

ctfa

COSMETIC TOILETRY & FRAGRANCE ASSOCIATION OF SOUTH AFRICA

2021

ANNUAL REPORT

CONTENT

01.....Executive Council
03.....Chairperson Report
04.....Vice-Chairperson Report
05..... Executive Director Report
07..... Regulatory & Policy Affairs
11..... CTFA Membership
13..... Financial Report
15..... Look Good Feel Better
18..... Annual Financial Statements for the year ended 31 December 2021



Developing a sustainable and respected South African cosmetic industry.

EXECUTIVE COUNCIL

Gilles Antoine: Chairperson
L'Oreal South Africa (Pty) Ltd

Priyan Pillay: Vice-Chairperson
Colgate – Palmolive (Pty) Ltd

John Knowlton
Cosmetic Solutions

Momin Hukamdad
Avon Justine (Pty) Ltd

Nizam Kalla
Amka Products (Pty) Ltd

Tarryn Gordon-Bennett
Revlon South Africa (Pty) Ltd

Viliam Trska
Procter and Gamble (Pty) Ltd

Warren van Niekerk
Beiersdorf Consumer Products (Pty) Ltd

Wayne van Wyk
Vantage Speciality Chemicals (Pty) Ltd

Werner Thethard
Indigo Brands (Pty) Ltd

Adelia Pimentel - Executive Director
CTFA

CHAIRPERSONS (1994 - 2021)

2019 –
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



THE ROLE OF THE EXECUTIVE COUNCIL

- To define key deliverables for CTFA
- To represent its Members
- 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
- To attend government meetings where necessary



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 encouraging 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.

OBJECTIVES OF THE COMPANY

- To encourage and promote ethical values and sound business practices in all dealings with internal and external stakeholders.
- To organise, report and advise on, protect and further the interests of the Members of the Association.
- To furnish assistance to the Association's Members when such assistance promotes or furthers the main objectives of the Company.
- To collect and disseminate statistical and other information material to the collective interest of Members.
- To promote or oppose legislation or other measures connected with or affecting the collective interest of Members.
- To maintain relations with and make representations to all and any appropriate and relevant government or legislative bodies, regulatory bodies, chambers of commerce and/or trade associations, where such representations are in regard to matters affecting the collective interests of Members.



CHAIRPERSON REPORT

GILLES ANTOINE | CHAIRPERSON

After 2020, which has probably been the hardest year we have gone through in a very long time, 2021 turned out to be challenging as well.

Protecting our staff, our teams, helping them within the context of the disease, providing support for the mental health issues, and keeping businesses afloat were industry challenges in 2021.

Living with COVID-19 has been our 2021 reality and I think it is fair to say that South Africa overall has done fairly well in managing this difficult time again.

As I shared with you last year, in this troubled period, values and fundamentals are at the heart of a much sough-after stability.

What is probably the most important aspect of this context is the ability to work as a team, as a group to protect our Industry, our factories and jobs, our brands, our people and our consumers.

At CTFA, 2021 was a good year, just like in 2020, the Association worked tirelessly to convince the authorities to promulgate our regulations. It is not done yet but progress is visible and we will achieve this very important milestone soon.

CTFA's importance for our industry, now and in future years, cannot be overemphasised. Consumers are becoming more demanding, rightfully so, which entails the need for a strong framework to protect businesses and take the consumers' experience to new heights.

CTFA's mission is to defend and develop the personal care and beauty industry, ensure consumers' protection, be the best and most legitimate partner for our stakeholders and create added value for you, our members.

- Defending and developing our Industry means that we need to fight against counterfeit products, raise awareness to the authorities on illegal imports, better understand consumer trends, accompany our industry towards a future plastic-less market requirement and be a proactive actor on sustainable retail and digital beauty.

- Protecting Consumers means that we need to have the utmost attention to ingredients and to manufacturing exemplarity; it also means that we have the obligation to market products that are safe for the consumers and compliant with the legislation.

- Be the best and the most legitimate partner means that we have to engage with the authorities to voice our projects, challenges, ideas and recommendations. The authorities are numerous, with different purposes: National Department of Health; Department of Forestry, Fisheries and the Environment, National Consumer Commission, Embassies and the South African Bureau of Standards. It is a strategic part of CTFA's responsibility, as authorities need to see in CTFA the required expertise regarding the beauty industry in all its dimensions, from product concept to consumer's feedback.

- Creating value for you, our members. You are the very reason for the existence of CTFA through the membership that you loyally pay every year. We owe you a high added value to help you develop your brands; consumer studies centred around our common needs; more insights around trends and new ideas; more anticipation of industry shifts and a sharper communication on ingredients.

In these times of uncertainties, I want to thank all members for their continued trust and for keeping their membership. A great testimony to the work CTFA is doing every day.

I wish you all the best for 2022 and I am at your disposal for any recommendation you may want to express.

Best regards
Gilles Antoine | Chairperson



VICE-CHAIRPERSON REPORT

PRIYAN PILLAY | VICE-CHAIRPERSON

2021 has been another challenging year for us all. With continued levels of COVID-19 restrictions across the globe and civil unrest across parts of South Africa, we – as a nation and an industry – indeed have been tested.

That said, in true South African spirit, we have witnessed bravery and resilience from all South Africans, including our members. The CTFA has been undeterred in its mission to support and develop a sustainable and respected South African cosmetic industry. Despite the challenges I have described above, the CTFA has continued its endeavours in representing the industry in key engagements with authorities in South Africa and across the continent. We are especially proud of the CTFA's efforts during 2021 to adapt to the "new norm" and enhance access to assistance for our members during this time so that they are kept updated and well informed about technical matters and key industry issues.

A huge thank-you to all our members who have continued to support the CTFA in 2021 and their commitment to collaborating and contributing to a responsible cosmetic regulatory environment in South Africa.

Finally, 2022 will no doubt bring its own challenges, though there is already a sense of optimism as South Africans look to turn the corner to a brighter year ahead. Under Adelia's strong operational leadership, together with Gilles and my fellow EXCO members, we will continue striving towards our vision and executing on our ongoing mission to support and develop a sustainable and respected cosmetic industry.

I wish you all a prosperous year.

