity which is <ul style="list-style-type: none"> • 50% black owned or 50% black women owned • 25% black owned or 25% black women owned that also has a B-BBEE Status of level one to six
3	Sector Specific Programmes	Assistance to black-owned accountancy firm Job creation through The Hope Factory

Recognition of Enterprise Development Contributions

- Grant Contributions to Beneficiary Entities. This would include grants made to the SAICA job creation initiative (The Hope Factory) which is recognised for Enterprise Development purposes.
- Investments in Beneficiary Entities.
- Loans made to Beneficiary Entities.
- Guarantees given or security provided on behalf of beneficiaries.
- Credit facilities made available to Beneficiary Entities.
- Direct costs incurred by a Measured Entity in assisting and backing development of Beneficiary Entities.
- Overhead costs of a Measured Entity directly attributable to Enterprise Development Contributions.
- Preferential credit terms granted by a Measured Entity.
- Preferential terms granted by a Measured Entity in respect of the supply of goods or services to a Beneficiary Entity.
- Contributions made to settling service costs relating to the operational or financial capacity of Beneficiary Entities.
- Payments made by the Measured Entity to third parties to perform Enterprise Development on behalf of the Measured Entity.

- Facilitating access to credit for Beneficiary Entities without which access to similar credit facilities would not be possible.
- Provision of training or mentoring to Beneficiary Entities which will assist the Beneficiary Entities to increase their operational or financial capacity.

Calculation of the value of the benefit

These calculations are based on the Benefit Matrix below:

Qualifying contribution type	Contribution amount	Benefit Factor
<i>Grant and related contributions</i>		
Grant contribution	Full grant amount	100%
Direct cost incurred in supporting Enterprise Development	Verifiable cost (including both monetary and non-monetary)	100%
Discounts in addition to normal business practices supporting Enterprise Development	Discount amount (in addition to normal business discount)	100%
Overhead costs incurred in supporting Enterprise Development (including people appointed in Enterprise Development)	Verifiable cost (including both monetary and non-monetary)	80%
<i>Loans and related contributions</i>		
Interest-free loan with no security requirements supporting Enterprise Development	Outstanding loan amount	100%
Standard loan to Black-Owned EME and QSEs	Outstanding loan amount	70%
Standard loan provided to other beneficiary enterprises	Outstanding loan amount	60%
Guarantees provided on behalf of a beneficiary entity	Guarantee amount	3%
Lower interest rate	Outstanding loan amount	Prime rate – actual rate
<i>Equity investments and related contributions</i>		
Minority investment in Black-Owned EME and QSEs	Investment amount	100%
Minority investment in other beneficiary enterprises	Investment amount	80%
Enterprise Development investment with lower dividend to financier	Investment amount	Dividend rate of ordinary shareholders – Actual dividend rate of contributor
<i>Contributions made in the form of human resource capacity</i>		
Professional services rendered at no cost and supporting Enterprise Development	Commercial hourly rate of professional	80%
Professional services rendered at a discount and supporting Enterprise Development	Value of discount based on commercial hourly rate of professional	80%
Time of Employees of Measured Entity productively deployed in assisting beneficiaries	Monthly salary divided by 160	80%
<i>Other contributions</i>		
Shorter payment periods	Percentage of invoiced amount	Percentage being 15 days less the number of days from invoice to payment

Measurement of qualifying contribution

$$A = \frac{B}{C} \times D$$

- Where
- A = the score achieved in respect of the qualifying contributions made by the Measured Entity
 - B = the value of all qualifying contributions made by the Measured Entity measured from the effective date the CA Sector Code to the date of measurement
 - C = the compliance Target for qualifying contributions as specified in the scorecard
 - D = the Weighting points allocated to the indicators in the scorecard

12.2.7 THE SOCIO-ECONOMIC DEVELOPMENT (SED) SCORECARD

The objective of this section is to measure initiatives that contribute towards SED or to Sector Specific Programmes that promote access to the economy for Black People. The challenges which this section of the scorecard seeks to address can be summarised as follows:

- The majority of Black People in South Africa are still unable to access the mainstream economy owing to poverty and a lack of education.
- The most critical aspect of this Element is that SED initiatives should result in sustainable economic participation by its intended beneficiaries and discourage dependence on hand-outs.

