



# Assessment of Professional Competence November 2017

Pre-released information  
Metagog Institute (Pty) Ltd

November 2017						
SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Inbox <a href="mailto:Junior.consultant@millennialconsultsa.co.za">Junior.consultant@millennialconsultsa.co.za</a>				
Mail	INBOX			
Calendar	<b>Doc</b>	<b>From</b>	<b>Subject</b>	<b>Attachment</b>
Contacts	A	<a href="#">Ingrid.Jansen</a>	Welcome	–
	B	<a href="#">Ingrid.Jansen</a>	Metagog – background information	Metagog Institute (Pty) Ltd
Tasks	C	<a href="#">Ingrid.Jansen</a>	Online learning	Press article
	D	<a href="#">Ingrid.Jansen</a>	Gamification	1 Extracts from the statement of financial position of Vame 2 Extracts of clauses from the sale of shares agreement between Metagog and Vame
Tasks	E	<a href="#">Ingrid.Jansen</a>	Fwd: Request for assistance in improving our governance structures	–
	F	<a href="#">Ingrid.Jansen</a>	Audit Committee meeting	Draft minutes of the Audit Committee meeting of 17 October 2017
				<b>Received</b>
				1/11/2017
				2/11/2017
				6/11/2017
				14/11/2017
				16/11/2017
				16/11/2017

Metagog Institute (Pty) Ltd is a fictitious company, and all events as well as the names of all persons associated with this company, as mentioned in this Assessment of Professional Competence, are purely fictitious in nature and any resemblance to real persons, living or dead, or to an actual business entity is purely coincidental.

**DOCUMENT A**  
**WELCOME EMAIL FROM INGRID JANSEN TO JUNIOR CONSULTANT**

**From:** Ingrid Jansen  
**Sent:** Wednesday 1 November 2017, 7:45 AM  
**To:** Junior Consultant  
**CC:**  
**Subject:** Welcome

Hi there

Welcome aboard. It's your first day at Millennial Consultants SA and we are so excited to have you on board. I am sure that HR will keep you busy for most of the day. I will give you a shout tomorrow about getting started on some real work.

Regards  
Ingrid

**Partner:** Millennial Consultants SA

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**DOCUMENT B**  
**EMAIL FROM INGRID JANSEN TO JUNIOR CONSULTANT**

**From:** Ingrid Jansen  
**Sent:** Thursday 2 November 2017, 6:45 AM  
**To:** Junior Consultant  
**CC:**  
**Subject:** Metagog – background information

I hope that you sorted out all the admin yesterday. It is time to get you busy assisting with one of our major clients, namely Metagog Institute. Refer attached for our firm's background notes on Metagog. Please read and let's catch up later in the day to chat on how I would like you to assist. It is not often that we recruit a newly qualified CA(SA) and I think you are going to add tremendous value to Millennial Consultants and Metagog!

Regards  
Ingrid

**Partner:** Millennial Consultants SA

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## **ATTACHMENT TO EMAIL**

### ***Metagog Institute (Pty) Ltd***

#### **1. Founders' background**

Metagog Institute (Pty) Ltd ('Metagog') was founded in 2010 by Azania Njeke and Tyler Forwood. Azania and Tyler met at a social function in 2009 and immediately realised they shared a passion for education.

Azania completed her doctorate in education in 2004 and subsequently travelled and worked overseas for a couple of years. Upon her return to South Africa, she worked at a training organisation in Johannesburg that provided soft skills training to delegates. She enjoyed presenting to delegates and the personal interaction with them but felt restricted in the classroom. Azania had an epiphany at the time, realising that she was transferring knowledge rather than assisting professionals to learn and grow. She discovered that individuals absorb new knowledge at different speeds and learn in different ways. The seminars and workshops she facilitated treated individuals equally whereas in practice they progressed at different speeds and had different aptitudes.

