ctfa

COSMETIC TOILETRY & FRAGRANCE
ASSOCIATION OF SOUTH AFRICA

2022

ANNUAL REPORT

CONTENT

Developing a sustainable and respected South African cosmetic industry.

EXECUTIVE COUNCIL

WARREN VAN NIEKERK - Chairperson
Beiersdorf Consumer Products (Pty) Ltd

PRIYAN PILLAY – Vice-Chairperson
Colgate – Palmolive (Pty) Ltd

JOHN KNOWLTON
Cosmetic Solutions

MUZI NKOSI
Avon Justine (Pty) Ltd

NIZAM KALLA
Amka Products (Pty) Ltd

TARRYN GORDON-BENNETT
Revlon South Africa (Pty) Ltd

WAYNE VAN WYK
Vantage Specialty Chemicals (Pty) Ltd

ADELIA PIMENTEL – Executive Director
CTFA

AGRAJ SHARMA – (Resignation - June 2022)
Procter and Gamble (Pty) Ltd

GILLES ANTOINE - (Resignation - July 2022)
L'Oreal South Africa (Pty) Ltd

MOMIN HUKAMDAD - (Resignation - August 2022)
Avon Justine (Pty) Ltd

CHAIRPERSONS

2022:	Warren van Niekerk
2019 – 2022:	Gilles Antoine
2015 – 2019:	Mark Hobbs
2008 – 2014:	Scott Maddock
2004 – 2007:	Russell Pollard
2000 – 2004:	Robert Lunt
1998 – 2000:	Vanessa Soloman
1997 – 1998:	John Paidoussi
1996 – 1997:	Brett Gage
1994 – 1996:	Don Kourie

VICE-CHAIRPERSONS

Priyan Pillay
Priyan Pillay

THE ROLE OF THE EXECUTIVE COUNCIL

- To define key deliverables for CTFA
- To review CTFA objectives
- To be proactive on current issues
- To seek ways to improve the industry
- To set direction and pace
- To drive projects with special portfolios
- To ensure that the publicity and marketing of CTFA is effective
- To represent the industry at senior government levels

MISSION

To support and develop a sustainable and respected South African Cosmetic Industry by proactively stimulating actions and developing tools that contribute to its growth and the progress of its Members, while promoting consumer safety.

KEY ROLES

- Promote a responsible industry by promoting compliance with prevailing legislation.
- Prioritise member interests through leveraging industry scientific, business and regulatory expertise in developing common positions, advocating these interests.
- Be the cosmetic industry's voice in engagements with Stakeholders that include Government, Media, Advocacy groups etc.
- Advocate for the most favourable economic and regulatory operating environment by advocating best practice and accountability both from its members and other stakeholders.
- Align and optimise the South African cosmetic industry with global regulatory standards towards regulatory mutual recognition.
- Enhance the value of the Company to Members by addressing their local/ international needs in an efficient manner.
- Promote social responsibility through the activities of the Look Good Feel Better Programme.

CHAIRPERSON REPORT

WARREN VAN NIEKERK | CHAIRPERSON

What mostly differentiates 2022 from the years preceding is that whilst COVID related topics remained relevant, other high impact economic, climate and political related challenges were on the forefront, with events such as strikes, floods, political tension, the upcoming elections, as well as the ongoing and ever-increasing Eskom woes, taking center-stage.

At the CTFA, 2022 continued to be a very challenging year, however, it was a very productive and significant year, with a number of highlights. One of these highlights was the CTFA's conversion from an association to a registered company. This transition not only ensures that the CTFA carries sufficient gravitas as an organisation, but also improves governance structures. This ultimately ensures that the CTFA, its Board of Directors, and its committees, are fit for purpose and in the best possible position to serve the interests of not only the CTFA, but that of its members and the industry.

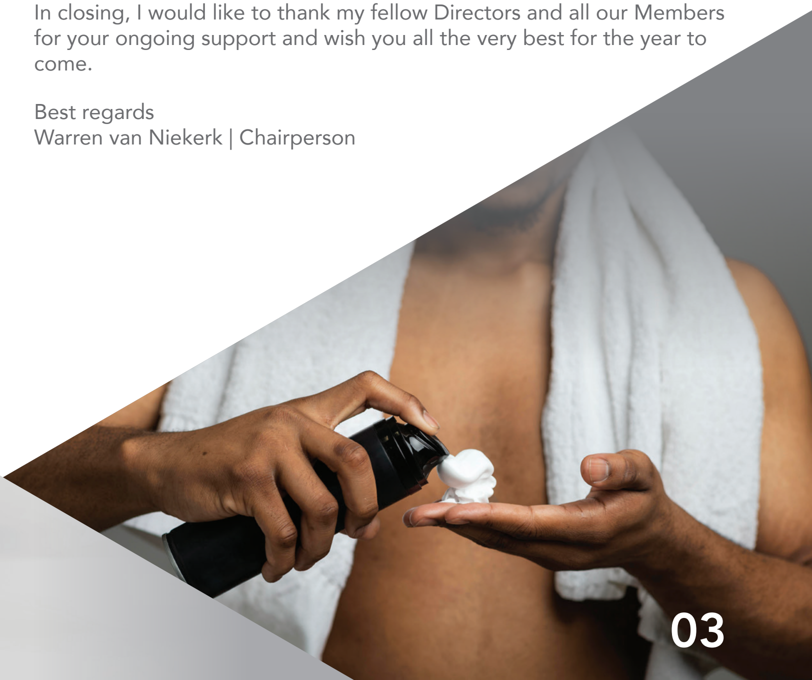
Another highlight was the CTFA's renewed commitment to continue supporting those in need, as part of our CSR initiatives, and in this regard, I am delighted to confirm that the CTFA will continue its relationship with Look Good Feel Better (NGO), an amazing non-profit organisation that supports cancer-patients to look and feel comfortable and cared for.

For this coming year and under the operational leadership of Adelia, the CTFA will remain focused on maintaining a sustainable world class organisation and industry. Its relationship with all its stakeholders remains paramount and additional focus will be on strengthening African and international partnerships. Last but not least, the CTFA will continue to serve as the trusted industry partner by providing expert regulatory expertise to its members, with a focus on adding value.

This year will, no doubt, bring its own unique challenges and without a crystal ball, it is very difficult to predict exactly what 2023 will hold. What is certain and has been demonstrated time and time again, is the resilience of South Africa and her people. With the support of our members and my fellow Directors, I am confident that 2023 will be a great success.

In closing, I would like to thank my fellow Directors and all our Members for your ongoing support and wish you all the very best for the year to come.

Best regards
Warren van Niekerk | Chairperson



EXECUTIVE DIRECTOR REPORT

ADELIA PIMENTEL | EXECUTIVE DIRECTOR

Global growth slowed in 2022 to 3.2%, more than 1 percentage point weaker than expected at the end of 2021, mainly weighed down by Russia's war of aggression in Ukraine and the associated cost-of-living crisis in many countries. Growth is projected to remain at below-trend rates in 2023 and 2024.

In South Africa key socio-economic challenges include a high unemployment rate, poverty, inequality and inconsistent electricity supply. The National Treasury projected real economic growth of 2.1% in 2022, the year in which the economy was expected to return to pre-pandemic production levels. However, although GDP reached an all-time high in 2022, the economy has only grown by 0,3% from the 2019 pre-pandemic. GDP growth is expected to average 1.8% over the next three years.

These factors contributed to a difficult climate for business to operate in 2022, which did not exclude the cosmetic and personal care industry. Notwithstanding, in 2022 the local and international regulatory environment continued with ongoing updates, discussions and mandates.

Engagement with the National Department of Health in 2022 regarding the still pending promulgation of the published redraft of the Regulations relating to Labelling, Advertising and Composition of Cosmetics, R.1469, December 2017, remained at a standstill due to lack of capacity in the National Department of Health.

Continuous communication with the National Department of Health will remain a focus for the CTFA, whilst we remain self-regulated and follow global best practice through the CTFA Compendium.

In 2022 various interventions were held with local governmental departments , namely the Department of Forestry, Fisheries and the Environment (DFFE) on various legislative updates, the South African Bureau of Standards (SABS), the National Department of Agriculture, Land Reform and Rural Development (DALRRD) on cannabis and the South African Revenue Services (SARS) on Ad Valorem, amongst others.

CTFA's interactions with the Department of Trade Industry and Competition (DTIC) are underpinned by meetings with the DTIC Cosmetic Desk, held every second month. These meetings are held to discuss topics that are

mutually beneficial and include exports, levies, regulatory developments as well as government initiatives that affect industry.

CTFA continued to build relationships with various African regulators by engaging on matters relating to reasonable and sustainable regulatory reform, especially where these stand to affect the import of cosmetic products from South Africa. In 2022, the following countries have made headway in their regulatory reform: Kenya, Botswana, Zimbabwe, Egypt and Nigeria.

Internationally CTFA had a successful year of networking with various entities, which included the International Standards Organisation (ISO), the International Co-Operation on Cosmetic Regulations (ICCR), and the International Association Collaboration (IAC). This networking is paramount in keeping the local industry informed on global best practice and ongoing updates that affect both the local and international cosmetic industry.

It is noteworthy that the Organisation for Standardisation (ARSO), which was formed in 1977 with the principal mandate to harmonise African Standards and conformity assessment procedures in order to reduce Technical Barriers to Trade and therefore promote intra African and international Trade as well as enhance the industrialization of Africa, was a focus for CTFA and its international partners. Efforts to harmonise national standards with international norms is high on the agenda of talks.

In 2022 CTFA underwent a transformation in its legal status, from a self-regulated organisation, governed by its own constitution, to a fully-fledged corporation which will in future operate under the auspices of the South African Companies Act (Act No. 71 of 2008) and will comply proportionally with the King IV Code. We are registered at the Companies & Intellectual Property Commission (CIPC) as a Non-Profit Company (NPC).

For the past 28 years good governance has always been top-of-mind at the CTFA and with the CIPC registration it continues to be so. Our annual audits remain and the various committees are enhanced and will continue to advise and assist in the growth of a compliant cosmetic and personal care industry.