The indicators and Weightings are as follows:

SED indicator	Weighting points		Compliance Target for 2016
	Code	CA sector	
Average annual value of all SED contributions by the Measured Entity as a percentage of NPAT or turnover	5	5	1% of NPAT or 0,125% of turnover

For purposes of the CA sector, indicator Weightings and Targets have the following interpretations:

- The compliance Target is set at 1% of NPAT, as recommended by the Codes of Good Practice, or 0,125% of turnover, whichever is the greater. In view of the partnership structure it will not always be appropriate to use NPAT and accordingly turnover was agreed upon as an acceptable alternative measure.
- The full value of SED contributions is recognisable if at least 75% of the value directly benefits Black People.
- If less than 75% of the full value of the SED contribution directly benefits Black People, the value of the contribution multiplied by the percentage that benefits Black People is recognisable.

Beneficiaries of Enterprise Development defined

SED	<p>Social development beneficiaries are either black individuals, or, as is more commonly the case, communities or groups of people. In the latter case the percentage of Black People within the beneficiary group affects the amount of spend recognition in terms of the Codes:</p> <ul style="list-style-type: none"> • Where 75% of the beneficiary group is black, the full value of the contribution is recognisable • Where less than 75% of the beneficiary group is black, the value of the contribution multiplied by the percentage benefiting Black People is recognisable
Approved SED Programmes	The beneficiaries of approved SED Programmes must meet the definition of SED beneficiaries

SED contributions include the following:

- Current grant contributions to beneficiaries of SED contributions;
- Guarantees or security provided for beneficiaries;
- Preferential terms granted for the supply of goods or services to beneficiary communities;
- Training or mentoring, in the case of the CA sector capacity building of financial management skills, where the portion of salaries and wages attributable to time spent by staff as well as other expenses related to the training and mentoring activities would form part of the SED contributions;
- Payments made by Measured Entities to third parties to perform SED on behalf of the Measured Entity;
- Direct costs as well as overhead costs incurred by a Measured Entity directly attributable to SED contributions or incurred in assisting beneficiaries;
- Development capital advanced to beneficiary communities;
- Maintaining an SED unit by the Measured Entity – only that portion of salaries and wages attributable to time spent by the staff in, and other expenses related to, promoting and implementing SED Programmes.

The Measured Entities shall be entitled to receive recognition for any SED contribution, provided that it is possible to quantify such contributions by attaching a monetary value, using a Standard Valuation Method (see the Benefit Factor Matrix below).

Qualifying SED contributions shall be measured cumulatively from the date on which the Sector Code is gazetted until the date of measurement. If, however, contributions were made before this date, the Measured Entity shall be entitled to adopt an earlier Inception Date which shall not go back more than five years.

Non-monetary contributions will be measured by quantifying the cost of time spent by staff or management of the Measured Entity in carrying out such initiatives.

Calculation of monetary value

The contribution amount is calculated using the following Benefit Factor Matrix:

Qualifying contribution type	Contribution amount	Benefit Factor
<i>Grant and related contributions</i>		
Grant contribution	Full grant amount	100%
Direct cost incurred in supporting SED, sector specific initiatives or approved SED contributions	Verifiable cost (including both monetary and non-monetary)	100%
Discounts in addition to normal business practices supporting SED, sector specific initiatives or approved SED contributions	Discount amount (in addition to normal business discount)	100%
Overhead costs incurred in supporting SED, sector specific initiatives or approved SED contributions	Verifiable cost (including both monetary and non-monetary)	80%
<i>Contributions in the form of human resource capacity</i>		
Professional services rendered at no cost supporting SED, sector specific initiatives or approved SED contributions	Commercial hourly rate of professional	80%
Professional services rendered at a discount supporting SED, sector specific initiatives or approved SED contributions	Value of discount based on commercial hourly rate of professional	80%
Time of Employees of Measured Entity productively deployed in assisting beneficiaries and supporting SED, sector specific initiatives or approved SED contributions	Monthly salary divided by 160	80%