Tyler completed his master's degree in information technology (IT) in 2005. He started his career at a large retail bank in Johannesburg, working in the IT and e-commerce division. Tyler lectured and tutored at a major university in Johannesburg in the evenings and over weekends to keep his academic fire fuelled. He experimented with various learning interventions, including online learning, whilst teaching at university. Tyler became convinced that the future of tertiary education would be a blend of online and group learning.

#### **2. Early history**

Azania and Tyler resigned from their jobs in early 2010 and started Metagog, each owning 50% of the ordinary shares in issue. The initial intention was to develop technology systems and technology enabled services to support traditional universities and business schools with the provision of online learning to students as part of their formal academic programmes. The company was unsuccessful at the time in convincing universities to adopt Metagog's solutions for various reasons, including that they were reluctant to change their classroom-based teaching methodology. The process of convincing universities to change also proved to be time consuming and resource intensive. As Metagog needed to generate income to survive and in a desperate attempt to keep Azania and Tyler's dreams alive for their company, it started delivering vocational online short courses to working professionals. Fortunately, there was a huge demand for these online courses, which were tailored and relevant to the workplace.

Through the combination of strategic accidents, luck and hard work, Metagog developed into a leading provider of online short courses for working professionals in not only South Africa but also Africa. The company's core focus evolved into the delivery of world-class online learning interventions and solutions using content sourced from subject experts.

### 3. Leadership and governance

The current directors of Metagog:

Azania Njeke	Chief Executive Officer (CEO)
Tyler Forwood	Chief Information Scientist (CIS)
Robyn Agarwal	Non-executive director
Patsy Zieberman	Non-executive director
Ron Langley	Non-executive director

Metagog is a private company and in the first few years after incorporation elected not to establish any board committees. The company does however take corporate governance seriously, as is reflected in the number and quality of non-executive directors it has appointed. As the size and complexity of Metagog's operations increased, the company's Memorandum of Incorporation was amended to require the establishment of an audit committee. This Committee had its first meeting in December 2016.

Robyn Agarwal is a retired academic who specialises in online learning. She brings an enormous amount of experience to the Board of Metagog and has assisted in negotiating various contracts with international universities.

Patsy Zieberman is the Chief Financial Officer of an African investment bank. She brings significant knowledge and experience of financial systems and controls. Patsy also has extensive experience of operating on the African continent.

Ron Langley is a retired professional golfer who invests in early-stage businesses. Ron advanced a convertible loan of R50 million to Metagog in 2014. This loan has the right to be converted into ordinary shares. Metagog used the loan to continue investing in its technology platform. The loan is repayable in a single bullet repayment in 2024, provided that it has not been converted into equity for equal value by that date. Langley has indicated that he would like to renegotiate the terms of the loan and he believes he should be earning a higher return than a fixed rate of 12,0% per annum.

### 4. Partners

Metagog has five South African partners (four universities and an independent business school) and two global partners (both iconic universities).

Metagog does not produce short course programme content directly but relies on its partners to do so. Academics and professionals employed by leading South African and international universities and business schools develop quality engaging interactive coursework and content. This includes scheduled readings; content for videos, podcasts and interactive materials; and gamifications and quizzes. Metagog prides itself on shaping and crafting raw content into world-class online learning material. The company has its own studios in which it records video sessions. Metagog also employs very talented information technology professionals to assist partners in transforming print-based materials into engaging interactive online content.

Metagog enters into revenue-sharing arrangements with its partners with regard to the online short courses. Partners develop and own the content and are responsible for driving virtual classroom sessions and academic support thereafter. Metagog

markets the short courses predominantly through online advertising. The company makes extensive use of data analytics and machine learning techniques to drive delegate acquisition.

Metagog prides itself on the completion rates of its short courses – on average over 90% of delegates who register for Metagog’s courses complete their courses and achieve the desired learning outcomes. This is significantly above global averages.

Metagog has developed and offers over 50 certified short courses in conjunction with its partners. These include online learning interventions dealing with project management, finance for non-financial managers, negotiation skills, psychology in the workplace, financial modelling with MS Excel, instructional design for online learning, strategy on steroids, and digital marketing.

