

## LEARNING UNIT 4 – THE KING V REPORT ON CORPORATE GOVERNANCE



Duration: 7 hours

Your time should be divided between two aspects:

- Obtaining the required knowledge  
King V was released on 31 October 2025 and will be effective for financial years starting 1 January 2026. Therefore, more time should be spent on this learning unit to ensure that you grasp the new corporate governance guide. Students are expected to read through the King V included in the SAICA Handbooks.
- Application of knowledge  
This entails the completion of the self-assessment questions included in this learning unit. After completion of the learning unit, you will have the opportunity to test your knowledge by completing some questions which will comprise of integrated activities covering other learning units, these integrated questions will be included in your additional resources folder.

The following time allocation is recommended:

<b>KING V</b>		<b>Minutes</b>
4.1	Introduction	1
4.2	Learning Outcome and Assessment Criteria	1
4.3	Exam Technique	12
4.4	KING V Code	120
4.4	Self-assessment question 4.1	35
4.5	Announcements	5
4.5	Lectures	240
	<b>Total</b>	



## 4.1 INTRODUCTION

By now, you should be familiar with the concept of “corporate governance”, not only from your studies leading up to this point, but also from watching the news on television, reading the newspapers, browsing the internet etc. Unfortunately, companies have been in the news for the wrong reasons, displaying a lack of good “corporate governance”!

Companies are an integral part of society (as corporate citizens) and we are all linked to companies in various ways, ranging from buying shares in a company to living in the same city or neighbourhood that a company operates in. It is for this reason that companies should operate in a manner that is responsible to society. King V aims to promote a culture of good corporate governance in the South African environment.

In South Africa, persistent socio-economic challenges, rising inequality, corruption, and legislative reforms (notably amendments to the Companies Act) have intensified demands for inclusive governance, responsible remuneration practices, and enhanced oversight through social and ethics committees. Against this backdrop, King V positions corporate governance as a strategic tool for resilience, long-term value creation and societal legitimacy rather than mere regulatory compliance



## 4.2 LEARNING OUTCOME AND ASSESSMENT CRITERIA

The content of this learning unit is based on the following learning outcome and assessment criteria:

Learning outcome	Assessment criteria
Exercise KING V corporate governance principles in practical situations.	Discuss and apply the KING V corporate principles in given case studies.



## 4.3 EXAMINATION TECHNIQUE

- **Corporate Governance and King V:**

When answering a question on the KING V report on governance, it is important to identify all the principles and recommended practices present in the scenario. While SAICA permits the use of the KING V report during exams as part of their open-book policy, it is strongly recommended to be well-versed with the document. This familiarity will help you quickly identify the relevant principles and practices.

- **Exam Frequency:**

Corporate governance remains a highly topical subject and is examined regularly.

- **KING V Familiarity:**

Knowing the KING V report allows you to effectively locate the principles and practices applicable to a scenario. You will therefore spend more time in 2026 getting to know the updated KING V Report

on Corporate Governance.

However, to get marks during assessments, is not enough to merely state the theory; you are required to apply the theory to the given scenario. Although it is not mandatory to list the principles and practices by number, doing so reflects good exam technique.

- **Integration with Other Topics:**

Corporate governance often integrates with various topics. When preparing for tests and examinations, always think about how KING V aspects can connect to other auditing topics, especially the Companies Act, as well as concepts from your other subjects (especially strategy that is covered in MAC4862). It is important in CTA not to study in silos but to see how the topics interact with other learning units within the auditing module and also the other CTA modules such as MAC4862, CAS4801, FAC4866 and TAX4862.

- **Examination Techniques:**

Adopting strong exam techniques is essential. For example, when identifying non-application of KING V or concerns, avoid discussing areas where KING V has been correctly applied—a common error students make. Properly analyze the scenario, plan your answer, and clearly structure it into distinct sections to improve your chances of earning marks.

Although KING V has been amended, the exam technique that you should apply still remains the same.

- **Avoiding Assumptions:**

Do not make assumptions beyond the facts provided unless explicitly instructed to do so. Assumptions waste valuable time and often fail to score marks.

Focus on the strong triggers covered in the assessment's scenario to ensure that you get marks.