These committees are constituted by Directors from the CTFA Board and senior stakeholders, where applicable.

The CTFA further welcomed a new Regulatory Affairs Manager since November 2022, Ms Nadia Rashid, who joined the regulatory team and brings with her many years of cosmetic experience to assist members. I would like to acknowledge the hard work of the CTFA team whose dedication is without reproach.

CTFA's corporate social responsibility arm, Look Good Feel Better (LGFB), who have made a huge difference in the lives of so many people fighting cancer, restarted their services rendered to the myriad of cancer survivors, held at oncology centres after a hiatus of two years as a result of COVID-19. A sincere thank you to all CTFA members who support this worthy cause.

Our thanks as CTFA goes to all who have collaborated over the last year in assisting the Association to continue its mission and in implementing the various mandates that are vital for the survival and wellbeing of the cosmetic and personal care industry.

Looking forward consumer safety will remain a huge focus worldwide, CTFA expects more regulatory changes regarding the safety of consumers as well as the environment. We will continue to keep a close eye on regulatory and trend developments globally in our effort to contribute to our mission of supporting and developing a sustainable and respected South African Cosmetic Industry.

A special thanks to the CTFA Directors of the newly registered entity and importantly the CTFA member companies, for your loyalty and trust and for actively supporting the association's work. It is thanks to your contribution and the sharing of your passion and expertise that we have thrived in a difficult year.

Best regards
Adelia Pimentel | Executive Director

FINANCIAL REPORT

LLOYD VILJOEN | ACCOUNTING SERVICES

The CTFA continued with their commitment to build and grow its capabilities to ensure members' loyalty and growth; and as a result the industry's future success. The continued strategic decision making during the year was to position the CTFA as a leader in the regulatory space and keeping it financially healthy.

The Association's primary focus during the year under review continued to be on lobbying, advocacy and member benefits. The primary source of revenue was generated from fees levied to the member companies.

Even though the year under review was still a difficult year for many of our members, with a total of 23 members, mainly small entities, not continuing with their membership, the CTFA still had a financially successful year. With sound financial management, the Association met the approved 2022 budget and reported a surplus. This was mainly due to lower than expected travelling costs as all post Covid -19 events were not in full swing yet. Training provided by the Association continued on a virtual platform.

Income was generated mainly from membership, which grew by 4.7% over the prior year. The growth is mainly due to the increase in

membership fees. A total of 7 new members joined CTFA, the total membership being 112 companies. Interest received from investments also generated a R233 296 increase versus the previous year. This boded well for the Association in closing the year above budget and in a surplus of R1 612 162.

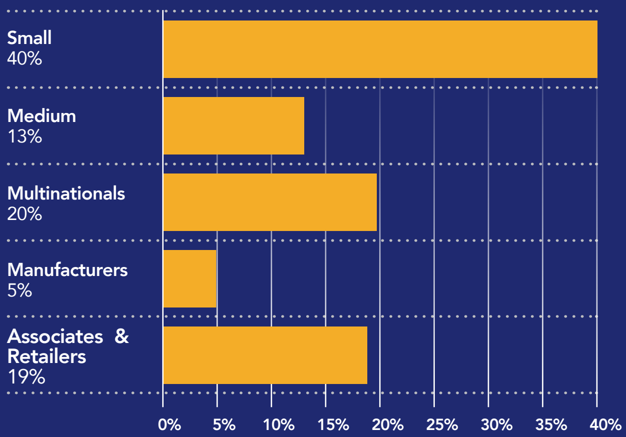
Operating expenses were basically the same as the prior year a decrease reflected over the prior year, totalling R4 973 260 for 2022 versus R5 096 802 for the 2021 financial year. Overall, expenses were well maintained by the Association. A total of 56 members enjoyed the early settlement refund benefit during the 2022 financial year.

Despite some challenges faced during the year, 2022 was a year of membership introspection and great teamwork and the CTFA will continue investing back into the organisation for the benefit of members.

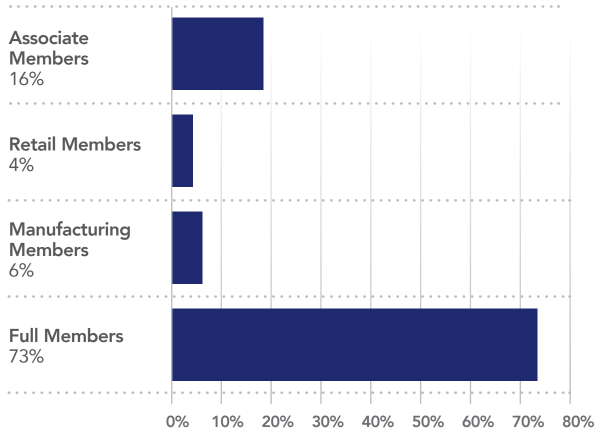
Watermans have expressed willingness to continue as auditors for the next financial year and a resolution proposing their reappointment will be submitted at the forthcoming Annual General Meeting.

Best regards
Lloyd Viljoen | Accounting Services

CTFA MEMBERSHIP BY SIZE OF COMPANIES



2022 MEMBER CATEGORIES



REGULATORY AFFAIRS & POLICY ANALYSIS

NADIA RASHID | REGULATORY AFFAIRS MANAGER
CARINA DEWAR | REGULATORY AFFAIRS OFFICER

During the year under review CTFA's regulatory footprint grew exponentially, and remained the core of the industry association, with local stakeholder engagement gaining momentum.

LOCAL ENGAGEMENT

NATIONAL DEPARTMENT OF HEALTH (NDOH)

In March 2022, the National Department of Health published a Hazardous Substances Act, 1973 (Act no. 157 of 1973) Group I, Category A, Hazardous Substances: Declaration. In terms of section 2(1) (a) of the Hazardous Substances Act, the Minister of Health, declared the substances mentioned in the schedule and mixtures containing such substances, products or materials to be Group I, Category A Hazardous Substances.

In April, 2022, the National Department of Health published a Hazardous Substances Act, 1973 (Act no. 157 of 1973) Group II, Hazardous Substances: Declaration. The Minister of Health, intent, in terms of section 2(1) (a) of the Hazardous Substances Act, to declare the substances mentioned in the schedule and mixtures containing such substances, products or materials to be Group II hazardous substances.

More details can be found in the CTFA Compendium.

DEPARTMENT OF FORESTRY, FISHERIES AND ENVIRONMENT (DFFE)

South African Biotrade Standard

The DFFE is in the process of developing a framework for a South African Biotrade Standard in compliance with the Nagoya Protocol on Access and Benefit-Sharing. Work on this is ongoing and will continue next year.

Rotterdam Convention on the Prior Informed Consent (PIC) procedure

Due to concerns surrounding the porous nature of the border which allowed unregulated substances entering the country, the South African Government chose to domesticate the requirements of the Rotterdam Convention on the Prior Informed Consent procedure for certain Hazardous Chemicals and Pesticides in international trade to be compliant with them being a party to the Convention.

Chemicals Allied Industries Association (CAIA) offered their support to indicate that Chapter 3 of the National Environmental Management Act was mentioned for the purposes of domesticating multilateral environmental agreements.

One year was given to finalise the Draft regulation with an extension of a further 120 days without taking into consideration further comments. Cabinet protocol was not followed, thus industry requested a bilateral meeting considering stakeholder comments. The meeting is scheduled for early 2023.

Multi-stakeholder Committee on Chemical Management (MCCM)

In 2022, DFFE circulated a proposed draft regulation, which qualifies the Minamata Convention on Mercury. As a signatory, South Africa is obliged to enact legislation to enforce the convention. Annex II of the Minamata Convention refers to the restriction of mercury in cosmetics.

Mercuric compounds used in the preservation of eye care products are exempt from this convention. The regulation should be published in 2023.

SOUTH AFRICAN BUREAU OF STANDARDS (SABS)

SABS is a statutory body that was established in terms of the Standards Act, 1945 (Act No. 24 of 1945) and continues to operate in terms of the latest edition of the Standards Act, 2008 (Act No. 8 of 2008) as the national standardisation institution in South Africa. CTFA is part of the SABS Technical Committee TC 217. The South African Bureau of Standards published the following updated standards, these are available on the CTFA's website for members:

- SANS 289:2022 – Labelling requirements for prepackaged products (prepackages) and general requirements for the sale of goods subject to legal metrology control.
- SANS 10393:2022 - Hair care products — General requirements
- SANS 18415:2022 - Cosmetics — Microbiology — Detection of specified and non-specified microorganisms

SOUTH AFRICAN HEALTH PRODUCTS REGULATORY AUTHORITY (SAHPRA)

In 2022, SAHPRA shared a guideline for Borderline Products. The intention of the document is to provide guidance to applicants on borderline products and outline the process for product designation requests by applicants. It represents the South African Health Products Regulatory Authority's current thinking on the safety, quality and efficacy of medicines and the safety, quality and performance of medical devices.

There were concerns raised regarding some of the cosmetic information in the guideline document. CTFA responded with relevant industry comments, which were submitted to SAHPRA in November 2022 on behalf of industry. It was highlighted that a Cosmetic Directorate is urgently required under the authority of the National Department of Health for the enforcement of cosmetic regulations.

ADVERTISING REGULATORY BOARD (ARB)

The Advertising Code of Practice – Appendix B Cosmetics was updated successfully in 2022 and made available on the ARB's website. An addition to the code that is very important was the inclusion of Regulation - Labelling and Advertising, R.908 of 27 May 1977. The update was conducted taking into consideration international best practice as well as input from the ARB CTFA work group, which consist of experts from the industry. CTFA would like to thank the ARB work group members, this would not have been possible without the continuous hard work of the work group.

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT (DALRRD)

DALRRD published a regulation, 29 March 2022, regarding the implementation of Globally Harmonized System (GHS) for Chemical Hazard Classification. Regulations for hazardous chemical agents, 2021 came into force on 29 September 2022. All substances must be classified and labelled in line with the regulations for hazardous chemical agents.