Metagog and its local partners are conducting an enterprise for VAT purposes.

## **5. Services and solutions offered**

Metagog provides cloud-based ‘software as a service’ (SaaS) technology solutions and services to clients. The integrated online learning platform incorporates and facilitates the following:

- Content development and management;
- Delegate acquisition tools and methodologies;
- Admissions applications;
- Delegate and faculty support; and
- Virtual classrooms.

Metagog processes delegate applications and collects amounts due for short courses. There are different pricing structures depending on the nature of courses and whether delegates pay upfront or monthly in arrears. Metagog insists that non-corporate or individual delegates pay upfront prior to the commencement of the short courses. Corporate clients (who send their employees on Metagog’s courses) are given 30 days to settle invoices. The duration of short courses varies between 8 and 12 weeks.

The support of delegates throughout the course programmes is critical to the overall success of the learning intervention. Each delegate is allocated a Metagog ‘people champion’ who interacts with delegates on an ongoing basis. These people champions monitor whether delegates have downloaded course content, completed assignments and participated in virtual classroom discussions. The Metagog support staff contact delegates promptly in cases where it is evident that delegates are tardy or are struggling with specific content or learning outcomes.

Group learning is encouraged on all short courses. Metagog has developed its own virtual classroom system whereby delegates can dial into live classroom sessions. Each delegate is able to connect and have a view of the digital classroom via his or her laptop, smartphone or desktop computer. Course coordinators and facilitators lead these classroom discussions in real time. When individual delegates speak, their faces are displayed on all participants’ screens to promote intimacy. Metagog has learnt that delegates should not be anonymous but rather identified and ‘real life’ persons to promote better learning interactions.

Delegates are required to complete quizzes or mini-assignments regularly throughout each course so that their progress can be monitored. The monitoring takes place by human review and/or automated response review (algorithm-based assessment).

## 6. Financial information

The key revenue information relating to Metagog is summarised in the table below:

Year end: December	2014	2015	2016
South African partners short courses			
Number of enrolled delegates	3 000	3 600	3 850
Average tuition fee per course per delegate	R12 500	R13 500	R14 500
Global partners short courses			
Number of enrolled delegates	1 000	2 200	3 600
Average tuition fee per course per delegate	USD2 000	USD2 050	USD2 100
Average ZAR:USD exchange rate	10,86:1	12,77:1	14,71:1
Metagog's share of tuition fees	50%	50%	50%
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Total tuition revenue	59 220	106 193	167 033
Less: Partners' share	(29 610)	(53 096)	(83 516)
<b>Metagog revenue</b>	<b>29 610</b>	<b>53 096</b>	<b>83 516</b>

Metagog is non-negotiable on revenue sharing with partners – the company insists on a standard 50% share of tuition revenue.

Metagog reported losses before the 2016 financial year (FY2016). This was entirely expected as the business developed systems and infrastructure to support future revenue growth. The financial performance over the past three financial years (extracted from the annual financial statements) is summarised below:

	FY2014	FY2015	FY2016
	R'000	R'000	R'000
<b>Revenue</b>	29 610	53 096	83 516
Operating costs			
Servicing and support	(6 929)	(9 876)	(14 365)
Technology and development costs	(5 182)	(7 221)	(10 690)
Marketing and sales	(15 427)	(25 699)	(37 666)
Administrative expenses	(4 552)	(5 118)	(5 670)
<b>EBITDA</b>	<b>(2 480)</b>	<b>5 182</b>	<b>15 125</b>
Depreciation	(1 458)	(1 749)	(2 204)
Amortisation	(1 745)	(2 605)	(3 272)
<b>EBIT</b>	<b>(5 683)</b>	<b>828</b>	<b>9 649</b>
Interest income	0	383	159
Interest expense	(6 000)	(6 000)	(6 000)
<b>Loss/profit before tax</b>	<b>(11 683)</b>	<b>(4 789)</b>	<b>3 808</b>
Taxation	0	0	0
<b>Loss/profit for the year</b>	<b>(11 683)</b>	<b>(4 789)</b>	<b>3 808</b>