Yours sincerely
Priyan Pillay | Vice-Chairperson





EXECUTIVE DIRECTOR REPORT

ADELIA PIMENTEL | EXECUTIVE DIRECTOR

While South Africa's medium-term economic outlook improved slightly in 2021, primarily due to improving global conditions, its economic health remained in fragile territory.

South Africa's economy grew by 4.6% in 2021, after contracting by 6.4% in 2020, reflecting a strong rebound in mining, manufacturing, and services sectors. The recovery slowed in the second half of 2021 owing to severe COVID-19 outbreaks, power outages, and a rise in social unrest. All these factors contributed to a difficult climate for business to operate in which did not exclude the cosmetic and personal care industry.

In this unstable economic climate CTFA's mission and key roles became even more relevant and pressing, as stakeholder management with both local and international stakeholders assisted in the ongoing communication on overall regulatory compliance and convergence. Notwithstanding, in 2021 the local and international regulatory environment continued with ongoing updates, discussions and mandates.

Engagement with the National Department of Health in 2021 regarding the still pending promulgation of the published redraft of the Regulations relating to Labelling, Advertising and Composition of Cosmetics, R.1469, December 2017, proved to be problematic. In 2021 there were changes in key positions at the National Department of Health and this added a further challenge as meetings that were being planned were put on hold, once again. This does not bode well for the industry who would benefit greatly from promulgation occurring sooner rather than later. Continuous communication with the National Department of Health will remain a focus for the CTFA.

Apart from the interactions with the National Department of Health, CTFA's portfolio also involves ongoing networking with various regulatory, legislative and governmental bodies. In 2021 interventions were held with the Department of Forestry, Fisheries and the Environment (DFFE), the South African Bureau of Standards (SABS), the National Regulator for Compulsory Specifications (NRCS) and the Advertising Regulatory Board (ARB), amongst others.

CTFA's interactions with the Department of Trade Industry and Competition (DTIC) are underpinned by bi-monthly meetings with the DTIC Cosmetic Desk. These meetings are held to discuss topics that are mutually beneficial and include exports, levies, regulatory developments and government initiatives that affect industry.



On the international front CTFA had a successful year of networking with various entities, these included the International Standards Organisation (ISO), the International Co-Operation on Cosmetic Regulations (ICCR), the Organisation for Standardisation (ARSO) 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.

In 2021 CTFA membership remained fairly constant with a net decrease of 4% versus the previous year. Despite the challenges faced as a result of the continuing COVID-19 pandemic, the resilience of the industry showed in their adaptation to the ongoing situation.

Internally, the CTFA IT systems were further enhanced to adequately enable all the necessary platforms to hold meetings and member interactions virtually. Furthermore, CTFA migrated from Google to a Microsoft 365 platform, to enable further adaptability in its operational duties.

The CTFA further welcomed a new Regulatory Affairs Officer from May 2021, Ms Carina Dewar, 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 work ethics and dedication are without reproach.

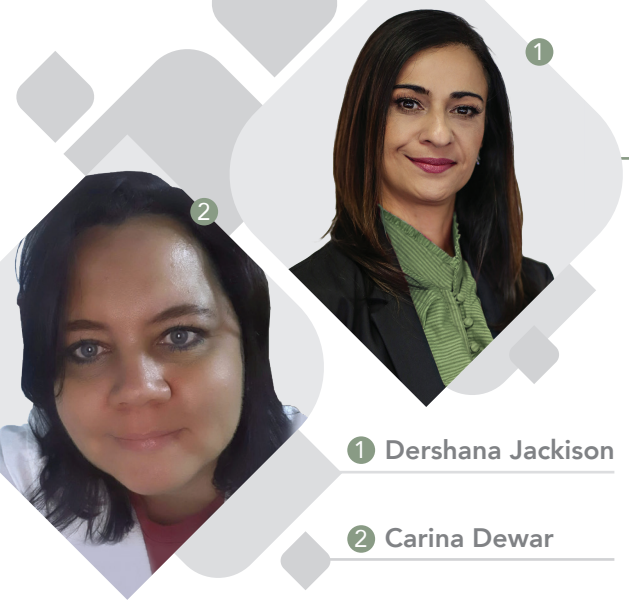
A very important aspect of CTFA is its corporate social responsibility arm, Look Good Feel Better (LGFB), who have made a huge difference in the lives of so many people fighting cancer. In 2021 services rendered to the myriad of cancer survivors, normally held at oncology centres, were once again cancelled due to COVID-19. In addition, sponsorships, various income generating events and the overall way of doing business was curtailed, with dire financial consequences for the LGFB programme. Yet the new Programme Manager, Ms Yvette Powell, and her team of volunteers have persevered. 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.

A special mention to the CTFA Executive Council and the esteemed CTFA member companies, for your loyalty and trust and for actively supporting our association's work. It is thanks to your contribution and the sharing of your passion and expertise that we have thrived in a very difficult year.

Best regards
Adelia Pimentel | Executive Director





1 Dershana Jackison

2 Carina Dewar

REGULATORY AFFAIRS

DERSHANA JACKISON | HEAD: POLICY & REGULATORY AFFAIRS

CARINA DEWAR | REGULATORY AFFAIRS OFFICER

In 2021, CTFA's engagement grew with the virtual world of work. The training sessions in the new format were once again well received and we noted that this enabled a growing number of members to attend who would ordinarily not have attended the face-to-face sessions, either due to travel from other provinces or due to the fears around the pandemic.

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 sphere. As such CTFA's training programme has become a key area of the services we offer, and in 2021 we had the privilege of enhancing the experience and expertise as we welcomed Carina Dewar onto the regulatory team. This means that members can now benefit from more than 40 years of industry experience and expertise, between our regulatory experts.

We saw a variety of members attending the interventions offered in 2021, which included brand owners, manufacturers, raw material suppliers and distributors. Deep dives into specific topics such as, responsible person, product information file, good manufacturing practices, labelling & product composition and product claims & substantiation were offered.