Cannabis Masterplan – CTFA was invited to take part in the Cannabis Masterplan – Workstream 4: Regulatory Systems. The aim is to develop an appropriate policy and a new legislation to regulate the commercialisation and industrialisation of cannabis in South Africa. The new policy and legislative framework should be able to adapt to new developments regarding specific cannabis products.

Work on this will continue in 2023.

INTERNATIONAL LIAISON

INTERNATIONAL STANDARDS ORGANIZATION (ISO)

The cornerstone to all standards is to safeguard the consumer. The International Organization for Standardization (ISO) is an independent, non-governmental international organisation with a membership of 167 national standards bodies.

Through its members, it brings together experts to share knowledge and develop voluntary, consensus-based, market relevant International Standards that support innovation and provide solutions to global challenges. South Africa is actively involved under the South African Bureau of Standards. CTFA attended the ISO meetings held in June and in December virtually. South Africa is involved in the following work groups.

Working group 1: Microbiological test methods
South Africa adopts approved new test methods as local SANS standards for industry use.

Working group 3: Analytical test methods

The following methods were approved: ISO 23674 – Determination of mercury in cosmetics by integrated mercury analytical systems.

ISO 23821 – Determination of traces of mercury in cosmetics by atomic absorption spectrometry (AAS) cold vapour technology after pressure digestion.

Working group 4: Terminology
Recommended consolidating the timing of review for ISO 16128:1 – Guidelines on technical definitions and criteria for natural and organic ingredients and products, Part 1: Definitions for Ingredients and ISO 16128:2: Cosmetics – Guidelines on technical definitions and criteria for natural and organic cosmetic ingredients, Part 2: Criteria for ingredients and product.

Working group 7: Sun Care Work group
Industry expert Marlize Lategan from SMU participates in the Sun Care work group on behalf of CTFA and the industry. The work group are currently working on two methods ISO 23675 and ISO 23698.

ISO 23675 (Ed. 1) Cosmetics —Sun protection test Methods — In Vitro determination of Sun Protection Factor. ISO 23698 (Ed. 1) Cosmetics Sun protection test methods. Measurement of the Sunscreen Efficacy by Diffuse Reflectance Spectroscopy. This work is scheduled to be completed in 2023.

INTERNATIONAL COOPERATION ON COSMETIC REGULATIONS (ICCR)

The International Cooperation on Cosmetics Regulation (ICCR) held its 16th Annual Meeting (ICCR-16) from June 28-30, 2022, under the Republic of Korea Chairmanship. The ICCR is a voluntary international group of cosmetics regulatory authorities, comprising the Steering Committee (SC) from Brazil, Canada, Chinese Taipei, the European Union, Japan, Republic of Korea, and the United States. This group of regulatory authorities meets annually, has quarterly teleconferences to discuss common issues on cosmetics safety and regulations, and engages in constructive dialogue with the SC's relevant cosmetics industry trade associations.

The meeting was held virtually. The purpose of this multilateral framework is to maintain the highest level of global consumer protection, while minimizing barriers to international trade. The goal of the ICCR-16 Annual Meeting is to outline the case studies evaluated, how. they can inform best practice, and to ask the SC to endorse the drafting of best practice guidance.

In 2022, representatives from Argentina, Chile, Egypt, Israel, People's Republic of China, Saudi Arabia, Thailand, and the United Kingdom participated in the meeting as observers.The following Joint Working

Group (JWG) topics were discussed at the meeting:

- Consumer Communications – ICCR SC endorsed the "Frequently Asked Questions (FAQ) for Allergens. The Allergens FAQs covers 5 messages, namely: cosmetic products/ingredients that can be a source of allergens; symptoms to watch for as a potential indicator of an allergic reaction; what to do if one believes they are experiencing an allergic reaction to a cosmetic product/ingredient; how to avoid substances that one is allergic to in a cosmetic products/ingredient, and that cosmetic safety is a shared responsibility. In 2022 the JWG conducted a survey to find the best way to optimise access and use of deliverables for interested external parties.
  The group will present/discuss the survey outcomes and recommendations made to ICCR-17 SC in the year ahead.

- *Integrated Strategies for Safety Assessment of Cosmetic Ingredients* - ICCR SC endorsed the approach proposed by the JWG. The JWG agreed on the best practices for using and reporting data when leveraging New Approach Methods (NAMs), to support safety assessments and updated risk assessment workflows for the integration of NAMs into the safety assessment of cosmetic ingredients.

- *Microbiome and Cosmetics* - ICCR SC endorsed the "Microbiome and Cosmetics: Working Definitions & Microbiological Assessment Considerations" report. The first task was to work on the definitions including the vocabulary based on state-of-the-art scientific literature, description from the perspective of their use in the cosmetic sector, and guidance for future ICCR discussions to support a clear understanding of skin microbiome related terms for Regulators and other stakeholders in the cosmetic field. The second task, was to work on microbiological limits for products containing intentionally added live or viable microorganisms and investigate whether additional considerations would be appropriate. As current microbiological limits are intended to address microorganisms unintentionally introduced (i.e., contaminants), applying the current microbiological limits for probiotics, which are deliberately and intentionally added to products, would not be appropriate nor fit for purpose. Instead, when addressing the introduction of probiotics into cosmetic products, it is proposed that the determination of safe concentrations of such ingredients be established on a case-by-case basis. The SC endorsed the deliverable of the Microbiome and Cosmetics JWG II with minor edits. As the group has concluded the tasks described by the Terms of Reference (ToR), it will be disbanded after the endorsement of the deliverable.

- *Updates from Observers' Regulations* - Chinese Cosmetic Administration and Regulation by National Medical Products Administration (NMPA), People's Republic of China, provided a presentation about the Chinese administration system, cosmetics regulations, and conclusions. The NMPA summarised the overall conclusions:
  - Stringent Regulation (by life-cycle supervision/pre-market/post-market, 4-level illegal behavior, strictest punishment, and responsibility requirement for the company/Industry),
  - Streamline Administration (to decrease the scope of licensing, classify the products and ingredients based on the risk, and enhance the service level by informatisation),
  - Encourage Innovations (with new technical, ingredients, low-risk new ingredients notification and encouragement of the rules).

SCIENTIFIC COMMITTEE ON CONSUMER SAFETY (SCCS)

Technical information and opinions that were finalised and adopted by the Scientific Committee on Consumer Safety (SCCS) with the latest key technical information relevant to our local brands include:

17 March 2022, the SCCS issued a final assessment draft SCCS/1637/21 on Kojic acid, a whitening ingredient in cosmetics. It concluded that Kojic acid has potential endocrine-disrupting properties and a maximum concentration of 1% allowed for use in cosmetics in the European Union is no longer considered safe. At the same time, SCCS gave a maximum safe concentration of 0.7% for Kojic acid when it is used as a cosmetic whitening agent.

10 May 2022, the SCCS issued an opinion SCCS/1640/21 on the safety of 4-Methylbenzylidene camphor (4-MBC). The conclusions are as follows: The SCCS cannot conclude on the safety of 4-MBC, because the information provided is insufficient to fully evaluate potential genotoxicity. Moreover, there is sufficient evidence that 4-MBC may act as an endocrine disruptor and has effects on both the thyroid and estrogen systems. Effects on the androgen system are not so evident, as only in vitro evidence is available. Even if the genotoxic potential was excluded, the current re-evaluation of 4-MBC established a higher exposure level than in the previous Opinion. This would result in a lower MoS value, indicating that the use of 4-MBC at the maximum concentration of 4% in cosmetic ingredients would not be safe. It is not possible to derive a maximum concentration for safe use of 4-MBC, because a genotoxicity potential cannot be excluded. The SCCS mandate does not address environmental aspects. Therefore, this assessment did not cover the safety of 4-MBC for the environment.

AFRICA

The African continent is still a huge focus for the CTFA, to ensure that members are aware of the regulatory requirements when they want to export to various African countries.

BOTSWANA MEDICINES REGULATORY AUTHORITY (BOMRA)

On the 18th of November 2022 BoMRA held a meeting with stakeholders to update on the developments and current state of cosmetic regulations in Botswana. Regulatory models were looked at across different regions including USA and China. Europe was chosen as the base model, and it was mentioned that no impediment to trade was foreseeable if products are deemed safe.

New sections have been added to the Medicines and Related Substances (MRS) Bill including the definition of a cosmetic, the definition of a composition, the area and methods of application as well as the function. Of special note is the protective function which will cover sunscreen and "correcting body odour" which will cover deodorants. In addition, obligations were outlined for Brand owners/manufacturers/Responsible Person(RP), distributors, and importers. The Brand owner/Manufacturer/RP is obliged to keep the Product Information File (PIF), ensure compliance to labelling and ingredient selection, inform the Authority on safety and quality issues, provide the safety report, ensure good manufacturing standards and co-operate with Authorities in regulatory actions such as recall.

Provisions deleted in the MRS Bill include Registration, Retention, Renewals and Variations. Looking ahead; guidelines will be published to provide guidance on processes such as PIF contents, manufacturing standards, recall procedures and safety report formats. Implementation of a notification portal and some form of market control, the release of published reports on Borderline activity, Listing Process, Medicines and Related Substances Act (MRSA) and its Regulations gazette including Annexes with Prohibited and Restricted Substances, are planned.

KENYA BUREAU OF STANDARDS (KEBS)

Kenya Bureau of Standards (KEBS) is mandated to offer quality inspection of imports based on Kenya Standards or approved specifications, among other services. KEBS inspects imported goods either in the country of exportation, through the Pre-Export Verification of Conformity (PVoC) to Standards program, and at Destination or Ports of Entry. The PVoC services are offered on behalf of KEBS by Inspection companies contracted on a three (3) year contract cycle. Goods from different zones or countries will be inspected by specific inspection companies. Based on the contracts that expired in 2022, KEBS had to finalize new PVoC contracts for General Goods with the following inspection companies:

1. SGS (Responsible for South Africa)
2. Bureau Veritas
3. World Standardization Certification & Testing Group (Shenzhen) Co. Ltd
4. China Certification & Inspection Group Co. Ltd
5. TUV Austria Turk 6. China Hansom Inspection & Certificate Co. Lt

STANDARDS ORGANIZATION OF NIGERIA (SON)

CTFA was notified that a standard for the requirements of plastic film use for packaging was being drafted. This standard specifies the quality requirements and methods for testing of Plastic Packaging Dimensions for FMCG Industry. The elaboration of the standard was necessitated by the wide applications and use of Plastic Packaging by the FMCG Industry and the need to Standardise the Plastic Packaging dimensions in order to Protect the Nigerian Consumers against unfair trade practices. The standard is intended to guide manufacturers of the packaging films to ensure production of high-quality products in an environmentally friendly manner and to comply with fair trade practices.