Metagog has invested significantly in its technology platforms and systems over the past five years. This is reflected in the summarised financial positions (extracted from the annual financial statements) as set out in the table below:

	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Property, plant and equipment	8 744	10 495	12 393
Capitalised technology and development costs	19 889	24 790	28 416
Trade receivables	892	1 600	2 746
Other assets	744	856	907
Cash and cash equivalents	10 411	1 374	3 505
<b>Total assets</b>	<b>40 680</b>	<b>39 115</b>	<b>47 967</b>
Shareholders' equity (1 500 shares)	1 500	1 500	1 500
Accumulated losses	(15 714)	(20 503)	(16 695)
<b>Total equity</b>	<b>(14 214)</b>	<b>(19 003)</b>	<b>(15 195)</b>
Convertible loan	50 000	50 000	50 000
Trade payables	1 735	2 931	5 155
Accruals	2 567	3 593	5 334
Deferred revenue	592	1 594	2 673
<b>Total equity and liabilities</b>	<b>40 680</b>	<b>39 115</b>	<b>47 967</b>

**Note:** Metagog uses International Financial Reporting Standards as its financial reporting framework, and has not early adopted any standards.

## 7. Growth strategies

Metagog's current growth strategies are focused on the following:

- Increasing the number of global partners that the company partners with from two institutions to at least ten by December 2018;
- Entering into alliances and partnerships with at least two of their current partners to provide the technology-enabled learning platform to enable them to deliver graduate degree programmes online; and
- Expanding gamification in online learning.



**DOCUMENT C**  
**EMAIL FROM INGRID JANSEN TO JUNIOR CONSULTANT**

**From:** Ingrid Jansen  
**Sent:** Monday 6 November 2017, 6:48 AM  
**To:** Junior Consultant  
**CC:**  
**Subject:** Online learning

It is amazing – I was Googling online education and technology enabled learning this weekend and found this awesome article. Refer attached. Please read and let's chat about the relevance to Metagog. We need our clients to be aware that we are researching their industries and adding tremendous value!

Regards  
Ingrid

**Partner:** Millennial Consultants SA

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## ATTACHMENT TO EMAIL

### *Press article*

Online learning (or e-learning) and/or distance education are receiving more and more media coverage. Often the aforementioned terms are misunderstood. Some prominent universities refrain from referring to e-learning or online learning or in fact, teaching. These words are taboo for them. They prefer to use the term 'technology enabled learning'. This may all be pedantic. Learning happens in the classroom, by trial and error attempts at tasks, in social engagements, etc. Learning is happening all the time in practice. Formal education at school or tertiary level occurs either through face-to-face interventions (classroom based) or in a virtual environment, or a blend of both. The delivery and enablement of learning is evolving fast! Whether learning occurs is another matter. Pedantics aside, 'online learning' is a growing global market. This article focuses on online learning for commercial gain. Massive open online courses (MOOCs) have been around for a while but are not a real threat to universities or global players such as 2U Inc., Lynda, Pearson Embanet and Wiley Education. MOOCs completion rates are dismal in practice and accreditation credentials often leave much to be desired.

Education is a highly regulated market. To avoid compliance issues and to leverage off the credibility of esteemed institutions, online educational businesses have resorted to being service providers to universities and schools. Delivery of short courses relevant to working professionals is becoming increasingly popular. Online delivery of university degree courses is booming internationally. The Babson Survey Research Group (2017) reported that in 2015 approximately 30% of all higher education students in the USA were distance education enrolments. This means that a staggering 6,0 million out of 20,3 million students enrolled at degree granting institutions. Distance education students grew by a compound rate of 3,5% per annum from 2012 to 2015, while the total number of students declined by almost 660 000 over that period.