- **Effective Study and Answering Approaches:**

To study corporate governance effectively, establish a solid theoretical foundation and practice answering as many questions as possible. Always plan your answer thoroughly, using the following framework:

- **The 5 P's:**

Proper

Planning

Prevents

Poor

Performance

Maximizing Marks:

Note that more marks are available than what is required. Develop the habit of offering more content than the minimum required to enhance your scoring potential. Always aim to provide a comprehensive answer based on your analysis of the scenario and include practical application of the identified principles and practices.

## 4.5 KING V Summary

You should now start looking at KING V in your SAICA Handbooks. Remember, you get to take in your SAICA Handbooks into the exam, so it's wise to underline and highlight relevant information. We must remind you that the SAICA Open Policy (<https://saicawebprstorage.blob.core.windows.net/uploads/resources/IAC-Regulations-2025.pdf>) will be applied to all your CTA modules, including auditing. Therefore, ensure that you do not write anything in your SAICA Handbooks.

A major innovation in King V is its deconstructed format, replacing the single-document structure of King IV. King V now consists of four interrelated documents:

- King V Foundational Concepts
- King V Code
- King V Glossary
- King V Disclosure Framework

King V operates alongside legislation and other standards rather than replacing them. Legal requirements take precedence in cases of conflict, but King V encourages governance practices that exceed minimum legal compliance. Therefore, for example, the Companies Act provisions take precedence over the King V Report on Corporate Governance.

King V also complements sustainability and reporting standards (including the IR Framework) without prescribing specific metrics or sectoral frameworks (CAS4801).

### Key changes

The number of principles has been reduced from 17 to 13 through consolidation. Certain principles were merged to reflect integrated governance roles (e.g. governing body leadership, performance evaluation and ethics):

King V Principle 1 = King IV Principle 1, 6 and 9.

King V Principle 2= King IV Principle 2 and 3.

The principle relating specifically to institutional investors (King IV Principle 17) was removed due to its limited applicability, with continued reliance on the Code for Responsible Investment in South Africa (CRISA) for guidance on responsible investment.

## Disclosure on King V

The application and disclosure regime for King V is “apply and explain” which can be depicted as follows:

**Apply principles** universally.

**Explain** non-adoption or modification of **recommended practices**.

**Provide a concluding statement on the governance outcomes**, specifically on whether the application of the King V principles and the implementation of its recommended practices, in the opinion of the governing body, are considered to have realised value for the organisation within its economic, social and environmental context in accordance with the stated governance outcomes: Ethical Culture; Performance and Value Creation; Conformance and Prudent Control; Legitimacy.

The **King V Disclosure Framework** is an inextricable part of giving effect to the King V Code and, therefore, a requirement for any organisation that wishes to claim application of King V.

\*Institute of Directors South Africa: KING V Report of Corporate Governance for South Africa 2025 (<https://www.iodsa.co.za/page/king-v>)

King V places the emphasis on corporate governance being outcome based. There should be evidence of value created within the organisation. The following are the four governance outcomes for King V:

- Ethical culture
- Performance and value creation
- Conformance and prudent control
- Legitimacy