MEDICINES CONTROL AUTHORITY OF ZIMBABWE (MCAZ)

In 2022, CTFA was informed that Medicines Control Authority of Zimbabwe (MCAZ) is in the process of drafting cosmetic regulations. Stakeholder consultations will take place next year to solicit input to facilitate drafting of the regulations.

EGYPTIAN DRUG AUTHORITY (EAD)

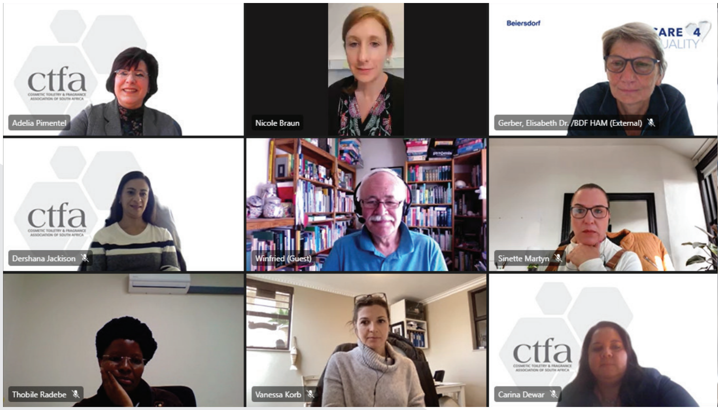
In 2022, Egypt adopted the EC 1223/2009 cosmetic regulations. Since February 2022 an online product registration process was in place for the allowance of in-market control. Imported products will need to be registered prior to import. EDA also aims to create a database for cosmetics based on all international standards, (updated on a daily basis), facilitate communication between all dealers in the Egyptian cosmetics market and EDA, and ensure the safety, efficiency and safety of cosmetics traded in the Egyptian market. This will ensure the availability of cosmetics with high standards of safety and quality as well as access to all listing services electronically.

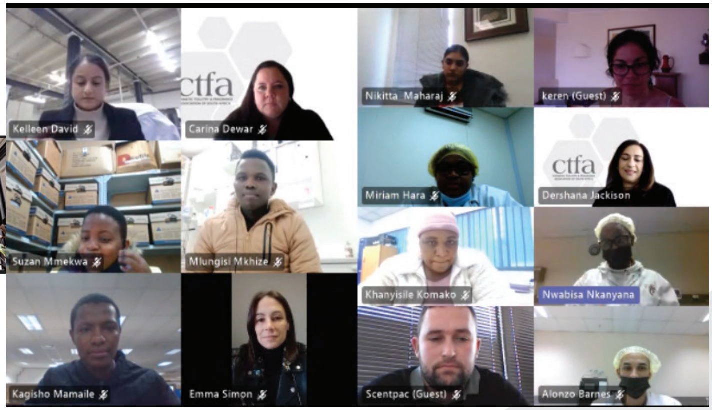
The Egyptian Drug Authority (EDA) introduced Cosmetovigilance with guidelines available for cosmetic product companies.

AFRICAN ORGANISATION FOR STANDARDISATION (ARSO)

In 2022 CTFA worked closely with the South African Bureau of Standards (SABS) and Sub-Saharan Task Force (headed by USA and EU trade associations) to encourage a reconsideration of potential trade challenges vertical standards will pose for the African continent. This is an ongoing interaction.

The CTFA was invited to be part of the ARSO Technical Working Group on cosmetics and related products (ARSO/THC 05-7). A Chairperson is yet to be elected and the working group which will convene more regularly in the 2023.





TRAINING/WEBINARS 2022

One of CTFA's roles is to improve regulatory knowledge within the industry and to communicate the importance of compliance in a constantly evolving regulatory space. As such, CTFA's training programme has become a key area of the services we offer. 2022 was no exception and numerous engagements were held with industry to help members understand and interpret the Draft Regulations R.1469 correctly, to ultimately ensure that we have a responsible industry that always places the safety of the consumer first.

CTFA and many other companies still focused on virtual training in 2022, this allowed the CTFA to reach a wider audience, and members that would not ordinarily be able to join the training , were able to join virtually.

Cosmetic Industry, Guidelines & Best Practice, March 2022: A targeted engagement was held with new members regarding the regulatory landscape in South Africa. The first part of the training gave an overview of the regulatory landscape in South Africa. Even though we are in the self-regulatory environment, we are governed by the provisions in the Foodstuff, Cosmetic and Disinfectant Act, (Act 54 of 1972). The National Department of Health (NDoH) published the Draft Regulations R.1469 in December 2017, which are currently being used to help companies comply with requirements.

The CTFA Compendium plays a vital role in providing guidelines for companies. There is no notification, pre-registration or post registration portal. The importance of standards and guidelines was covered in this intervention, focusing on voluntary and compulsory standards; SANS 289, SANS 98 and the Legal Metrology Act, 2014 (Act 9 of 2014).

Responsible Person and Components of a Product Information File (PIF), May 2022: In an effort to support the industry in understanding the requirements of a Product Information File (PIF) and the responsibilities of the Responsible Person (RP), a training session was held to reiterate the importance of preparing for the requirements in the Draft Regulation. The training session looked at who the Responsible Person is and what they are responsible for. The RP is responsible for compliance to regulations, safety assessments, PIF and post market surveillance. The session also provided an overview of the composition and the requirements of a PIF as stipulated in the Draft Regulations Relating to Labelling, Advertising and Composition of Cosmetics, R.1469, published 22 December 2017.

Good Manufacturing Practices (GMP), June 2022: GMP training has become one of the CTFA's most successful training interventions. It was done over two days, and takes a deep dive in the requirements of GMP as per SANS 22716:2011.

This training highlighted the importance of a properly designed facility, staff requirements and training. Practical examples were provided to help enhance the understanding of each department involved in GMP in companies.

CTPA (Cosmetic Toiletry and Perfumery Association) Webinar, July 2022: The CTFA Executive Director and Head: Policy & Regulatory Affairs presented a webinar, hosted by CTPA.

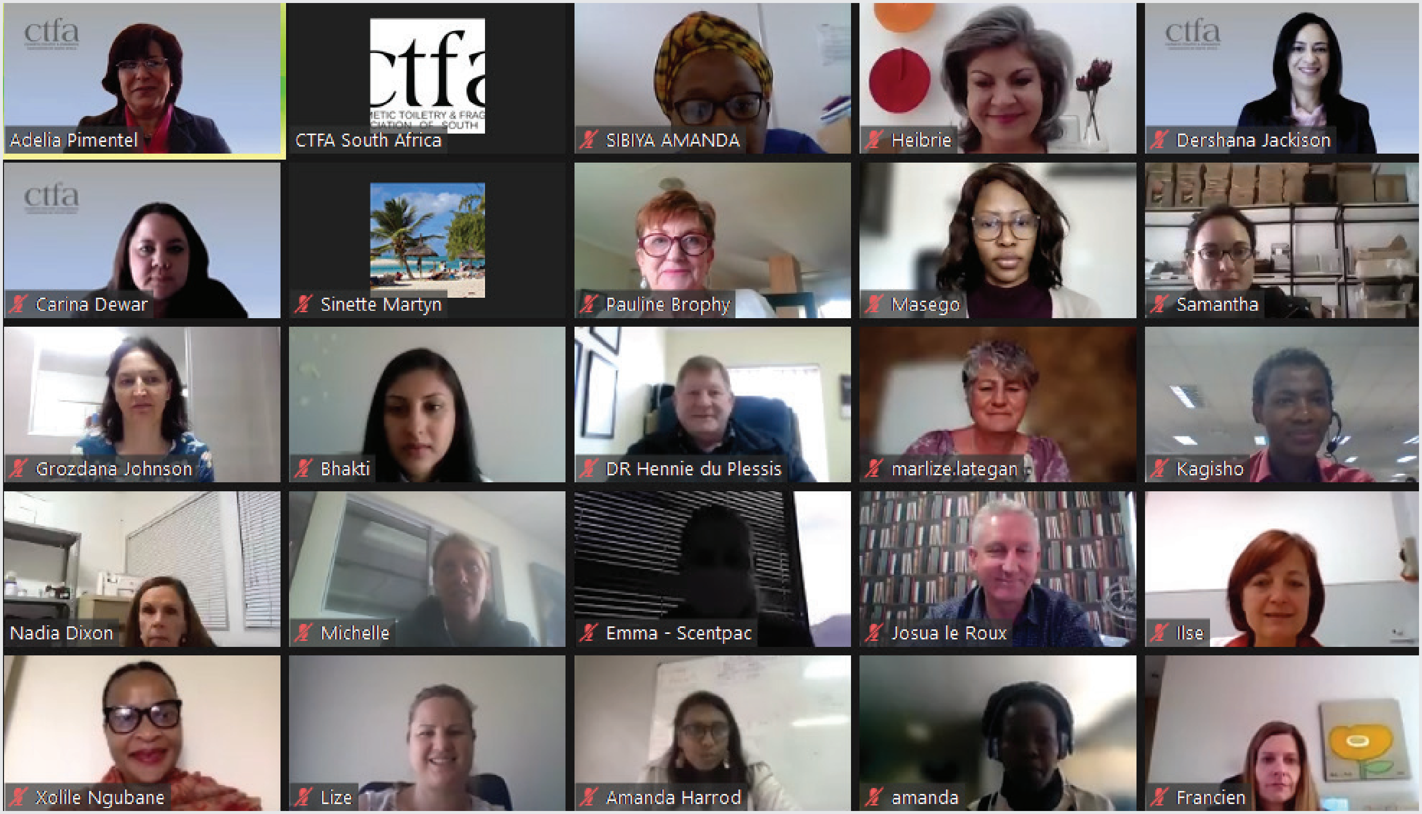
The aim was to provide the CTPA and their member companies with a better understanding of the regulatory landscape in South Africa as well as the interaction of the CTFA with various national, international and continental stakeholders. It was also aimed at providing a better understanding of the Foodstuff, Cosmetics and Disinfectant Act, (Act 54 of 1972) as well as the importance of the Draft Regulations Relating to Labelling, Advertising and Composition of Cosmetics, R.1469, 22 December 2017.