Distance education has many advantages over traditional, fulltime classroom education. Universities are no longer restricted in geographical reach nor are they limited to available physical infrastructure (number of classrooms and lecturers). Online learning has also developed to such a degree that it rivals classroom interventions for effectiveness. In fact, some argue that online learning is much more effective as learners can structure it to suit their own biorhythms and hone in on areas of difficulty, for example by re-watching video clips of particular sections.

The area of online learning that is growing fastest is short courses. This may be due to pressure felt by working professionals to remain relevant and the constantly evolving business universe. It could be due to the provision of online courses by prominent global universities such as Harvard, Cambridge, Oxford and Stanford giving individuals based in say India or South Africa access to materials that were not previously available to them. The pricing of short courses is generally attractive enough to entice companies to sponsor their

employees to pursue learning in their own time and to perform better in the workplace.

Online education for profit is attracting more interest. Deals involving players such as 2U Inc. and Lynda have highlighted this. LinkedIn acquired Lynda for USD1,5 billion in 2015. Shortly thereafter, Microsoft acquired LinkedIn for USD26 billion. 2U Inc. is one of the few listed companies focusing on online learning. Other players such as Pearson Embanet and Wiley Education are divisions of listed groups and their operating results are not publically disclosed. It is interesting to note that Pearson (listed on the London Stock Exchange) is exiting the publishing business and intends to focus primarily on the education market!

2U Inc. reported revenues of USD206 million in their most recent financial year – not too shabby for a company set for more rapid growth. 2U Inc. announced in May 2017 that it was acquiring 100% of GetSmarter, a Cape Town based digital education enabler, for USD103 million. According to 2U Inc.'s press announcement on the deal '... GetSmarter powers engaging online short courses in partnership with some of the world's most renowned education institutions, including the University of Cambridge, Harvard University's strategic online learning initiative, HarvardX, Massachusetts Institute of Technology, and Africa's top three universities ...'. Something is clearly happening in South Africa, with rumours about another privately owned business, called Metagog, doing good things in the online educational market.

Our world is evolving so rapidly that it may be causing headaches. For others, it provides tremendous opportunities. The online learning industry is growing in response to the accelerating demand for lifelong learning. Knowledge is readily available thanks to the Internet. Know-how, however, is a different matter.

## DOCUMENT D

### EMAIL FROM INGRID JANSEN TO JUNIOR CONSULTANT

**From:** Ingrid Jansen  
**Sent:** Tuesday 14 November 2017, 4:25 PM  
**To:** Junior Consultant  
**CC:**  
**Subject:** Gamification

Hi again

Just to bring you up to speed with some developments at Metagog. Earlier this year, Tyler met Tebogo Mothobi and James do Rego, who are involved in designing video games, at a conference in Cape Town. About two years ago they started their own company called Vame (Pty) Ltd, but have had limited success in designing video games that can compete with Minecraft or Grand Theft Auto. They have also recently expanded into education and have a contract with a big university to design a number of online learning games for them.

Metagog has been a bit light on gamification skills and this could potentially provide a major competitive edge in online learning. Metagog had discussions with these guys and, effective from 1 November 2017, acquired a 55% controlling interest in Vame. The founding members of Vame will stay on as key employees of the company and their expertise will be utilised to drive gamification strategies for Metagog's partners.

Azania called me earlier to ask if we can assist her finance department in working out how to account for the acquisition of the shares. Your expertise as a CA(SA) will indeed come in handy here! To date we have only received the attached figures extracted from the 2017 annual financial statements, as well as extracts from the sale of shares agreement (also attached). Azania promised to send me some further documentation; I will forward it to you as soon as I receive it.