Measurement of SED contributions

$$A = \frac{B}{C} \times D$$

- Where
- A = the score achieved in respect of the SED contributions made by the Measured Entity
 - B = the value of all SED contributions made by the Measured Entity measured from the commencement of the CA Code to the date of measurement
 - C = the compliance Target for SED contributions as specified in the scorecard
 - D = the Weighting points allocated to the Measured Entity development indicators in the scorecard

BEE Elements	Code	Element Weighting	Indicators	Indicator Weighting	Compliance Target
Socio-economic development	807	25	Average annual value of all SED contributions and Approved SED contributions made by the Measured Entity as a percentage of NPAT or turnover	25	1% of NPAT or 0,125% of turnover

13.2 APPLICATION OF THE CA SECTOR QSE SCORECARD

The table below represents the QSE Scorecard and contains the Elements and Weighting points attached to each Element:

Element	Weighting (points)
Framework	
Ownership	25
Management Control	25
Employment Equity	25
Skills Development	25
Preferential Procurement	25
Enterprise Development	25
Socio-Economic Development contributions	25

- Any enterprise with an annual Total Revenue of between R5 million and R35 million qualifies as a QSE.
- A QSE must select any four of the seven Elements of B-BBEE for purposes of measurement under the QSE Scorecard.
- A QSE will be scored in proportion to the extent that it meets the compliance Targets of those four Elements.
- Wherever a Standard Valuation Method applies to measuring an indicator, the same standard should apply, as far as reasonably possible, in all other applicable calculations.
- The **adjusted recognition for gender** must be used for the purposes of calculating the Employment Equity, Skills Development and Management Control Elements of the QSE Scorecard. In each case the following formula is used for the calculation:

$$A = \frac{B}{2} + C$$

C is limited to a maximum of 50% the Target

Where

A	=	Adjusted recognition for gender
B	=	percentage of Employees in the measurement category that are Black People
C	=	percentage of Employees in the measurement category that are black women

13.2.1 THE QSE OWNERSHIP SCORECARD

The ownership Element measures the effective ownership of enterprises (QSE CA(SA) sector) by Black People. It is measured on the basis of the following indicator Weightings:

QSE Ownership indicators	Weighting points		Compliance Target for 2016
	Code	CA sector	
Voting Rights			
Exercisable Voting Rights in the enterprise in the hands of Black People	6	10 (6+4)	32.5%
Economic Interest			
Economic Interest of Black People in the enterprise	9	15(9+6)	32.5%
Realisation Points			
Ownership Fulfilment	1	0	
Net Value	9	0	
Bonus points			
Involvement in the ownership of the enterprise of –			
• black women	2		10%
• black Participants in	1		10%
○ Employee Ownership Schemes,			
○ Broad-Based Ownership Schemes; or			
○ co-operatives			
Exercisable Voting Rights in the enterprise in the hands of Black People, for having achieved the following Targets:			
• Between 32.50% and 39%; or		1	32.5–39%
• Between 40% and 49%; or		2	40–49%
• 50% or more		3	50% or more

An Entity receives points for participation by Black People in its rights of ownership, using the QSE ownership scorecard. Black People may hold their rights of ownership in a Measured Entity as direct Participants through a business such as –

- a company with shares,
- a close corporation,
- a co-operative,
- any form of juristic person recognised under South African law,
- a partnership or other association of natural persons,
- an Employee Ownership Scheme,
- a Broad-Based Ownership Scheme, or
- a trust.

For purposes of the QSE CA sector, indicator Weightings have the following definitions:

Voting Rights

Voting Rights means a Voting Right attaching to an Equity Instrument owned by or held for a Participant.