CTFA - German Cosmetic, Toiletry, Perfumery and Detergent Association (IKW), July 2022: CTFA hosted a webinar with IKW regarding Safety Assessor training with renowned international presenters that included, Dr Elisabeth Gerber – a Senior Assessor/Eurotox Registered Toxicologist, Dr Nicole Braun from the Institute for Experimental Dermatology at the Witten/Herdecke University and Mr W. Steiling.

Dr Gerber presented on the principles in Safety Assessment of finished cosmetic products. In various cosmetic regulations worldwide, a cosmetic safety assessment for human health has to be completed for every cosmetic product. In addition, cosmetic products should be correctly labelled and packaged with appropriate INCI (International Nomenclature for Cosmetic Ingredients) listing and warnings. Dr Gerber also gave an overview of the parameters which must be considered during the safety assessment of cosmetics, starting with the toxicological evaluation of the ingredients, followed by skin compatibility assessment of the cosmetic formula and other legally required considerations.

Dr Braun gave an overview of dermatological compatibility tests; there are numerous tests available to determine the compatibility of cosmetics on human skin. In addition to standard tests, there are other tests such as, the one-time closed photopatch test to exclude suspected phototoxic reactions or a special light tolerance photo test to exclude Mallorca acne, preferably used for sunscreens.

Mr W Steiling presented on Dermal Absorption or Percutaneous Penetration of Ingredients. For the safety evaluation of cosmetic ingredients, their dermal bio-availability is an important factor. Cosmetic ingredients' bio-availability is conservatively defined as the amount found in the living epidermis and/or dermis as well as in the circulatory system when topically exposed under intended use conditions. Following this definition, amounts bound to the horny layer (stratum corneum) as the outer skin barrier, must be separated as non-bioavailable. Three terms have been defined to make substance localisation during the process of penetration specific and clear: "dermal adsorption" (on or within the stratum corneum), "dermal



absorption” (within the living epidermis/dermis) and “percutaneous penetration” (amount passing through the skin). The European cosmetic industry developed an appropriate and officially accepted in vitro test system to measure dermal absorption/percutaneous penetration.

Research & Development and Quality Control Workshop, August 2022: CTFA hosted a Research & Development and Quality Control workshop, with Mr John Knowlton, Cosmetic Solutions, and Ms Robyn Brown, Botanichem, who have years of experience and knowledge in the cosmetic industry. Mr Knowlton gave an in-depth look at the research and development process from inception to product launch. In his presentation he covered the product brief requirements, accurate costing of the project, product efficacy evaluation and finally the upscaling processes. Mr Knowlton also pointed out a lot of pitfalls that one should be aware of during the product development process.

Ms Robyn Brown explained in depth the importance of quality control for a company, in her presentation she further explained the importance of stability testing, the use of a preservative as well as preservative challenge tests. Both presenters shared practical examples, and this was a very successful engagement.

Sustainability webinar, September 2022: CTFA hosted a sustainability webinar to create awareness on what is currently happening regarding sustainability and what companies and individuals can do to ensure the Sustainable Development Goals (SDG’s) are met, as well as help companies implement achievable sustainability strategies.

Mr Peter Lukey: Chief Director: Sector Knowledge and Information Management - Department of Forestry, Fisheries and the Environment gave an in depth look at the seventeen SDGs as defined by the UN and what companies can do to help achieve these goals. He also took participants through what government is doing to achieve these SDG’s.

Ms Devina Naidoo: Senior Policy Advisor: International Sustainable Development & Trade - Department of Forestry, Fisheries and the Environment introduced the One Planet Network, which is a global community of practitioners, policymakers, and experts, including governments, businesses, civil society, academia, and international organisations, that implement the 10-Year Framework of Programmes on Sustainable Consumption and Production and works towards achieving SDG 12: ensuring sustainable patterns of consumption and production.

InSites co-founder and Future Consumer Expert, Joeri Van den Bergh, focused more on South African consumers’ perception and comprehension of sustainability. It is a key concern amongst consumers in South Africa, yet, research shows that many people aren’t acting upon it. The resulting ‘sustainability paradox’ poses considerable challenges for brands.

CTFA COMPENDIUM:

The CTFA’s Cosmetic Compendium continues to be a reference document for the cosmetic industry, while the industry still awaits promulgation of the draft regulations, CTFA continues to guide the industry based on SABS standards, NRCS standards, Advertising code of practice, the European Legislation (EC Regulations 1223/2009), international guidelines and industry best practice.

To ensure that members are aware of the upcoming changes that might affect them, the CTFA together with the Cosmetic Regulatory Review (CRR) work group implemented a notification process; in addition, the CTFA Cosmetic Compendium will be updated twice a year in January and July and will be available on the CTFA website.

In 2022, there was a focus on the safety of some UV filters. The CTFA, with the guidance of industry experts from the Sun Care work group, adopted international changes to Octocrylene and Benzopehnone-3, updates were made in Annex VI – List of UV filters allowed in cosmetic products.

A key change was that when a substance has been classified as a CMR, South Africa will adopt the same date as the European Union. We strive to align as closely as possible to the European Union regulatory updates, whilst still keeping in mind the challenges that the industry faces in the self-regulatory environment, this will help to prevent an opportunity where non-compliant products can be introduced in the South African market. CTFA and its members always strive to ensure that we have a responsible industry where consumer safety is a priority.

REGULATORY TRENDS:

Safety and Accountability: As the world began to readjust to life after COVID 19, a big concern turned to safety and accountability of Cosmetic Products in 2022 globally. Countries such as China, Japan, South Korea, India, USA and Botswana have worked hard to bring out new legislations relating to companies manufacturing Cosmetic Products encompassing Responsible Persons and their functions, ingredient safety in formulations, product declarations and registration with the governing bodies.

There are no signs of slowing down, but rather moving forward into implementation and monitoring. With consumer safety being the underlying message, companies are held more accountable with their products being placed on databases and can be traced more efficiently. There is a drive in cutting down the spread of potentially hazardous unauthorised products in the illicit market.

Sustainability: A heightened environmental awareness amongst consumers, companies and governments was present over the past year. The cosmetic industry had been brought under the spotlight when the sustainability trend began a few years ago due to the amount of one-use plastic products such as shampoo bottles polluting the oceans. In response, companies began putting sustainability at its core when researching and innovating products. Refillable products, recyclable and biodegradable packaging (circular packaging) and waterless cosmetics have made appearances worldwide.

Sustainability was not limited to just packaging alone as deforestation, climate change, depletion of natural resources makes headlines, ingredients and their sustainable usage were seen as just as important. Consumers are becoming more aware of the impact that material depletion has on the planet and cosmetic companies have responded with ingredients and related marketing that emphasise sustainable ingredient use, biodiversity sharing benefits and alternatives that are safer for the environment. The arm of sustainability extends beyond just the product at face value. Global warming due to green-house gases caused by multiple factors influence a lifestyle change which then influences product choices. Choosing to not contribute to global warming, consumers may look to more earth-friendly products that have done no harm in its content creation. Natural, Organic, sustainably sourced, environmentally friendly have been popular claims of the year. Arguably the next big revolution of beauty is a sustainable future.

Animal Testing: 'Do no harm' has been trending and this theme stemming from the environment has echoed its sentiment to animals. Animal testing bans have been around for a few years, but this year saw a drive forward in progress. Some major regions of the world now have firm bans put in place which include, but not limited to, banning of products tested on animals from being sold and manufactured, whilst other regions of the world, although not completely against animal testing, have made provisions for cosmetics sale without the need for animal testing.

Borderline products: A simple definition holds so much value. This cannot be more true than with the definition of a cosmetic. The definition is the first statement that can be looked at (along with the function) to ascertain how a product can be classified and which regulatory pathway it will follow.

Across the world as well as locally, the definition varies. 2022 saw the definition and classification put under scrutiny when dealing with borderline products. Conversely, borderline products were looked at by regions that were re-looking their definitions such that categories were included under cosmetics.

Prohibited and Restricted Ingredients: With consumer ingredient awareness increasing, attention to potentially hazardous ingredients have proportionately increased, with certain (very widely used) substances being re-looked. Major regions such as EU and China have been updating their classifications and regulations regarding certain substances with some having big implications for products containing these substances.

Fragrances have also featured majorly for their allergen content. Fragrance allergens have been ever present and this year saw further investigation and regulation into declaration of allergens as well as additional allergens. A large number of raw materials were classified as Carcinogenic, Mutagenic and Toxic for Reproduction (CMR) substances and in most instances, this led to an immediate ban in the industry.

Per- and Polyfluoroalkyl Substances (PFAS): Public scrutiny has increased with regards to the presence of Per- and Polyfluoroalkyl Substances (PFAS) in cosmetic products. Whether intentional addition of these compounds for their hydrophobicity or unintentional inclusion through manufacturing processes, concerns are raised over entry points in the supply chain.

EU and USA regulatory bodies have been working to put more regulation in place to restrict/control/ban PFAS and this will continue into 2023.

TECHNICAL COMMITTEE

The CTFA Technical Committee and its various workgroups is constituted of technical experts from member companies with the main aim to ensure that decisions and actions of technical and regulatory matters are purely to the benefit of the industry. The CTFA would like to convey its gratitude to the individual experts who gave freely of their time to be part of this committee and various workgroups during 2022.