Regards  
Ingrid

**Partner:** Millennial Consultants SA

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## ATTACHMENT 1 TO EMAIL

### *Extracts from the statement of financial position of Vame*

The following figures have been extracted from the statement of financial position of Vame as at 30 June 2017 (financial year end):

	<b>R'000</b>
Property, plant and equipment	6 983
Capitalised technology development costs	13 205
Trade receivables	520
Other assets	378
Cash and cash equivalents	2 145
<b>Total assets</b>	<b>23 231</b>
Shareholders' equity (see note 1)	1 000
Accumulated losses	(8 998)
<b>Total equity</b>	<b>(7 998)</b>
Bank loans	21 000
Trade payables	4 731
Accruals	2 450
Deferred revenue	3 048
<b>Total equity and liabilities</b>	<b>23 231</b>

#### **Note 1**

There are currently 1 000 ordinary shares in issue, all held by the two founding members, Tebogo Mothobi and James do Rego.

**ATTACHMENT 2 TO EMAIL**

***Extracts of clauses from the sale of shares agreement  
between Metagog and Vame***

**AGREEMENT OF SALE OF ORDINARY SHARES  
ENTERED INTO BY AND BETWEEN**

TEBOGO JOHANNES MOTHOB  
Identity number: 9310205082085

JAMES JOHN DO REGO  
Identity number: 9108085080085

(Hereinafter referred to as 'the sellers')

and

METAGOG INSTITUTE (PTY) LTD  
Registration number: 2010/011359/07

(Hereinafter referred to as 'the purchaser')

(For purposes of this agreement the sellers and the purchaser are jointly referred to as 'the parties' and 'party' means either one of them)

WHEREAS the sellers each own:

275 (two hundred and seventy-five) fully paid up ordinary shares (hereinafter collectively referred to as 'the shares') in:

VAME (PTY) LTD  
Registration number: 2013/014858/06

(Hereinafter referred to as 'the entity')

AND WHEREAS the purchaser has offered to purchase the said shares from the sellers and the sellers have agreed to sell the said shares to the purchaser on the terms and conditions set out herein.

**NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:**

.....

**SALE**

2.1 The sellers hereby sell to the purchaser, who hereby purchases, the shares.

.....

## **PURCHASE PRICE**

- 5.1 The purchase price in respect of the shares is payable by the purchaser to the sellers as follows:
- 5.1.1 An upfront cash payment of R1 000 000 (ONE MILLION RAND ALONE) within 30 days of the effective date of this agreement;
  - 5.1.2 The issue of 200 new ordinary shares in the purchaser in equal proportions to the sellers.
  - 5.1.3 A take-on bonus of R1 500 000 (ONE MILLION FIVE HUNDRED THOUSAND RAND ALONE) on the date of this agreement, provided that this amount (or portion thereof) becomes fully repayable to the purchaser in the event that any of the sellers leave the employ of the entity at any time up to and including 30 June 2021; and
  - 5.1.4 An additional cash payment of R2 000 000 (TWO MILLION RAND ALONE) on 31 December 2019, provided that the entity records a net profit after tax for the year ended 30 June 2019.

## DOCUMENT E

### EMAIL FROM INGRID JANSEN TO JUNIOR CONSULTANT

**From:** Ingrid Jansen  
**Sent:** Thursday 16 November 2017, 4:25 PM  
**To:** Junior Consultant  
**CC:**  
**Subject:** Fwd: Request for assistance in improving our governance structures

The email below refers.

I will be meeting with Azania at 10:00 on 22 November 2017 to discuss this request further. Given your knowledge of corporate governance, I would like you to accompany me, so please diarise this date.

In the meantime, please read up about the internal financial controls that may be required by an organisation providing online education services (specifically those that will contribute to the integrity of their revenue figures).

Regards  
Ingrid

**Partner:** Millennial Consultants SA

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Begin forwarded message:

**From:** Azania Njeke  
**Sent:** Thursday 16 November 2017, 2:32 PM  
**To:** Ingrid Jansen  
**CC:**  
**Subject:** Request for assistance in improving our governance structures

Dear Ingrid

As mentioned in passing during our discussion on 14 November 2017, I am becoming increasingly convinced that we must further strengthen Metagog's governance structures, and I would like your firm's assistance in this regard.