BREXIT UPDATE

Brexit, or the exit/ withdrawal of the United Kingdom (UK) from the European Union (EU) was in the making for some time with the UK officially leaving the EU on the 31st of January 2020 with a Withdrawal Agreement (WA). For companies exporting into the EU and the UK, many concerns were raised, with the free movement of goods between the regions officially coming to an end. CTFA reached out to the UK's Cosmetic, Toiletry and Perfumery Association (CTPA) to shed some light on the regulatory impact of Brexit. Mr Nicholas Shaw Núñez, Head of International Growth & Regulatory Services and Francesca Rapolla, Regulatory Affairs Manager delivered an informative and interesting webinar to CTFA members on Thursday, 28 January 2021.

INDIAN REGULATIONS UPDATE

On the 11 June 2021, CTFA hosted an informative virtual update session on the Indian Cosmetic Regulations. Rucha Kelkar - Founder, Praha Regulatory Consultants, presented the relevant details on the regulations. The aim was to inform members on the rules relating to import, manufacture, labelling, sale and distribution of cosmetics in India.

AFRICAN CONTINENTAL FREE TRADE AREA (AFCFTA)

On the 25 June 2021, CTFA hosted an informative and comprehensive virtual session on the African Continental Free Trade Area (AfCFTA). Francois Fouche – Executive Director of Growth Diagnostics shared his expertise in a presentation on the introduction and objectives of AfCFTA and what are the implications for industries within the African continent.

THE RESPONSIBLE PERSON AND PRODUCT INFORMATION FILE

This training, held on the 13 May 2021, reiterated the importance of preparing for the requirements stipulated in the draft regulations and understanding current industry best practice as companies place products on the market. The responsible person is well defined by the National Department of Health in the draft Regulations Relating to Labelling, Advertising and Composition of Cosmetics, R.1469, 22 December 2017. This session itemized the role of the Responsible Person. In addition, the session provided a focused explanation of

the fundamental dossier that will be required once the regulations are promulgated, the product information file, which can be audited by the regulator in future.

GOOD MANUFACTURING PRACTICES (GMP)

This training session has earned the title of CTFA's flagship training programme. It is offered over two days where the experts unpack the ISO/SANS 22716 Cosmetic Good Manufacturing Practice standard by providing practical examples and situations to enhance the understanding and implementation within every department related to the manufacture of a product. The well attended training occurred virtually on the 27 and 28 July 2021.

CTFA provides support to upcoming entrepreneurs within the industry as part of our contribution to grow and empower the local industry. Such interventions are held on request from the DTIC or the innovation hubs that function as incubators for such entrepreneurs. On the 30 November 2021, CTFA provided an overview of the South African regulatory framework and on the basic principles of GMP to the entrepreneurial companies under Chemistry Incubators (Chemin).

LABELLING AND PRODUCT COMPOSITION

In August 2021, the 'Product Labelling' session was conducted by Carina Dewar (Regulatory Affairs Officer) and Dershana Jackison (Head: Policy and Regulatory Affairs) with a focus on:

- SANS 289: Labelling Requirements for Prepackaged Products (prepackages) and General Requirements for the Sale of Good subject to Legal Metrology Control
- SANS 98: Ingredient Labelling of Cosmetic Products
- Draft Regulations relating to Labelling, Advertising and Composition of Cosmetics, R. 1469, 22 December 2017

PRODUCT CLAIMS AND SUBSTANTIATION WORKSHOP

A successful two-day session was held in October, bringing together external experts on product claims and substantiation. On the first day, CTFA's Dershana Jackison, introduced the regulatory aspects of claims and substantiation followed by Ms. Marlize Lategan (Sefako Makgatho University) and Mrs. Heibrie Le Roux (Future Cosmetics) who presented on the considerations for substantiation methods depending on the product type, target market, application and the claim made. On the second day, Mr. John Knowlton (Cosmetic Solutions) and Dr. Stefan Vos (svmra) provided an extensive and interactive session on typical claims and how the Advertising Regulatory Board (ARB) can challenge them.

INTERNATIONAL LIAISON

WTO Notifications 2021

CTFA subscribes to regulatory notifications from the World Trade Organization (WTO), disseminates relevant notifications to members and highlights the possible impact on business operations or exports.

The CTFA received regulatory alert notifications from countries across the world – the most recent notifications from the EU were regarding Benzophenone-3 and Octocrylene, this led to updates in the annexes of the cosmetic compendium, which will come into effect in South Africa after a transition period. A number of regulatory alert notifications were received from other African countries – like Kenya, Uganda, Rwanda, Burundi and Tanzania, regarding various products like liquid soaps, colognes and hair care products. The Botswana Medicines Regulatory Authority (BoMRA) sent a regulatory notification regarding the cosmetic listing process, to gather information regarding cosmetics that are available in the Botswanan market. This will inform their reform process.

International Standards Organisation (ISO)

CTFA represents the cosmetic industry at the South African Bureau of Standards (SABS), and more specifically, CTFA is a participating member of SABS/TC 217 – Cosmetics. As such, CTFA is annually nominated to represent the SABS technical committee at the bi-annual International Organization of Standardisation meetings. These meetings were held virtually again in 2021 which enabled more National standards body representatives from around the globe to attend. South Africa participated in the following work group meetings:

- Working group 1 – Microbiological test methods
- Working group 3 – Analytical methods (Heavy metals)
- Working group 7 – Sun protection test methods



International Co-operation on Cosmetic Regulations (ICCR)

The International Cooperation on Cosmetics Regulation (ICCR) held its 15th Annual Meeting (ICCR-15) from June 21-23, 2021, under the United States Chairmanship. The meeting was held virtually due to travel restrictions related to the COVID-19 pandemic. 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, the Republic of Korea, and the United States. This group of regulatory authorities meets on an annual basis and holds quarterly teleconferences to discuss common issues on cosmetics safety and regulation, as well as enters into a constructive dialogue with the SC's relevant cosmetics industry trade associations. As stated in the Terms of Reference, the purpose of this multilateral framework is to maintain the highest level of global consumer protection, while minimizing barriers to international trade. In 2021, representatives from Argentina, Chile, Colombia, Indonesia, Israel, People's Republic of China, Saudi Arabia, South Africa, Thailand, and the United Kingdom participated in the meeting as observers. (ICCR-cosmetic.org/meetings)

CTFA represents the South African cosmetic industry together with the NDoH representative as the regulator at the annual ICCR meetings. The 2021 cycle was concluded with progress in the microbiome and cosmetics work group, the consumer communication work group and Integrated Strategies for Safety Assessment of Cosmetic Ingredients. The microbiome work group finalized scientific vocabulary and definitions relevant to microbiome enhancing products and mapped the future work in the next cycle as possibly exploring the safety consideration for such products. The consumer communication work group produced frequently asked questions on allergens and cosmetics to provide clarity and information to consumers. Integrated Strategies for Safety Assessment of Cosmetic Ingredients work group finalized its terms of reference.