TECHNICAL COMMITTEE MEMBERS

Amka Products (Pty) Ltd	Ms Grazyna Chmielowska
Amway South Africa (Pty) Ltd	Ms Bosede Nkana
Avon Justine (Pty) Ltd	Mr Maged George & Ms Pokazi Tetyana
Beiersdorf South Africa	Mr Njabulo Mthethwa
Botanichem cc	Ms Robyn Brown
Colgate Palmolive South Africa	Ms Babalwa Mantyi & Ms Sikekelwa Gogo
Cosmetic Solutions	Mr John Knowlton
Estee Lauder SA	Mr Dennis Cladakis
Vantage Specialty Chemicals (Pty) Ltd	Mr Wayne van Wyk
Givaudan South Africa	Ms Arshdeep Joshi
GlaxoSmithKline Consumer Healthcare	Mr Bhavesh Gopaul
Indigo Brands (Pty) Ltd	Ms Deshi Moodley & Ms Marlene Engelbrecht
Johnson & Johnson (Pty) Ltd	Ms Keshnee Dhanraj
L'Oréal South Africa (Pty) Ltd	Ms Christine Charlton & Mr Percy Sibanda
Marico South Africa (Pty) Ltd	Ms Ashika Sireeparsad
Pick n Pay Retailers (Pty) Ltd	Ms Reema Maharaj
Pierre Fabre South Africa (Pty) Ltd	Ms Anel Jansen Van Vuuren
Procter & Gamble SA (Pty) Ltd	Mr Nhlanhla Tshabalala
Revlon South Africa (Pty) Ltd	Mr Martin Mason
Sefako Makgatho Health Sciences University	Ms Marlize Goosen
Unilever South Africa (Pty) Ltd	Ms Nazrana Essack

CTFA MEMBERSHIP

The CTFA was formed in 1994 to allow representation of the cosmetics industry by a collective, objective body. The Association represents and promotes the interests of its' member companies, is an authoritative voice for the South African industry, actively articulates industry viewpoints to government departments, the media and key stakeholders, whilst promoting consumer safety.

Since inception, the purpose of the Cosmetic, Toiletry & Fragrance Association of South Africa (CTFA) has been to guide Members on the South African Regulatory Codes of Practice and Standards and to be a conduit for cosmetic and personal care industry growth.

The CTFA works with the industry sector, the South African Bureau of Standards (SABS), National Department of Health (NDOH), Department of Trade, Industry and Competition (DTIC), Department of Forestry, Fisheries and the Environment (DFFE) and international accredited bodies to ensure alignment for a responsible industry in South Africa.

The CTFA advocates international harmonisation and recognition and has, since 2000, been a member of Cosmetics Europe, the personal care association, based in Brussels. This assists in ensuring that South Africa is kept updated on cosmetics information worldwide.

Membership is open to any company distributing and manufacturing cosmetics in South Africa. Companies associated with the cosmetics industry, but not directly involved in distribution or manufacture such as packaging and raw material suppliers, may become associate members. Retailers are also part of the CTFA membership with regards to their private in-house labels.

WHY IS MEMBERSHIP IMPORTANT?

The personal care business sector is innovative, vibrant and competitive coupled with a rapidly moving regulatory environment. It is, therefore, essential that manufacturers, brand owners, retailers and raw material suppliers are kept abreast of the latest changes and developments. Importantly, Members are extended the opportunity to be part of the decision-making process that shapes regulations and representations that are made from time to time on behalf of the industry, by being part of CTFA committees and workgroups.

BENEFITS TO GAIN FROM YOUR CTFA MEMBERSHIP:

- The CTFA monitors international regulatory developments and keeps Members updated on the Regulatory Control of cosmetics.
- The CTFA provides technical expertise and advice on ingredients, labelling, packaging and product claims.
- The CTFA provides the means for dissemination of information on standards set up by working groups/committees. These working groups/committees consist of cosmetic industry experts and representatives from the South African Bureau of Standards (SABS).
- The CTFA liaises with the National Department of Health (NDOH) and the National Regulator for Compulsory Specifications (NRCS) on product and packaging regulations.
- The CTFA liaises with the Department of Forestry, Fisheries and the Environment (DFFE) on Bioprospecting and waste management amongst other industry and national initiatives on behalf of members.
- The CTFA liaises with the Department of Trade Industry and Competition (DTIC) to assist members with regulatory compliance in relation to exports, imports and expansion into international markets.
- The CTFA liaises with the South African Revenue Services and Customs and Excise on Ad Valorem Excise Duty.
- The CTFA liaises with the Advertising Regulatory Board of South Africa to ensure the preservation of self-regulation in the advertising space.
- The CTFA maintains relationships with and makes representations to the appropriate South African and relevant international governments, legislative or other regulatory bodies, Chambers of Commerce or Trade Associations with regards to matters affecting the interests of the industry.
- The CTFA is a member of Cosmetics Europe and has representation on the ISO Cosmetic Committees.
- The CTFA assists exporters with the issuing of Certificates of Free Sale.
- The CTFA Advises SMEs regarding compliance.
- The CTFA extends invitations to Members for workshops, seminars, information and training sessions.
- As part of the CTFA membership, there is access to various SABS Standards.

HOW DO I BECOME A MEMBER?

Simply contact us and we will set up a free consultation at our offices, so that we can understand your particular business and product range/ranges. Should there be a perceived benefit for both parties, we would then encourage you to become a Member and assist you to comply with all regulations.

Enquiries:
Email - info@ctfa.co.za | Website - www.ctfa.co.za

CATEGORIES OF MEMBERSHIP:

Full Members

This category includes; Brand owners, Distributors, Importers and Exporters of finished goods.

Manufacturing Members

This category includes; Manufactures and Contract Manufactures of toiletry cosmetic products.

Associate Members

This category includes; Suppliers of ingredients, raw materials, packaging etc., not involved in production, sales and marketing.

It also includes companies, associations, Academic Institutions affiliated to the cosmetic industry who do not produce or distribute cosmetic products.

Retail Members

This category includes; retail outlets with their own private label brands.

LOOK GOOD FEEL BETTER

YVETTE POWELL | NATIONAL PROGRAMME MANAGER

2022 was a year of extreme challenges for LGFB. The loss of members and sponsorship due to the pandemic had placed a huge financial and operational risk burden on the organization. We had to create and adapt to new ways of learning, working and living our lives amid stresses that we have never experienced before. But for all the hardships we experienced, this year provided us with unique lessons and opportunities.

The lessons are many…Resilience, Creativity, Reflecting, Hope, Faith and Gratitude.

Gratitude, especially towards our loyal Members, Sponsors & Donors, who have been committed to the cause by providing funding even during financial tough times. Their funds have helped us to get a great deal of work done with more ease and less stress. Thank you for having faith in our organisation and for understanding and sharing our purpose.

We want to thank Adelia Pimentel, Executive Director of CTFA and Board Director of Look Good Feel Better, for initiating and implementing support from CTFA members who agreed to contribute 5% of their CTFA membership fee to the Look Good Feel Better Foundation. Your support has lightened our financial burden and enabled us to expand our program to more hospitals and venues throughout SA.

A sincere call to ALL CTFA MEMBERS to support our worthy cause.

Looking forward to making a difference together!

Yvette Powell

I can only share my conviction that more than ever, LGFB is an important factor of the recovery process, and it is a great pride to be part of it. Among many great achievements, there is one that I believe is paramount and that has changed the future of LGFB: the closer proximity with CTFA and the possibility of LGFB to be completely autonomous from financial standpoint; this reviewed model allows for LGFB to safely plan, organize and deliver its activities in a sustainable way, for the benefits of the patients. This is a fantastic change!

- Gilles Antoine, Managing Director of L'Oreál & Chairperson of Look Good Feel Better Foundation -

LOOK GOOD FEEL BETTER FOUNDATION SOUTH AFRICA

The Look Good Feel Better Foundation oversees a global network of 26 licensed affiliates that deliver Look Good Feel Better support programs in countries across the globe. Collectively, the 26-country network has served over 2.1 million people living with cancer on six continents since the program began in 1989. The Look Good Feel Better global network consists of the following countries:

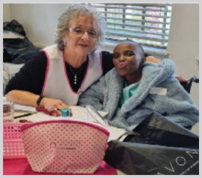
Argentina, Australia, Brazil, Canada, Chile, Colombia, Denmark, Ecuador, France, Germany, Ireland, Israel, Italy, Mexico, The Netherlands, New Zealand, Norway, Peru, Poland, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, United States, Uruguay

In South Africa, **48 559** people have participated in the program, with **4560** workshops since the inception of the program.

We are proud to say that we are still achieving our BEE beneficiary goal with 77% patients in our workshops being BEE candidates.

The program is managed by a small team of staff and relies on the support of **120** volunteers who give their time and expertise to help deliver









the workshops across South Africa in **39** private clinics and public hospitals. We owe immense gratitude to our volunteers for their support and commitment.

Extensive research internationally indicates the significant benefit of the Look Good Feel Better factor in the holistic treatment of a cancer patient.

A simple act like taking care of your appearance can make an enormous difference to someone battling cancer.

On behalf of Chris Hani Baragwanath Academic Hospital & our team of Oncologists, we express our gratitude for your service and consistency to our cancer patients. The workshops are boosting the patient's moral in an indescribable way. Some of the patients find it very hard to embrace their scars, accept and love themselves during this journey of their prescribed line of treatment.

- Pinky Raynolda Makhutle -

During the year LGFB has received exposure through radio interviews (Cape Talk, Radio Tygerberg and Radio Ekurhuleni), Facebook, Instagram and a revamped website. Our sincere thanks to our content creator, Thomas Bloem (Source Matrix Website Solutions) for creating our content that connects our brand to our audience.

Financial support was received from companies like **Esteé Lauder, Canway (Oh So Heavenly)** and **Environ**. A special mention goes to **Pam & Neil Senior** for their generous donation.