Measurement of Voting Rights

$$A = \frac{B}{C} \times D$$

- Where
- A = score achieved by the enterprise for the measured ownership indicator
 - B = percentage that Exercisable Voting Rights in the hands of the category of Participants who are Black People in that enterprise holds to all Voting Rights held by all Participants of that enterprise
 - C = percentage compliance Target for Exercisable Voting Rights for the applicable measured ownership indicator
 - D = Weighting points allocated to the applicable measured ownership indicator

If an entity gains a score in the formula below that exceeds the Weighting points, that entity will only receive the Weighting points.

Economic Interest

Economic Interest means a claim against an entity representing a return on ownership of the entity, similar in nature to a dividend right.

Broad-Based Ownership Schemes as defined in the Codes are not expected to be relevant to the CA sector due to the ownership and Management constraints brought about by the regulation of the auditing profession. However, it might be applicable to audit firms who have affiliated entities who do have such schemes.

Measurement of Economic Interest

$$A = \frac{B}{C} \times D$$

- Where
- A = recognisable percentage of black Participants' claim to Economic Interest in the enterprise
 - B = percentage that Economic Interest which Participants who fall within the category of Black People in the enterprise holds to all Economic Interest which all Participants of that enterprise holds
 - C = percentage compliance Target for Economic Interest for the applicable measured ownership indicator
 - D = Weighting points allocated to the applicable measured ownership indicator

If an entity gains a score in the formula above that exceeds the Weighting points, that entity will only receive the Weighting points.

Ownership Fulfilment

Ownership Fulfilment occurs –

- on release of all black Participants in a Measured Entity from all Third Party Rights (this is not likely to be applicable to the CA profession); or
- if black Participants have never been subject to any Third Party Rights.

A minimum score of 7 points for Net Value is a requirement for the award of the Ownership Fulfilment point.

Net Value

The following formula is used to calculate the deemed Net Value referred to in formulas A and C below:

$$A = \frac{B - C}{D}$$

- Where
- A = deemed Net Value
 - B = for purposes of formula A or B below, is the value of the Equity Instruments relevant to the calculation, determined on the date of measurement
 - B = for purposes of formula C below, is the value of the Equity Instruments relevant to the calculation, determined on the date of sale or loss
 - C = for purposes of formula A or B below, is the carrying value of any acquisition debts of the relevant black Participants on the date of measurement
 - C = for purposes of formula C below, is the carrying value of any acquisition debts of the relevant black Participants on the date of sale or loss
 - D = for purposes of formulas A or B and C below, is the value of the Measured Entity on the date of measurement
 - D = for purposes of the exclusion principle, is the value of the measurable portion of the Measured Entity on the date of measurement

The Net Value points are the lower result of formula A and formula B. For the CA profession Formula A is generally not applicable as there is seldom a purchase of goodwill in professional service firms. Therefore only formula B will be used to calculate this section of the scorecard for the profession.

$$\text{Formula A} \quad A - B \times \left[\frac{1}{32.5\% \times C} \right] \times 7$$

- Where
- A = the score obtained for Net Value
 - B = the deemed Net Value for all black Participants in the Measured Entity determined using the formula for the calculation of Deemed Net Value above
 - C = the time-based graduation factor of the Economic Interest compliance Target outlined below
 - 10% for the first year after the current equity interest date
 - 20% for the second year after the current equity interest date
 - 40% from the first day of the third year after the current equity interest date to the last day of the fourth year after the current equity interest date
 - 60% from the first day of the fifth year after the current equity interest date to the last day of the sixth year after the current equity interest date
 - 80% from the first day of the seventh year after the current equity interest date to the last day of the eighth year after the current equity interest date
 - 100% from the first day of the ninth year after the current equity interest date to the last day of the tenth year after the current equity interest date

$$\text{Formula B} \quad A = \frac{B}{C} \times 7$$

- Where
- A = the score obtained for Net Value
 - B = the percentage Economic Interest in the Measured Entity of black Participants
 - C = the Target for the ownership indicator measuring Economic Interest of Black People in the enterprise

If an enterprise gains a score which exceeds the Weighting points for Net Value, that entity will only receive the Weighting points.