African Organisation for Standardisation (ARSO)

In 2021, CTFA and SABS partnered with the American National Standards institute (ANSI), to deliver the South African standards framework and its role in the South African regulatory landscape. ANSI's capacity building webinars are aimed at sharing the various approaches in Africa and the Gulf regions with the intention of revisiting the content and the function of the proposed ARSO draft standards published in 2020. This added weighting to CTFA's submission of the potential trade challenges that the proposed vertical standards will pose.

Africa

CTFA continued to build relationships with various African regulators and 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 2021, the following countries have either published regulations or have initiated the reform process: Nigeria and Botswana.

LOCAL STAKEHOLDER ENGAGEMENT

National Department of Health (NDoH)

The National Department of Health (NDoH) published the redraft of the Regulations relating to Labelling, Advertising and Composition of Cosmetics, R.1469 in December 2017. CTFA engaged with the Acting Director General of the NDOH in 2020 and confirmed that a promulgation date had not been planned and that the department's structural proposals made by CTFA had been acknowledged. In 2021, there were changes in the key positions within the NDoH, which posed as roadblocks to CTFA's plans for engagement. With the acting DG's appointment, CTFA has established contact with his office and will continue to arrange a meeting to ascertain the way forward for the regulatory oversight of the industry.

Department of Fishery, Forestry and Environment (DFFE)

In 2021, the following regulations were published. CTFA's commentary submission in 2020 were considered in the finalization of these regulations.

- National Environmental Management: Air Quality Act, 2004 (Act no.39 of 2004) amendments to the regulations regarding the phasing -out and management of ozone depleting substances, Gazette no. 44065, No. 10, 11 January 2021
- National Environmental Management: Waste Act, 2008 (Act no. 59 of 2008): Government gazette 44116 National waste management strategy 2020, Gazette no. 44116, No. 56, 28 January 2021
- National Environmental Management: Waste Act, 2008 (Act no. 59 of 2008): Packaging guideline: Recyclability by design for packaging and paper in South Africa, Gazette no. 45273, No. 1005, 6 October 2021
- National Environmental Management: Waste Act, 2008 (Act no. 59 of 2008): Consultation on the amendments to the Regulations and notices regarding Extended Producer Responsibility, 2020, Gazette no. 45572, No. 1565, 2 December 2020

Chemicals management:

- National Environmental Management: Waste Act, 1998 (Act no. 107of 1998): Regulations to domesticate the requirements of the rotterdam convention on the prior informed consent procedure for certain hazardous chemicals and pesticides in international trade, Gazette no.44558, No. 413, 12 May 2021
- National Environmental Management: Waste Act, 1998 (Act no. 107of 1998): Suspension of the implementation of the regulations to domesticate the requirements of the Rotterdam convention on the prior informed consent procedure for certain hazardous chemicals and pesticides in international trade for 12 months, Gazette no. 45502, No. 1513, 18 November 2021
- National Environmental Management: Waste Act, 1998 (Act no. 107of 1998): Regulations to prohibit the production, distribution, import, export, sale and use of persistent organic pollutants that are listed by the stockholm convention on persistent organic pollutants, Gazette no. 44559, No. 414, 12 May 2021

Department of Employment and Labour

- Occupational Health and Safety Act, 1993 regulations for hazardous chemical agents, 2021 – 29 march 2021
- Occupational Health and Safety Act, 1993 regulations for hazardous chemical agents, 2021, Gazette No. 44366, NO.R. 283, 31 March 2021(amendment to replace certain paragraphs)

South African Bureau of Standards (SABS)

CTFA motivated for the ISO microbiological test methods to be adopted by SABS for use by the industry to ensure consumer safety as well as harmonization with international best practice. Furthermore, CTFA motivated for an update to the SANS 10393:2008 Hair care standard to further best practice and consumer safety of hair care products. CTFA also motivated for the list of standards to be reviewed for relevance and applicability for the industry. CTFA has requested the withdrawal of SANS 10398 Cellulite standard as the contents is duplicated in the Advertising Regulatory Board's, Advertising of code of practice Appendix B- Cosmetics.

Advertising Regulatory Board (ARB)

The Advertising Code of Practice-Appendix B Cosmetics was updated in 2021 by the CTFA work group of experts. The update includes due consideration of international best practice and expert input. From 1 September 2021, "Free-from" claims are no longer permitted with the exception of an informational claim, a claim that will allow an informed choice to a specific target group or groups of end users, provided all other common criteria are met.

CTFA Compendium Updates

The cosmetic industry of South Africa is still within a self-regulated environment, thus the CTFA Compendium remains the relevant guideline. The CTFA, updates the Compendium on an annual basis.

The 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, while the industry awaits promulgation of the NDoH's regulations of 22nd of December 2017: Government notice R.1469 *Regulations relating to Advertising, Labelling and Composition of Cosmetics* (redraft), which is reflected in the CTFA Bridging-the-Gap Compendium.

The 2021 CTFA Compendium update was made available on the CTFA's website. It included amongst other additions, an update of the annex entries aligned to the updates in the EC regulations 1223/2009 up until the end of December 2020. The update of the Advertising Regulatory Board's (ARB) advertising code of practice was included as well as other relevant sections.

TECHNICAL COMMITTEE

The second year of the COVID-19 pandemic did not inhibit the progress of the CTFA Technical Committee. 2021 was a productive year with discussions on regulatory updates and trends being held virtually.

The experts within the CTFA Technical Committee continue to be an important resource for CTFA and the industry. This committee, have the unique objectives of supporting CTFA's internal technical direction by providing member expertise with regards to scientific/technical/regulatory matters.