Some background:

1. The external audit for FY2017 will commence in earnest towards the end of January 2018, and if last year is anything to go by, this will be a difficult and time-consuming process – even taking into account the fact that our company's financial statements were audited for the first time last year. Hopefully, given the appointment of Danny Dubois as our financial manager earlier this year, our FY2017 audited financials will be approved and issued by 31 March 2018!
2. For the FY2016 audit a specific concern of the external auditors related to the integrity of the figures derived from our revenue system. While I assured them that we have sound internal controls in place to ensure integrity of our billing



and recording system, they nevertheless decided to follow a 'substantive' approach for the audit of revenue. Perhaps your firm could review our internal control system, and advise on any improvements that may be required? Do you think that an 'ISAE 3402 report' may be useful in persuading our auditors that our revenue system is strong? In any event, we need to consider ways of strengthening our risk management processes.

3. I suspect that our Audit Committee can function more effectively than it has in its brief history. For example, there seems to be confusion as to whether the Committee should focus purely on matters related to financial statement and audit oversight and leave risk management to other board committees, or whether the latter should also be dealt with by the Audit Committee.
4. We also need to develop and implement an attractive and effective incentive scheme for employees. Our company's ability to attract and retain key staff should be a competitive advantage – Metagog only wants to employ the best people, who in turn should be happy and resourceful. To date, we have simply paid cash bonuses on an informal and discretionary basis to staff who excel. Going forward, we need to have a structured and transparent incentivisation scheme. However, because we are still a fairly small private company, we would not consider implementing a share incentive scheme.

Can we meet next week to discuss the role that your firm can play in enhancing Metagog's corporate governance structures?

Kind regards  
Azania Njeke

**CEO:** Metagog Institute (Pty) Ltd

*'An investment in knowledge pays the best interest' Benjamin Franklin*

**DOCUMENT F**  
**EMAIL FROM INGRID JANSEN TO JUNIOR CONSULTANT**

**From:** Ingrid Jansen  
**Sent:** Thursday 16 November 2017, 6:25 PM  
**To:** Junior Consultant  
**CC:**  
**Subject:** Audit Committee meeting

Hi again

Please read through the attached draft minutes of the previous Audit Committee meeting, to familiarise yourself with the discussion points. I will chat to you about them a bit later.

Regards  
Ingrid

**Partner:** Millennial Consultants SA

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## ATTACHMENT TO EMAIL

### DRAFT MINUTES OF THE AUDIT COMMITTEE MEETING OF 17 OCTOBER 2017

#### In attendance

- Patsy Zieberman (PZ) (Chair)
- Robyn Agarwal (RA) (member)
- Azania Njeke (AN) (CEO) – by invitation

#### Apologies

- Ron Langley (RL) (member)
- Frank Vouch (FV) (external auditor)

#### 1. Opening and apologies

The Chair opened the meeting at 09:00, welcomed attendees, noted the apologies from RL and FV, and declared the meeting quorate. She noted that it was the third Audit Committee meeting since the Committee's formation in December 2016.

#### 2. Minutes of the previous meeting

The minutes of the meeting of 12 June 2017 were approved, subject to editorial corrections. There were no matters arising from these minutes.

#### 3. Taxation concerns

AN noted that she had recently attended a tax seminar and is concerned that the tax treatment of the loan from RL might currently not be appropriate. The Committee **RESOLVED** that AN be tasked to source a consultant who will report back on these matters at the next meeting. **AN**

#### 4. Revenue-sharing arrangements

PZ expressed renewed concern regarding Metagog's presentation of the revenue line item, which is an important number for the business and for stakeholders. She is of the view that Metagog's revenue can be shown on a gross basis. AN undertook to obtain input from FV on the matter as well as the VAT implications. **AN**

#### 5. Closure

The Chair thanked everyone for attending the meeting and adjourned the meeting at 10:25.

#### 6. Dates of next meetings

- 12 December 2017
- 16 March 2018
- 14 June 2018
- 17 October 2018