We have 3 major fundraisers each year. Our **Johannesburg Golf Day** at Blair Athol Golf Club and the **KZN Golf Day at Zimbali** were once again a highlight in the golfer's calendar. The **Port Elizabeth Cancer Annual High Tea event** was hosted again after 2 years due to Covid regulations.



Various regional fundraising events were held to support our program.

I would like to express my heartfelt thanks to our Look Good Feel Better Trustees and Executive Council Members, our members, sponsors, supporters, staff volunteers and the oncology staff at each hospital where the programme is offered. Thank you for giving us, the Look Good Feel Better team, the privilege of helping to empower women and men to take back some of the control that has been lost to cancer and its treatment.

Founder Members:

AVON Justine, Colgate-Palmolive, Environ, Estée Lauder, indigo brands, L'ORÉAL

Active Members: African Extracts, AlcoNCP, AMKA, Evolabs, Modern Hair and Beauty, The Prestige Cosmetic Group, Twincare International

Platinum Members: Isabella Garcia, Canway (Oh So Heavenly) and Avroy Shlain

A **special mention** goes to CDP Gifts, RAM Couriers, Aramex, Claman, Netcad, Meerendal Boutique Hotel, Southern Sun-The Marine, The Saxon Hotel and Fascinations Hair for their continued support.

FINANCIALS

COSMETIC TOILETRY AND FRAGRANCE ASSOCIATION OF SOUTH AFRICA

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 | VOLUNTARY ASSOCIATION NOT FOR GAIN

watermans

INDEX

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

GENERAL INFORMATION

Country of Incorporation and Domicile	South Africa
Nature of Business and Principal Activities	The Cosmetic Toiletry & Fragrance Association of South Africa (CTFA) represents and promotes the interest of its member companies. It is an authoritative voice for the industry in South Africa and actively articulates industry viewpoints to government departments. It continues to lead the industry forward with regard to setting industry best practice, standards and encouraging responsible advertising.
Registered Office	Hurlingham Office Park 59 Woodlands Avenue Block B Hurlingham Suite 2 & 3 2196
Business Address	Hurlingham Office Park 59 Woodlands Avenue Block B Hurlingham Suite 2 & 3 2196
Postal Address	P.O. Box 721 Randpark Ridge 2156
Bankers	First National Bank Limited
Level of Assurance	These annual financial statements have been audited in compliance with the association's constitution.
Auditors	Watermans Registered Auditors Chartered Accountants (S.A.) Registered Auditors
Executive Council	W. van Niekerk - Chairperson P. Pillay - Vice Chairperson G. Antoine J. Knowlton A. Sharma M. Hukamdad N. Kalla T. Gordon-Bennet M. Nkosi W. van Wyk A. Pimentel
Issued	7 March 2023

EXECUTIVE COUNCILS' RESPONSIBILITIES AND APPROVAL

The executive councils are required by the Association's Constitution to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the association, and explain the transactions and financial position of the business of the association at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the association and supported by reasonable and prudent judgements and estimates.

The executive councils acknowledge that they are ultimately responsible for the system of internal financial control established by the association and place considerable importance on maintaining a strong control environment. To enable the executive councils to meet these responsibilities, the executive councils set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the association and all employees are required to maintain the highest ethical standards in ensuring the association's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the association is on identifying, assessing, managing and monitoring all known forms of risk across the association. While operating risk cannot be fully eliminated, the association endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The executive councils are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the executive councils have no reason to believe that the association will not be a going concern in the foreseeable future. The annual financial statements support the viability of the association.

The annual financial statements have been audited by the independent auditing firm, Watermans Registered Auditors, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the members, the executive councils and committees of the executive councils. The executive councils believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 4 to 5.

The annual financial statements set out on pages 7 to 20, and the supplementary information set out on pages 22 to 24 which have been prepared on the going concern basis, were approved by the executive councils and were signed on 7 March 2023 on their behalf by:

W. van Niekerk
(Chairperson)

M.A.L. Pimentel
(Executive Director)

INDEPENDENT AUDITOR'S REPORT

To the Members of Cosmetic Toiletry and Fragrance Association of South Africa

Opinion
We have audited the financial statements of Cosmetic Toiletry and Fragrance Association of South Africa set out on pages 8 to 21, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cosmetic Toiletry and Fragrance Association of South Africa as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Association's Constitution.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the association in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Executive Councils for the Financial Statements
The executive councils are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Association's Constitution, and for such internal control as the executive councils determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the executive councils are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive councils either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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 association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive councils.

- Conclude on the appropriateness of the executive councils' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the executive councils regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Watermans Registered Auditors

Aarons

Per: T. Aarons C.A. (S.A.)
Partner
Registered Auditor

7 March 2023

Top Floor, 14 Eglin Road,
Sunninghill, Sandton, 2191.

EXECUTIVE COUNCILS REPORT

The executive council present their report for the year ended 31 December 2022.

1. **Review of activities**
   Main business and operations
   The association the Cosmetic Toiletry & Fragrance Association of South Africa (CTFA) represents and promotes the interest of its member companies. It is an authoritative voice for the industry in South Africa and actively articulates industry viewpoints to government departments. It continues to lead the industry forward with regard to setting industry best practice, standards and encouraging responsible advertising. There were no major changes herein during the year.

   The operating results and statement of financial position of the association are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. **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.

3. **Events after reporting date**
   The new Non Profit Company was incorporated in May 2022 and all operations with related assets and liabilities will be transferred to the new company in 2023.

4. **Executive Councils**
   There have been changes in membership during the current financial year.
   Mr A. Sharma - Resigned - June 2022
   Mr G. Antoine - Resigned - July 2022
   Mr M. Hukamdad - Resigned - August 2022
   Mr M. Nkosi - Appointed - November 2022

5. **Independent Auditors**
   Watermans Registered Auditors were the independent auditors for the year under review.

STATEMENT OF FINANCIAL POSITION

FIGURES IN R	NOTES	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	99,553	164,747
Total non-current assets		**99,553**	**164,747**
Current assets			
Trade and other receivables	5	259,994	245,047
Cash and cash equivalents	6	13,545,428	12,037,862
Total current assets		**13,805,422**	**12,282,909**
TOTAL ASSETS		**13,904,975**	**12,447,656**
EQUITY AND LIABILITIES			
Equity			
Accumulated surplus		13,530,937	11,918,775
LIABILITIES			
Current liabilities			
Provisions	7	145,773	217,297
Trade and other payables	9	164,983	42,656
Operating lease payables	10	58,640	97,438
Deffered income	11	-	169,025
Credit card	6	4,642	2,465
Total current liabilities		**374,038**	**528,881**
TOTAL LIABILITIES		**374,038**	**528,881**
TOTAL EQUITY AND LIABILITIES		**13,904,975**	**12,447,656**

STATEMENT OF COMPREHENSIVE INCOME

FIGURES IN R	NOTES	2022	2021
Revenue	12	5,972,101	5,694,726
Cost of sales		(145,048)	(140,731)
Gross surplus		**5,827,053**	**5,553,995**
Other income	13	108,684	170,346
Other expenses		(4,973,260)	(5,096,802)
Other gains / (losses)	15	-	96
Surplus from operating activities		**962,476**	**627,635**
Finance income	16	649,695	416,399
Intrest paid		(9)	-
Surplus for the year		**1,612,162**	**1,044,034**

STATEMENT OF CHANGES IN FUNDS

FIGURES IN R	ACCUMULATED SURPLUS	TOTAL
Balance at 1 January 2021	**10,874,741**	**10,874,741**
Changes in funds		
Surplus for the year	1,044,034	1,044,034
Balance at 31 December 2021	**11,918,775**	**11,918,775**
Balance at 1 January 2022	**11,918,775**	**11,918,775**
Changes in funds		
Surplus for the year	1,612,162	1,612,162
Balance at 31 December 2022	**13,530,937**	**13,530,937**

STATEMENT OF CASH FLOWS

FIGURES IN R	NOTES	2022	2021
Cash flows from operations			
Surplus for the year		**1,612,162**	**1,044,034**
Adjustments to reconcile surplus			
Finance income		(649,695)	(416,399)
Interest paid		9	-
Adjustments for (Increase) / decrease in trade receivables		(17,395)	2,383
Adjustments for (Increase) / decrease in other operating receivables		2,448	(17,562)
Adjustments for Increase / (decrease) in trade accounts payables		100,803	(3,724)
Adjustments for Increase / (decrease) in other operating payables		21,524	21,859
Adjustments for Increase / (decrease) in deferred income		(169,025)	(222,708)
Depreciation expense		76 193	78,718
Movement in provisions		(71 524)	79,731
Profit on disposal of non-current assets		-	(96)
Total adjustments to reconcile surplus		**(706,662)**	**(477,800)**
Net cash flows from operations		**905,500**	**566,234**
Interest paid		(9)	-
Interest received		649,695	416,399
Net cash flows from operating activities		**1,555,186**	**982,632**
Cash flows used in investing activities			
Proceeds from sales of property, plant and equipment		-	13,904
Purchase of property, plant and equipment		(10,999)	(50,447)
Cash flows from / (used in) investing activities		**(10,999)**	**(36,543)**
Cash flows from financing activities			
Movement in operating lease payable		(38,798)	(3,246)
Cash flows from financing activities		**(38,798)**	**(3,246)**
Net increase in cash and cash equivalents		**1,505,389**	**942,842**
Cash and cash equivalents at beginning of the year		12,035,397	11,092,555
Cash and cash equivalents at end of the year	6	**13,540,786**	**12,035,397**

ACCOUNTING POLICIES

1. General information

Tthe Cosmetic Toiletry & Fragrance Association of South Africa (CTFA) represents and promotes the interest of its member companies. It is an authoritative voice for the industry in South Africa and actively articulates industry viewpoints to government departments. It continues to lead the industry forward with regard to setting industry best practice, standards and encouraging responsible advertising.