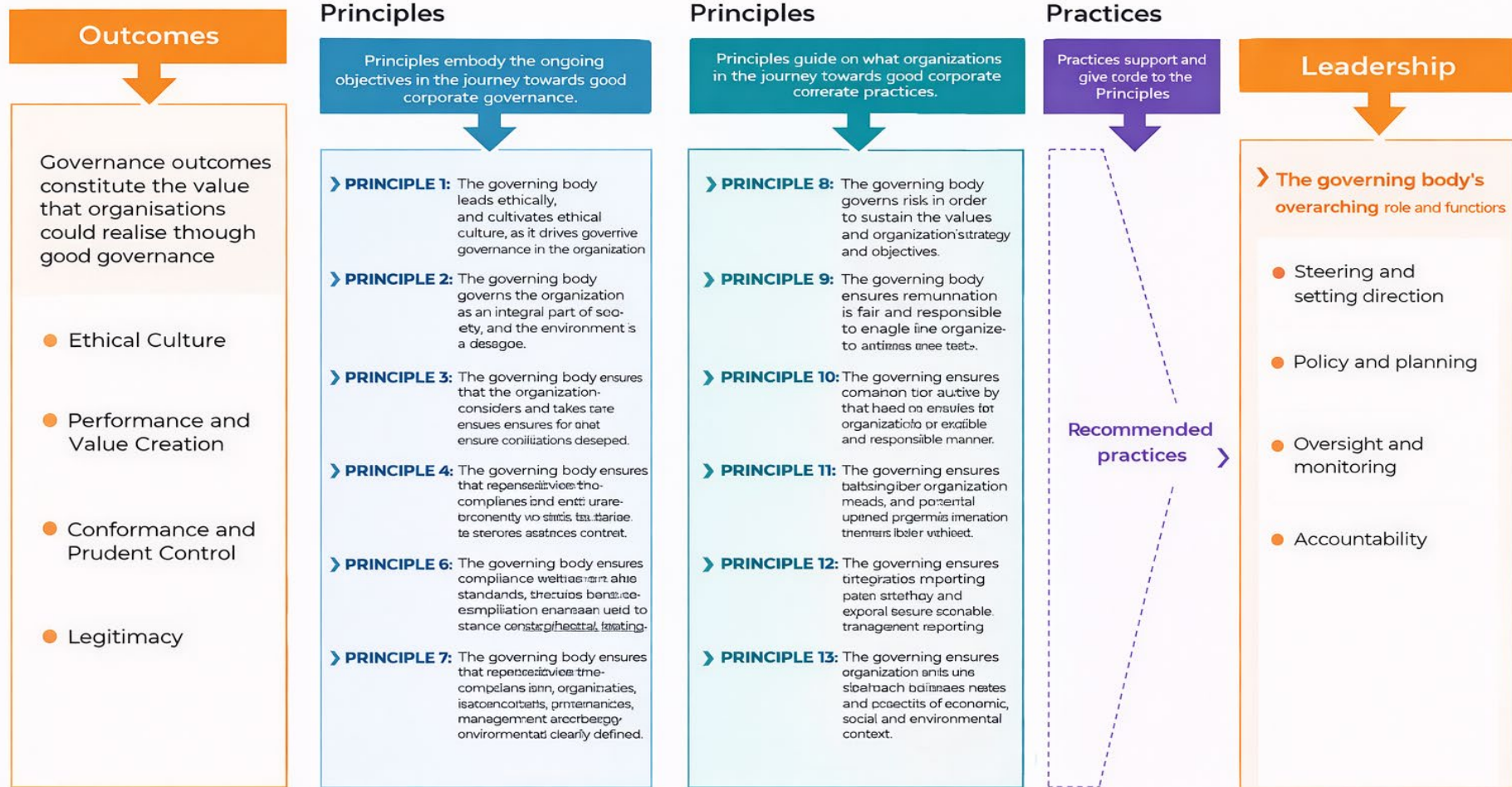
The organisation's overall objective is to meet the above governance outcomes to create overall value for the organisation. To achieve this, the organisation will have to pursue the principles (objectives) outlined in King V. As covered above, King IV, also had principles, so this should not be a new concept for you. As stated in the King V foundational concepts, “*A principle is the articulation of the ongoing objective that an organisation should aim to attain with respect to that domain area of governance.*”

Lastly, King V Code has the recommended practices. These are actions that will support the principles/objectives discussed above. As you look at the King V Code, you will realise that the recommended practices are now separated according to the following overarching role and functions:

- Steering and setting direction
- Policy and planning
- Oversight and monitoring
- Accountability

Below is a summary of the King V Code that can assist with your studies:

# KING V ON A PAGE



#### 4.5 Self-assessment Question

The below self-assessment question will assist you with revising the basics for King V.

Additional question(s) have been uploaded be loaded on myUNISA. It is important that you go through the uploaded questions in preparation for the upcoming assessments.

##### Question 4.1 marks

10

Activity	Estimated Time		
	Reading and Writing	Marking and review	Total
SAICA 2023 Jan Paper 3 Question 2 (c) (Adjusted)	25 minutes	10 minutes	35 minutes

Lilly Bloome incorporated Parlé Green (Pty) Ltd ('PG') in 2005. PG acquired a property located on a major tourist road close to Paarl in the Western Cape and opened a nursery that sells plants and gardening products to the public. The plants and gardening products are purchased from third-party suppliers. Due to the recent drought in the Western Cape, Lilly decided to diversify the company's operations to benefit from the natural beauty of the property.