Further to this, the committee recommends to the Executive Committee, positions to take on technical and regulatory matters on behalf of the industry and assists in the development of guidelines that are relevant to the needs of the South African cosmetic industry and in line with global regulatory practice.

TECHNICAL COMMITTEE MEMBERS

AMKA	Grazyna Chmielowska
AMWAY	Bosede Nkana
AVON	Maged George & Pokazi Tetyana
BEIERSDORF	Njabulo Mthethwa
BOTANICHEM	Robyn Brown
COLGATE PALMOLIVE	Babalwa Mantyi & Sikekelwa Gogo
COSMETIC SOLUTIONS	John Knowlton
ESTEE LAUDER	Dennis Cladakis
LIPO VANTAGE	Wayne van Wyk
GIVAUDAN	Arshdeep Joshi
GSK	Bhavesh Gopaul
INDIGO BRANDS	Deshi Moodley & Marlene Engelbrecht
JOHNSON & JOHNSON	Keshnee Dhanraj
L'OREAL	Christine Charlton & Percy Sibanda
MARICO	Ashika Sireeparsad
PnP	Reema Maharaj
PIERRE-FABRE	Anel Jansen van Rensburg
P&G	Nhlanhla Tshabalala
REVLON	Martin Mason
SMU	Marlize Lategan (Goosen)
UNILEVER	Zama Duma

CTFA MEMBERSHIP



THE CTFA TEAM

1. ADELIA PIMENTEL,
2. CARINA DEWAR,
3. DERSHANA JACKISON &
4. SAMANTHA LOTKIN

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.

HOW DO I BECOME A MEMBER?

Simply contact us and we will set up a free consultation, so 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

The CTFA works with the industry sector, the South African Bureau of Standards (SABS), National Department of Health (NDoH), National Regulator for Compulsory Specifications (NRCS), 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. 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 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 Environment (DFFE) on Bioprospecting, waste management amongst other industry and national initiatives on behalf of members.
- The CTFA liaises with the Department of Trade Industry and Competition (DTIC) and the Cosmetic Export Council of South Africa (CECOSA), 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, the Personal Care Association, has representation on ISO Cosmetic Committees and the International Association Collaboration.
- 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.

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.



FINANCE REPORT

LLOYD VILJOEN | ACCOUNTING SERVICES

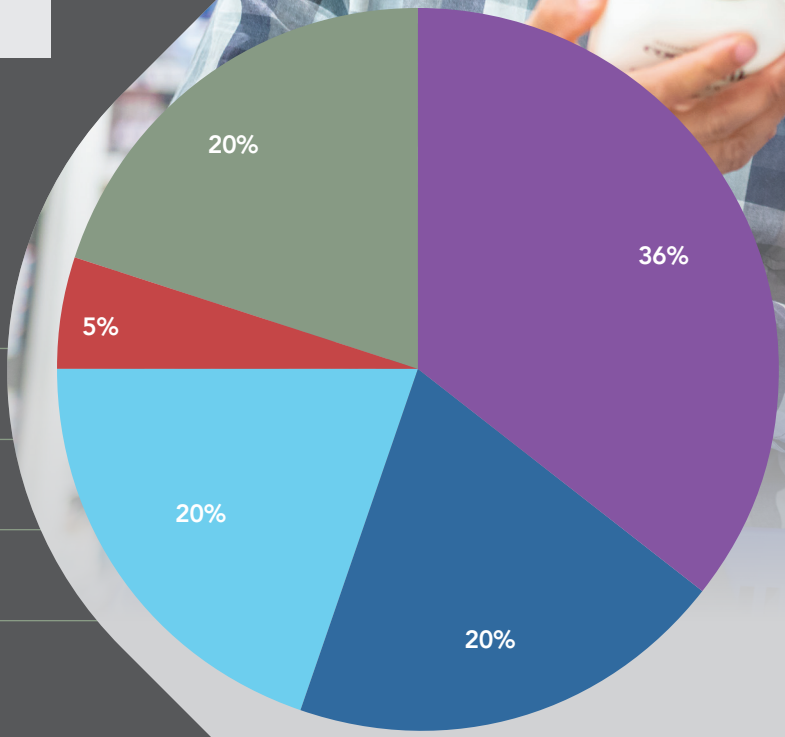
During the year under review, CTFA continued to make strategic decisions that positioned the Association as a leader in the regulatory space whilst keeping it financially healthy.

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

Due to the continued impact of the COVID-19 virus in South Africa during the year, many Association members were under severe financial pressure which led to some cancellations. Management was however in a position to maintain the Association's financial viability and report a surplus.

CTFA MEMBERSHIP BY SIZE OF COMPANIES

- **Small** 36%
- **Medium** 20%
- **Multinationals** 20%
- **Manufacturers** 5%
- **Associates & Retailers** 20%



During 2021 the association met the approved budget and posted a surplus in excess of the budgeted figures. Virtual training sessions continued throughout the year although the income from these sessions was lower than expected.

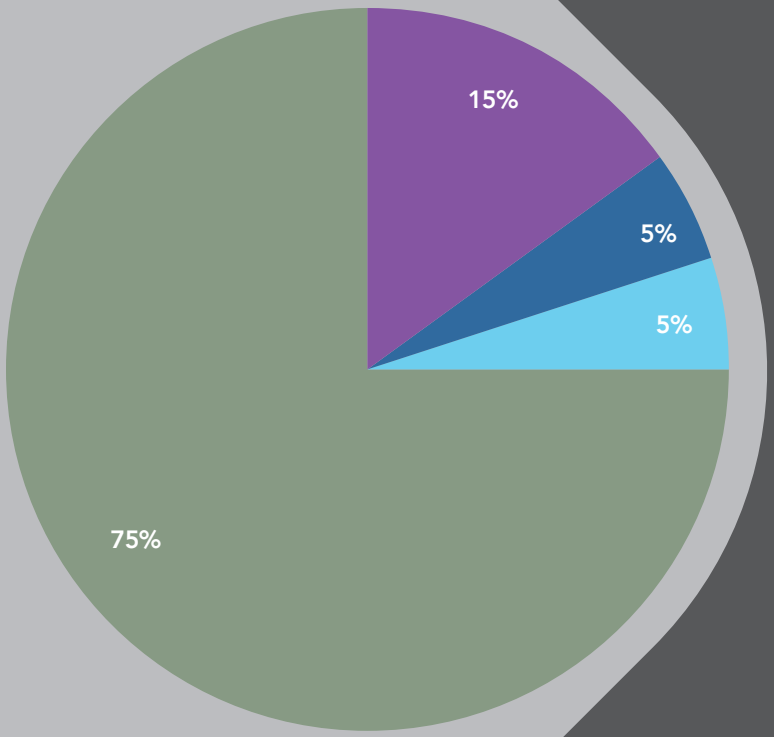
Income generated from membership grew by 3% over the prior year. This was mostly due to the fee increase for 2021. A total of 10 new members joined CTFA bringing the total membership up to 128 companies. The decrease in overall member companies was due to the financial impact of the COVID-19 pandemic on the Association's smaller member companies. Due to lower interest rates the interest received from investments was lower by 9.7% compared to the previous year