2. Basis of preparation

The financial statements of Cosmetic Toiletry and Fragrance Association of South Africa have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Association's Constitution of South Africa. The financial statements have been prepared under the historical cost convention. They are presented in South African Rand.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the association's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment

3.1 Accounting policies

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The association adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the association. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to surplus or deficit during the period in which they are incurred.

Depreciation on assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Asset class	Depreciation rate
Fixtures and fittings	16.67%
Office equipment	16.67%
Computer equipment	33.33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains / (losses)' in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

Property, plant and equipment continued...

3.2 Balances at year end and movements for the year

	Fixtures and fittings	Office equipment	Computer equipment	Total
Reconciliation for the year ended 31 December 2022				
Balance at 1 January 2022				
At cost	234,834	18,762	223,996	477,592
Accumulated depreciation	(129,568)	(12,736)	(170,541)	(312,845)
Net book value	**105,266**	**6,026**	**53,455**	**164,747**
Movements for the year ended 31 December 2022				
Additions	-	-	10,999	10,999
Depreciation	(38,472)	(2,225)	(35,496)	(76,193)
Property, plant and equipment at end of year	**66,794**	**3,802**	**28,958**	**99,553**
Closing balance at 31 December 2022				
At cost	234,834	18,762	230,114	483,710
Accumulated depreciation	(168,040)	(14,960)	(201,157)	(384,157)
Net book value	**66,794**	**3,802**	**28,957**	**99,553**

	Fixtures and fittings	Office equipment	Computer equipment	Total
Reconciliation for the year ended 31 December 2021				
Balance at 1 January 2021				
At cost	234,834	18,762	191,048	444,644
Accumulated depreciation	(91,097)	(10,510)	(136,210)	(237,817)
Net book value	**143,737**	**8,252**	**54,838**	**206,827**
Movements for the year ended 31 December 2021				
Additions	-	-	50,447	50,447
Depreciation	(38,471)	2 226	(38,022)	(78,719)
Disposal	-	-	(13,808)	(13,808)
Property, plant and equipment at end of year	**105,266**	**6 026**	**53,455**	**164,747**
Closing balance at 31 December 2021				
At cost	234,834	18,762	223,996	477,592
Accumulated depreciation	(129,568)	(12,736)	(170,541)	(312,845)
Net book value	**105,266**	**6,026**	**53,455**	**164,747**

4. Financial assets

4.1 Accounting policies

Other financial assets
Other financial assets are recognised initially at the transaction price, including transaction costs except where the asset will subsequently be measured at fair value.

Where other financial assets relate to shares that are publicly traded, or where fair values can be measured reliably without undue cost or effort, these assets are subsequently measured at fair value with the changes in fair value being recognised in profit or loss. Other investments are subsequently measured at cost less impairment.

Debt instruments are subsequently stated at amortised cost. Interest income is recognised on the basis of the effective interest method and is included in finance income.

Commitments to receive a loan that meet the conditions in paragraph 11.8(c) are measured at cost less impairment.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

Impairment of financial assets
At the end of each reporting period an assessment is made to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the extent of the impairment is determined.

Impairment losses in financial assets carried at amortised cost are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit.

Financial assets continued...

FIGURES IN R	NOTES	2022	2021

4.2 Carrying amount of other financial assets by category

	Debt instruments at amortised cost	Total
Year ended 31 December 2022		
Trade and other receivables excluding non-financial assets (Note 5)	173,969	173,969
Cash and cash equivalents (Note 6)	13,545,428	13,545,428
	13,719,397	**13,719,397**
Year ended 31 December 2021		
Trade and other receivables excluding non-financial assets (Note 5)	157,324	157,324
Cash and cash equivalents (Note 6)	12,037,862	12,037,862
	12,195,186	**12,195,186**

5. Trade and other receivables

5.1 Trade and other receivables comprise

	2022	2021
Trade receivables	20,477	3,082
Prepaid expenses	44,315	12,000
Deposits	153,492	153,492
Staff loans	-	750
Value added tax	41,710	75,723
Total receivables	**259,994**	**245,047**

5.2 Items included in trade and other receivables not classified as financial instruments

	2022	2021
Prepaid expenses	44,315	12,000
Value added tax	41,710	75,723
Total non-financial instruments included in trade and other receivables	86,025	87,723
Total trade and other receivables excluding non-financial assets included in trade and other receivables	173,969	157,324
Total trade and other receivables	**259,994**	**245,047**

NOTES TO THE FINANCIAL STATEMENTS

FIGURES IN R	NOTES	2022	2021
6. Cash and cash equivalents			
6.1 Cash and cash equivalents comprise:			
Cash			
Cash on hand		30	30
Bank Balances		13,545,398	12,037,832
Total cash		**13,545,428**	**12,037,862**
Credit card		(4,642)	(2,465)
Net cash and cash equivalents		**13,540,786**	**12,035,397**
6.2 Detail of cash and cash equivalent balances			
Bank balances			
Current account		242,259	67,170
Salaries account		8,835	25,176
Money market fund		2,518,546	1,717,902
48 Hour Investment Account		10,775,758	10,227,584
Total		**13,545,398**	**12,037,832**
Overdrawn bank balances			
Credit card		(4,642)	(2,465)

7. Provisions

7.1 Provisions comprise:	2022	2021
Leave pay provision	145,773	217,297

7.2 Provisions for employee benefits	**Leave Pay Provision**	**Total**
Balance at 1 January 2022	**217,297**	**217,297**
Additions	145,773	145,773
Utilised during the year	(217,297)	(217,297)
Balance at 31 December 2022	**145,773**	**145,773**

	Leave Pay Provision	**Total**
Balance at 1 January 2021	**137,566**	**137,566**
Additions	217,297	217,297
Utilised during the year	(137,566)	(137,566)
Balance at 31 December 2021	**217,297**	**217,297**

FIGURES IN R	NOTES	2022	2021

8. Financial liabilities

8.1 Accounting policies

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Trade and other payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities are recognised initially at the transaction price, including transaction costs except where the liability will subsequently be measured at fair value.

Where the fair value of other financial liabilities can be measured reliably without undue cost or effort, these liabilities are subsequently measured at fair value with the changes in fair value being recognised in profit or loss.

Debt instruments are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Other financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

8.2 Carrying amount of other financial liabilities by category

	Debt instruments at amortised cost	Total
Year ended 31 December 2022		
Operating lease payable (Note 10)	58,640	58,640
Trade and other payables excluding non-financial liabilities (Note 9)	164,983	164,983
Credit card (Note 6)	4,642	4,642
	228,265	**228,265**
Year ended 31 December 2021		
Operating lease payable (Note 10)	97,438	97,438
Trade and other payables excluding non-financial liabilities (Note 9)	42,656	42,656
Credit card (Note 6)	2,465	2,465
	142,559	**142,559**

NOTES TO THE FINANCIAL STATEMENTS

FIGURES IN R	NOTES	2022	2021

9. Trade and other payables

Trade and other payables comprise

Trade creditors	102,904	2,101
COIDA accrual	2,775	7,991
Other accruals	59,304	32,564
Total trade and other payables	**164,983**	**42,656**

10. Operating lease liabilities

10.1 Accounting policies

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern of the benefit obtained.

10.2 Operating lease liabilities comprise

Operating lease payable	58,640	97,438
	58,640	**97,438**

10.3 Future minimum lease payments

Not later than one year	58,640	38,798
Later than one year and not later than five years	-	58,640
	58,640	**97,438**

11. Deferred income

11.1 Accounting policies

Deferred income are recognised at their fair value in profit or loss where there is a reasonable assurance that the deferred income will be received and the association has complied with all attached conditions. Deferred income received where the association has yet to comply with all attached conditions are recognised as a liability and released to income when all attached conditions have been complied with. Deferred incomes received is included in profit or loss.

11.2 Deferred income comprise

Annual memberships fees received in advance	-	169,025

NOTES TO THE FINANCIAL STATEMENTS

FIGURES IN R	NOTES	2022	2021

12. Revenue

12.1 Accounting policies

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts.

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 end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
• the amount of revenue can be measured reliably;
• it is probable that the economic benefits associated with the transaction will flow to the entity;
• the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
• the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of transactions involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

The stage of completion of a transaction may be determined by a variety of methods, depending on the nature of the transaction:

• surveys of work performed;
• services performed to date as a percentage of total services to be performed;
• the proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.

Interest income is recognised using the effective interest method.

12.2 Revenue comprises

		2022	2021
Membership fees		5,972,101	5,694,726

13. Other income

Other income comprises

		2022	2021
Artwork reviews		30,000	2,600
Certificate of free sale		-	3,800
Sundry Income		3,944	58,546
Training and workshops		74,740	105,400
Total other income		**108,684**	**170,346**

NOTES TO THE FINANCIAL STATEMENTS

FIGURES IN R	NOTES	2022	2021

14. Employee benefits expense

14.1 Accounting policies

Short-term employee benefits

Compensation paid to employees for the rendering of services are recognised at the undiscounted amount paid or expected to be paid in the accounting period in which the services were rendered.

Where employees accumulate entitlement for paid absences, an expense is recognised as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In the case of non-accumulating paid absences, the expense is recognised only when the absences occur.

The expected cost of profit-sharing and bonus payments are recognised when there is a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when there is no realistic alternative but to make the payments.

14.2 Employee benefits expense comprises

		2022	2021
Salaries		2,816,270	2,905,388

15. Other gains and losses

Other gains and losses comprise

		2022	2021
Profit on disposal of non-current assets		-	96

16. Finance income

Finance income comprises

		2022	2021
Interest received - Bank		649,695	416,399

17. Income taxation expense

No provision has been made for the 2022 year. The association is exempt from tax on the types of income generated during the year due to its status as a Voluntary Association incorporated under Common Law and its tax exemption in terms of Section 30 of the Income Tax Act.

PHYSICAL ADDRESS
59 Woodlands Avenue, Hurlingham Office Park,
Bushwillow, Ground Floor, Suite 2 & 3, Hurlingham Manor, Sandton.

POSTAL ADDRESS
P.O. Box 721, Randpark Ridge, 2056

t +27 11 795 4272 | **www.ctfa.co.za**