PG raised funds from new shareholders, which it used to construct three new buildings on its property. It has operated the following businesses since 2019:

- *Green Fingers*, the nursery (PG's original business);
- *Green Room*, a restaurant housed in one of the new buildings, with a seating capacity of 60 people; and
- *Green Space*, a traders' market that operates in and around the other two buildings. Third-party traders (who sell paintings, sculptures, ceramic works, home decorations, and clothing) rent stalls from PG in which they sell their crafts and specialised products to the public. The rental periods vary from a day to up to 24 months.

Customers of Green Fingers and Green Room ordinarily pay by means of debit or credit cards, with cash receipts accounting for about 20% of the total takings – there are no credit sales. Green Space traders deposit their rental payments directly into PG's bank account. Traders who pay their rentals upfront qualify for discounts on the normal rental charges (the earlier the payment is made, the larger the discount received). In recognition of the challenging economic conditions experienced in South Africa, a few traders have been permitted to settle their rentals for periods of up to three months after the stall has been rented.

PG currently employs 20 full-time staff members, and a further 30 individuals are contracted on a regular basis for work over weekends and during peak times. The company's businesses are expected to continue to grow in the future.

## 2 Board of directors

Despite being a private company, PG's shareholders recognise the importance of a well-constituted board of directors. The board of PG comprises the following members:

Name	Role	Date appointed	Brief background
Oswald Titus	Chairperson and non-executive director	31 October 2021	<ul style="list-style-type: none"> <li>• Politician</li> <li>• Former mayor of Paarl</li> </ul>
Palesa Mosala	Non-executive director	1 January 2018	<ul style="list-style-type: none"> <li>• Well-known businesswoman</li> <li>• Major shareholder in PG</li> </ul>
Pine Prins CA(SA)	Non-executive director	1 October 2019	<ul style="list-style-type: none"> <li>• Managing partner of Prins Inc., a firm of professional accountants (but which does not provide any services to PG)</li> </ul>
Lilly Bloome	Managing director	12 July 2005	<ul style="list-style-type: none"> <li>• Founder of PG</li> <li>• An enthusiastic gardener</li> </ul>
Daisy Bloome CA(SA)	Financial director	1 April 2025	<ul style="list-style-type: none"> <li>• Daughter of Lilly Bloome (she has been dating Pine Prins since 2019)</li> <li>• Qualified as a CA(SA) in 2025</li> <li>• Completed her training contract with WW</li> <li>• Responsible for PG's entire accounting function, including the banking of all cash receipts</li> </ul>

As a private company, and relying on the 'proportionality' principle recognised in the King V Report as an alternative option, the board agreed that no board committees should be established. All governance-related matters will be dealt with at the board level.

PG has the following shareholders:

Name	Shareholding
Lilly Bloome	40%
Palesa Mosala	40%
Oswald Titus	10%
PG Employee Share Trust	10%

The PG Employee Share Trust holds shares in PG on behalf of the company's 20 full-time staff members.

PAPER 3 QUESTION 2 – REQUIRED		Marks	
		Sub-total	Total
(c)	Critically evaluate the appropriateness of the board composition of PG, as well as the suitability of the individual directors serving on the board.	9	9
<b>Total for question</b>			<b>9</b>



	seem possible with less than 3 independent non-executive directors on the board.	
4	Moreover, <b>Oswald, the board chair, may not be independent</b> should the value of his shares in PG be material to his personal wealth. In terms of the King V Code the board chair should be independent to be able to lead the governing body effectively. Furthermore, there is no mention of an independent non-executive member being appointed as lead independent. (P6RP45)	1 1
5	Bloome family members hold two of the board positions, and Daisy has a relationship with another member (Pine), and these close <b>relationships will undermine the board's ability</b> to hold underperforming board members to account.	1
6	Based on the above governance lapses, the <b>directors are not applying themselves</b> when it comes to governance as Palesa, Pine and Daisy, should be familiar with the requirements of King V.	1
<b>Available</b>		<b>18</b>
<b>Maximum</b>		<b>9</b>
<b>Total for part (c)</b>		<b>9</b>

#### 4.5 Announcements

Please refer to the **Additional Resources** folder for Learning Unit 4 for some additional resources on the content of this Learning Unit.

#### 4.6 Lectures

Lectures will be held during the year. Additional learning material and questions will also be loaded under the **Additional Resources** folder. Refer to the **Announcements** for additional information on lectures.