The Association ended the financial year with an above budget surplus of R1 044 029. This was after the early settlement offer enjoyed by a total of 76 members during the 2021 financial year.

Operating expenses reflected a 6% increase over the prior year, totalling R5 096 802 for 2021 versus R4 808 205 for the 2020 financial year. The increase is mainly due to the consumer studies and consulting fees relating to the MOI for the company to be registered. Overall, expenses were well maintained by the Association.

Despite the challenges faced as a result of the COVID-19 pandemic, 2021 continued to be a year of relative stability through adaptation to the status quo, as a result, the CTFA will continue to invest back into the organisation for the benefit of the 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.



2021 MEMBER CATEGORIES

- **Associate Members** 15%
- **Retail Members** 5%
- **Manufacturing Members** 5%
- **Full Members** 75%



LOOK GOOD FEEL BETTER

YVETTE POWELL | NATIONAL PROGRAMME MANAGER

It has been 6 months since I have been entrusted to the position of National Programme Manager of The Look Good Feel Better Foundation. What an honour and a privilege it is to stand at the helm of such a dynamic initiative.

look good
feel better

COVID-19 AND CANCER, a deadly combination, which leaves a cancer patient with even greater ISOLATION and FEAR. While social restriction is necessary to prevent the spread of COVID-19, it is of critical importance to bear in mind that **social distancing** should not equate to social disconnection. The present loneliness and social isolation among cancer patients can have an influence in the way they fight and respond to this dreadful disease. Because of this we introduced Look Good Feel Better Live Virtual Workshops. This online experience offers live instruction and tips for dealing with appearance related side effects of cancer treatment during two-hour online workshops. The good news is that these virtual workshops are very well received, and patients are so grateful and empowered by the inspirational, free support that can easily be accessed from the safety of their homes.

What a great opportunity to **TRANSFORM FEAR INTO COURAGE and ISOLATION INTO BELONGING!**

THERE IS ALWAYS HOPE.

WHY do some people find and sustain HOPE during difficult circumstances, while others do not?

Dr Jerome Groopman made a discovery in his journey and wrote in his book, "The Anatomy of Hope," that Hope is as important as the medicine that I prescribe and as important as the procedure that I might perform. "I see hope as the very heart of healing. And if there is no more hope for the body, there is always hope for the soul."

"Extensive research internationally indicates the significant benefit of the Look Good Feel Better factor in the holistic treatment of a cancer patient. **Dr Carol-Ann Benn**, Specialist Surgeon, Johannesburg, said," It is just as important for one of my cancer patients to attend a Look Good…Feel Better workshop as it is for them to have chemotherapy or radiation."

A simple act like taking care of your appearance can make an enormous difference to someone battling cancer. Putting on makeup for us at **Look Good Feel Better®** is more than just making a patient look beautiful, it is a declaration of war against cancer. Make-up is our war paint.

In World War Two, The Red Cross distributed lipstick to women serving with the army, and cosmetics companies produced bright lipsticks like Regimental Red (Helena Rubinstein) and Victory Red (Elizabeth Arden).

The chunk of wax, oil, and pigment that forms the operative part of lipstick is known as the "bullet". Like a bullet, it has an affect that is out of proportion to its size.

"Good self-care, including attending to beautification, is a sign of well-being," says psychologist Lucy Beresford. "It's an indicator that our self-worth is intact.

In South Africa, **46 659** people have participated in the program, with **4323** workshops since the inception of the program.

The program is managed by a small team of staff and relies on the support of **160** volunteers who give their time and expertise to help deliver the workshops across South Africa in **37** private clinics and public hospitals. We owe immense gratitude to our volunteers for their support and commitment.

LGFB receives no government funding, so relies entirely on the support and generosity of member companies, supporting organizations and individual fundraisers.

During the year LGFB has received exposure from companies like **Avon Justine** at the **iThemba Walkathon** and financial support from **Estee Lauder and AVI.**

We have 3 major fundraisers each year. Our **Johannesburg Golf Day** at **Randpark Golf Club** and the **KZN Golf Day** at **Zimbali** were once again a highlight in the golfer's calendar whereas our **Port Elizabeth Cancer Annual High Tea event** was **cancelled** due to COVID-19.

Thank you to our loyal members, sponsors and donors who have been committed to the cause by providing funding even during financial tough times.

Your funds have helped us to get a great deal of work done with more ease and less stress, as the lack of financial support can be a major glitch. Thank you for having faith in our organization and for understanding and sharing our purpose.

FOUNDER MEMBERS

AVON Justine · COLGATE-PALMOLIVE · ENVIRON® a beautiful skin for a lifetime · ESTÉE LAUDER · indigo brands · L'ORÉAL

ACTIVE MEMBERS:

African Extracts, AlcoNCP, AMKA, Evolabs, Johnson & Johnson, Modern Hair, The Prestige Cosmetic Group, Twincare International, Wesson Therapeutics.

ASSOCIATE MEMBER

Vitaderm

PLATINUM MEMBERS

Isabella Garcia and Canway (Oh So Heavenly)

A **special mention** goes to **CDP Gifts, RAM Couriers, CABS for Car Hire, Netcad, Tsogo Sun, Meerendal Boutique Hotel, Southern Sun-The Marine, The Saxon Hotel and Umhlanga Garden Court** for their continued support.