Calculation of the recognition of ownership after the sale or loss of shares by black ParticipantsFormula C $A = B \times C \times D$

- Where
- A = the percentage of rights of ownership that survive the sale of an Equity Instrument by a black Participant
 - B = the percentage of rights of ownership for each of the indicators in the ownership scorecard that were attributable to the black Participant immediately before his or her sale or loss
 - C = the Net Value percentage provided for in the calculation of deemed Net Value above undertaken for the Equity Instruments sold or lost by the black Participant on the date of the sale or loss. The value of the enterprises is measurable as at the date of measurement
 - D = the most recently determined B-BBEE Recognition Level of the Measured Entity which is less than one year old, based on its Generic Scorecard result for all Elements other than ownership determined using statement 000

The bonus points

In terms of the CA sector and based on the specific sectoral characteristics, the bonus points under ownership will be awarded as follows:

	Bonus point	Compliance Target for 2016
Exercisable Voting Rights in the enterprise in the hands of Black People, for having achieved the following Targets:		
• Between 32.5 and 39%; or	1	32.5–39%
• Between 40% and 49%; or	2	40–49%
• 50% or more	3	50% or more

While the bonus points awarded in terms of the CA Sector Code differ from that gazetted in the Codes, it does adhere to the intention of the Codes.

13.2.2 THE QSE MANAGEMENT CONTROL SCORECARD

The Management Control Element measures the effective control of an enterprise by Black People. The measurement takes place through indicator Weightings which are as follows:

QSE Management Control indicator	Weighting points		Compliance Target for 2016
	Code	CA sector	
Black representation at Top Management level	25	25	50,1%
Bonus points			
Black women representation at Top Management level	2	2	25%

- For purposes of the CA sector, indicator Weightings have the following definitions:
- The Measurement principles for this Element are the same as those for Statement 200, but with only two indicators.
- Top Management means Employees of a Measured Entity who serve on the board, undertake day-to-day management, have overall responsibility for the overall financial management and are actively involved in developing and implementing the overall strategy of the Measured Entity.

- The definition of Top Management should be understood to include only Black People at a Top Management level without regard to their ownership status in the QSE. Ownership for QSEs is measured independently of Top Management.
- A Measured Entity must use the same data used in its returns filed with the Department of Labour under the EE Act, in calculating its score under the Management Control scorecard. This will not apply where such a Measured Entity is exempt from filing such returns.

Calculation of Management indicators

$$A = \frac{B}{C} \times D$$

C is limited to a maximum of 50% the Target

Where

A	=	score for the measured Management indicator
B	=	Adjusted recognition for gender calculated as per paragraph 13.2
C	=	Target for that measurement category
D	=	Weighting for measured indicator

Bonus points

Two bonus points can be earned by a QSE in the CA sector if black women are represented at the Top Management level.

13.2.3 THE QSE EMPLOYMENT EQUITY SCORECARD

The objective is to measure initiatives targeted to achieve Employment Equity in respect of all Measured Entities (CA sector QSEs) in the workplace by means of the indicators listed below. A fundamental principle is to ensure alignment with the EE Act.

The Employment Equity Element of the QSE scorecard is a simplified version of the Generic Scorecard. The objective of this simplification is to enable small and medium businesses to comply more easily with the requirements of the Codes.

For purposes of this section the indicators and Weightings shall be as follows:

QSE Employment Equity indicators	Weighting points	Compliance Target		
	Code	CA sector	For 2011	for 2016
Black Employees of the Measured Entity who are Management as a percentage of all Management adjusted using the adjusted recognition for gender	15	15	40%	60%
Black Employees of the Measured Entity as a percentage of all Employees adjusted using the adjusted recognition for gender	10	10	60%	70%
Bonus points For meeting or exceeding the EAP Targets in each category above	2	2		

- Wherever possible a Measured Entity must use the data that it files with the Department of Labour under the EE Act in calculating its score under the Employment Equity scorecard.