"Together we cannot determine the outcome, but we can affect the journey".

look good feel better

Look Good Feel Better is the social arm of the **Cosmetic Toiletry Fragrance Association of South Africa** and thus the charity arm of the industry.

A sincere call to all **CTFA Members** to support our worthy cause

ctfa COSMETIC TOILETRY & FRAGRANCE ASSOCIATION OF SOUTH AFRICA





FINANCIALS

COSMETIC TOILETRY AND FRAGRANCE ASSOCIATION OF SOUTH AFRICA

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 | 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 20
Executive Council's Responsibilities and Approval 21
Independent Auditor's Report 22
Executive Council's Report 24
Statement of Financial Position 25
Statement of Comprehensive Income 26
Statement of Changes in Funds 27
Statement of Cash Flows 28
Accounting Policies 29
Notes to the Financial Statements 30-39

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 Bushwillow Suite 2 & 3 2196
Business Address	Hurlingham Office Park 59 Woodlands Avenue Bushwillow 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
Preparer	The annual financial statements were independently compiled by: P.A. du Toit C.A. (S.A.)
Executive Council	G. Antoine - Chairperson P. Pillay - Vice Chairperson J. Knowlton M. Hukamdad N. Kalla T. Gordon-Bennet V.Trska W. Thetard W. van Niekerk W. van Wyk A. Pimentel - Executive Director
Issued	8 March 2022

EXECUTIVE COUNCIL'S RESPONSIBILITIES AND APPROVAL

The executive council is required by the Association's Constitution to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the executive council's 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.

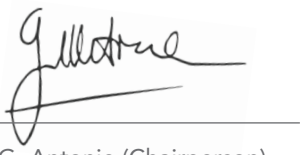
The executive council acknowledges that they are ultimately responsible for the system of internal financial control established by the association and place considerable importance on maintaining a strong control environment. To enable the executive council to meet these responsibilities, the executive council sets 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 council is 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 council has no reason to believe that the association will not be a going concern in the foreseeable future. The 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 executive council. The executive council believes 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 21, and the supplementary information set out on pages 22 to 23 which have been prepared on the going concern basis, were approved by the executive council and were signed on 8 March 2022.



G. Antonie (Chairperson)



M.A.L. Pimentel (Executive)

INDEPENDENT AUDITOR'S REPORT

TO THE EXECUTIVE COUNCILS 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 7 to 21, which comprise the statement of financial position as at 31 December 2021, 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 2021, 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 Council for the Financial Statements

The executive council is 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 council determines 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 council is 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 council either intends to liquidate the association or to cease operations, or has 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.

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 council.
- Conclude on the appropriateness of the executive council's 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 council 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 | 8 March 2022

Watermans

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

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

EXECUTIVE COUNCIL'S REPORT

The executive council presents his report for the year ended 31 December 2021.

1. Review of activities

Main business and operations

The principle activity of 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.

Impact of COVID-19

The executive council has given due consideration to the potential impact of the COVID-19 pandemic on the association's ability to continue as a going concern. The executive council believes that the pandemic will have a temporary impact on the business activities. Not withstanding these short-term challenges the executive council is of the view that the association has sufficient resources to continue as a going concern.

3. Events after reporting date

Subsequent to year end the association will be converting to a Non-Profit Company.

4. Executive Councils

There have been no changes in membership during the current financial year.

5. Independent Auditors

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

STATEMENT OF FINANCIAL POSITION

FIGURES IN R	NOTES	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	164,747	206,827
Total non-current assets		**164,747**	**206,827**
Current assets			
Trade and other receivables	5	245,047	229,868
Cash and cash equivalents	6	12,037,862	11,094,529
Total current assets		**12,282,909**	**11,324,397**
TOTAL ASSETS		**12,447,656**	**11,531,224**
EQUITY AND LIABILITIES			
Equity			
Accumulated surplus		11,918,774	10,874,745
LIABILITIES			
Current liabilities			
Provisions	7	217,297	137,566
Trade and other payables	9	42,657	24,522
Other financial liabilities	8	97,438	100,684
Deffered income	11	169,025	391,733
Credit card	6	2,465	1,974
Total current liabilities		**528,882**	**656,479**
TOTAL LIABILITIES		**528,882**	**656,479**
TOTAL EQUITY AND LIABILITIES		**12,447,656**	**11,531,224**

STATEMENT OF COMPREHENSIVE INCOME

FIGURES IN R	NOTES	2021	2020
Revenue	12	5,694,726	5,529,633
Cost of sales		(140,731)	(137,644)
Gross surplus		**5,553,995**	**5,391,989**
Other income	13	170,346	167,652
Other expenses		(5,096,802)	(4,808,205)
Other gains / (losses)	15	96	-
Surplus from operating activities		**627,630**	**751,436**
Finance income	16	416,399	461,374
Surplus for the year		**1,044,029**	**1,212,810**

STATEMENT OF CHANGES IN FUNDS

FIGURES IN R	ACCUMULATED SURPLUS	TOTAL
Balance at 1 January 2020	9,661,935	9,661,935
Changes in funds		
Surplus for the year	1,212,810	1,212,810
Balance at 31 December 2020	**10,874,745**	**10,874,745**
Balance at 1 January 2021	**10,874,745**	**10,874,745**
Changes in funds		
Surplus for the year	1,044,029	1,044,029
Balance at 31 December 2021	**11,918,774**	**11,918,774**

STATEMENT OF CASH FLOWS

FIGURES IN R	NOTES	2021	2020
Cash flows from operations			
Surplus for the year		**1,044,029**	**1,212,810**
Adjustments to reconcile surplus			
Finance income		(416,399)	(461,374)
Adjustments for (Increase) / decrease in trade receivables		2,383	(33,474)
Adjustments for (Increase) / decrease in other operating receivables		(17,562)	(22,856)
Adjustments for Increase / (decrease) in trade accounts payables		(3,724)	(8,348))
Adjustments for Increase / (decrease) in other operating payables		21,859	(17,186)
Adjustments for Increase / (decrease) in deferred income		(222,708)	70,827
Depreciation expense		78,719	77,471
Impairment losses and reversal of impairment losses recognised in surplus or deficit		-	33,246
Movement in provisions		79,731	56,690
Profit on disposal of non-current assets		(96)	-
Total adjustments to reconcile surplus		**(477,797)**	**(305,004)**
Net cash flows from operations		**566,232**	**907,806**
Interest received		416,399	461,375
Net cash flows from operating activities		**982,631**	**1,369,181**
Cash flows used in investing activities			
Proceeds from sales of property, plant and equipment		13,904	-
Purchase of property, plant and equipment		(50,447)	(63,550)
Cash flows from / (used in) investing activities		(36,543)	(63,550)
Cash flows from financing activities			
Movement in other financial liabilities		(3,246)	40,535
Cash flows from financing activities		**(3,246)**	**40,535**
Net increase in cash and cash equivalents		**942,842**	**1,346,165**
Cash and cash equivalents at beginning of the year		11,092,555	9,746,390
Cash and cash equivalents at end of the year	6	**12,035,397**	**11,092,555**

ACCOUNTING POLICIES

1. General information

Cosmetic Toiletry and Fragrance Association of South Africa is a non - profit organisation incorporated in South Africa.

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. 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.

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	**Useful life / 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

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 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)	(2,225)	(38,022)	(78,718)
Disposal	-	-	(13,808)	(13,808)
Property, plant and equipment at end of year	**105,266**	**6,027**	**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**

	Fixtures and fittings	Office equipment	Computer equipment	Total
Reconciliation for the year ended 31 December 2020				
Balance at 1 January 2020				
At cost	234,834	18,762	127,499	381,095
Accumulated depreciation	(52,121)	(8,349)	(99,877)	(160,347)
Net book value	**182,713**	**10,413**	**27,622**	**220,748**
Movements for the year ended 31 December 2020				
Additions	-	-	63,550	63,550
Depreciation	(38,976)	(2,161)	(36,334)	(77,471)
Property, plant and equipment at end of year	**143,737**	**8,252**	**54,838**	**206,828**
Closing balance at 31 December 2020				
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**

NOTES TO THE FINANCIAL STATEMENTS

4. Other 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.

FIGURES IN R	NOTES	2021	2020

4.2 Carrying amount of other financial assets by category

	Debt instruments at amortised cost	Total
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**
Year ended 31 December 2020		
Trade and other receivables excluding non-financial assets (Note 5)	158,957	158,957
Cash and cash equivalents (Note 6)	11,094,529	11,094,529
	11,253,486	**11,253,486**

5. Trade and other receivables

5.1 Trade and other receivables comprise

Trade receivables	3,082	38,465
Trade receivables impairment	-	(33,000)
Trade receivables - net	**3,082**	**5,465**
Prepaid expenses	12,000	22,722
Deposits	153,492	153,492
Staff loans	750	-
Value added tax	75,723	48,189
Total receivables	**245,047**	**229,868**

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

Prepaid expenses	12,000	22,722
Value added tax	75,723	48,189
Total non-financial instruments included in trade and other receivables	87,723	70,911
Total trade and other receivables excluding non-financial assets included in trade and other receivables	157,324	158,957
Total trade and other receivables	**245,047**	**229,868**

NOTES TO THE FINANCIAL STATEMENTS

FIGURES IN R	NOTES	2021	2020
6. Cash and cash equivalents			
Cash			
Cash on hand		30	-
Bank Balances		12,037,832	11,094,529
Total cash		**12,037,862**	**11,094,529**
Credit card		(2,465)	(1,974)
Net cash and cash equivalents		**12,035,397**	**11,092,555**
6.2 Detail of cash and cash equivalent balances			
Bank balances			
Current account		67,170	118,815
Salaries account		25,176	6,745
Money market fund		1,717,902	1,905,555
48Hour Investment Account		10,227,584	9,063,414
Total		**12,037,832**	**11,094,529**
Overdrawn bank balances			
Credit card		(2,465)	(1,974)

FIGURES IN R	2021	2020

7. Provisions

7.1 Accounting policies

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

7.2 Provisions comprise

Leave pay provision	217,297	137,566

7.3 Provisions for employee benefits

	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**

	Leave Pay Provision	Total
Balance at 1 January 2020	**80,876**	**80,876**
Additions	137,566	137,566
Utilised during the year	(80,876)	(80,876)
Balance at 31 December 2020	**137,566**	**137,566**

FIGURES IN R	2021	2020

8. Other financial liabilities

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 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 2021		
Operating lease payable (Note 10)	97,438	97,438
Trade and other payables excluding non-financial liabilities (Note 9)	42,657	42,657
Credit card (Note 6)	2,465	2,465
	142,560	**142,560**
Year ended 31 December 2020		
Operating lease payable (Note 10)	100,684	100,684
Trade and other payables excluding non-financial liabilities (Note 9)	24,522	24,522
Credit card (Note 6)	1,974	1,974
	127,180	**127,180**

FIGURES IN R	2021	2020
9. Trade and other payables		
9.1 Trade and other payables comprise		
Trade creditors	2,102	5,826
COIDA accrual	7,991	7,926
Other accruals	32,564	10,770
Total trade and other payables	**42,657**	**24,522**
9.2 Items included in trade and other payables not classified as financial liabilities		
Total trade and other payables excluding non-financial liabilities included in trade and other payables	42,657	24,522

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	97,438	100,684
	97,438	**100,684**
10.3 Future minimum lease payments		
Not later than one year	38,798	3,245
Later than one year and not later than five years	58,640	97,439
	97,438	**100,684**

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	391,733

FIGURES IN R	NOTES	2021	2020

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

Membership fees	5,694,726	5,529,633

13. Other income

Other income comprises

Artwork reviews	2,600	9,100
Certificate of free sale	3,800	-
Sundry Income	58,546	8,321
Training and workshops	105,400	150,231
Total other income	**170,346**	**167,652**

FIGURES IN R	NOTES	2021	2020

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

Salaries		2,899,779	2,818,226

15. Other gains and losses

Other gains and losses comprise

Profit on disposal of non-current assets		96	-

16. Finance income

Finance income comprises

Interest received - Bank		416,399	461,374

17. Income taxation expense

No provision has been made for the 2021 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.

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