Report of the independent auditors

To the members of The South African Institute of Mining and Metallurgy

We have audited the annual financial statements of The South African Institute of Mining and Metallurgy set out on pages 357 to 366 for the year ended 30 June 2002. These financial statements are the responsibility of the Institute's Council. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We have conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Institute at 30 June 2002 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice.

Auditors
26 July 2002

Council's approval of the annual financial statements

The annual financial statements for the year ended 30 June 2002 set out on page 357 to 366 were approved by the Council on 26 July 2002 and are signed on its behalf by:

Alastair Douglas

President

Treasurer

The South African Institute of Mining and Metallurgy

Balance sheet
at 30 June 2002

	Note	2002 R	2001 R
Assets			
Non-current assets		**2 760 736**	1 228 392
Furniture and equipment	*2*	**72 179**	57 371
Listed investments	*3*	**2 628 557**	1 111 021
Loan	*4*	**60 000**	60 000
Current assets		**1 686 713**	1 324 871
Inventories		**8**	8
Accounts receivable and prepayments less provisions		**916 758**	999 015
Deposits		**3 630**	3 630
Cash and cash equivalents	*5*	**766 317**	322 218
Total assets		**4 447 449**	2 553 263
Equity and liabilities			
Funds and reserves		**3 409 933**	1 802 009
Funds	*6*	**1 926 296**	475 153
Retained surplus		**1 483 637**	1 326 856
Current liabilities			
Accounts payable and provisions		**1 037 516**	751 254
Total equity and liabilities		**4 447 449**	2 553 263

The South African Institute of Mining and Metallurgy

Statement of changes in equity
for the year ended 30 June 2002

	Note	Funds R	Retained surplus R	Total R
Balance at 1 July 2000		530 610	467 583	998 193
Awards and expenses		(128 047)	–	(128 047)
Net surplus for the year		–	909 273	909 273
Reclassification of provisions		22 590	–	22 590
Transfers to funds		50 000	(50 000)	–
Balance at 30 June 2001		**475 153**	**1 326 856**	**1 802 009**
Donations received		130 000		130 000
Awards and expenses		(178 857)	–	(178 857)
Net surplus for the year		–	1 656 781	1 656 781
Transfers to funds		1 500 000	(1 500 000)	–
Balance at 30 June 2002		**1 926 296**	**1 483 637**	**3 409 933**

The South African Institute of Mining and Metallurgy

Income and expenditure account
for the year ended 30 June 2002

	Note	**2002** **R**	2001 R
Income	*7*	**2 914 253**	1 965 342
Expenditure	*8*	**1 257 472**	1 056 069
Net surplus for the year		**1 656 781**	909 273

The South African Institute of Mining and Metallurgy

Cash flow statement

for the year ended 30 June 2002

	2002 R	2001 R
Net surplus for the year	**1 656 781**	909 273
Adjustments for:		
– provisions reversed	–	(34 626)
– revaluation of investments	(151 288)	5 268
– depreciation	17 433	15 387
– loss on sale of investments	33 324	7 252
– interest and dividends received	(164 953)	(89 839)
Cash outflows from operations before working capital changes	**1 391 297**	812 715
Working capital changes	368 519	(822 833)
Decrease/(increase) in accounts receivable and prepayments	82 257	(530 693)
Increase in deposits	–	(600)
Increase/(decrease) in accounts payable and provisions	286 262	(291 540)
Cash generated by operations	**1 759 816**	(10 118)
Interest and dividends received	164 953	89 839
Net cash inflow from operating activities	**1 924 769**	79 721
Cash flow from investing activities	**(1 431 813)**	(290 555)
Acquisition of furniture and equipment	–	(43 970)
Acquisition of computer equipment	(32 241)	–
Net acquisition of investments	(1 399 572)	(186 585)
Loan advanced	–	(60 000)
	492 956	(210 834)
Cash flow from funds activities		
Donations received	(48 857)	(105 457)
Awards and expenses	130 000	–
	(178 857)	(105 457)
Net increase(decrease) in cash and cash equivalents	444 099	(316 291)
Cash and cash equivalents at beginning of year	322 218	638 509
Cash and cash equivalents at end of year	**766 317**	322 218

The South African Institute of Mining and Metallurgy

Notes to the annual financial statements

for the year ended 30 June 2002

1. Accounting policies

The financial statements have been prepared in accordance with the historical cost convention, except for financial instruments which are carried at fair value, and incorporate the following principal accounting bases and presentation which are the same as those adopted for the previous year.

1.1 Inventories

The inventories of publications is held and sold by the Institute for its own account and on behalf of its publishing partners who have underwritten some of the publications. The inventories are reflected in the financial statements at nominal value.

1.2 Listed investments

Listed investments, classified as 'available for sale financial assets', are initially carried at cost. Subsequent to initial recognition they are carried at their market value calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date.

1.3 Fixed assets and depreciation

Furniture and equipment are depreciated over their estimated useful lives. Medals, plaques, dies, and banners are recorded at a nominal value.

1.4 Investment income

Dividends are recognised when the right to receive payment is established.

1.5 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments, net of bank overdrafts.

1.6 Retirement benefits

The Institute contributes to a defined contribution plan. Contributions to defined contribution funds are charged against income as incurred.

1.7 Provisions

Provisions are recognised when the Institute has a present legal or constructive obligation as a result of a past event, for which it is probable that an outflow of economic benefits will occur and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is the pre-tax rate that reflects current market interest assessment of the time value of money, and, where appropriate, the risks specific to the liability.

The South African Institute of Mining and Metallurgy

Notes to the annual financial statements
for the year ended 30 June 2002 (continued)

		2002 R	2001 R
2.	**Furniture and equipment**		
	Cost		
	Furniture and fittings	119 493	119 493
	Computer equipment	221 697	189 456
		341 190	308 949
	Accumulated depreciation		
	Furniture and fittings	109 215	107 318
	Computer equipment	159 796	144 260
		269 011	251 578
	Net book value	72 179	57 371

	Furniture and fittings R	Computer equipment R	Total R
	10 278	61 901	72 179
Opening net book value	12 175	45 196	57 371
Additions	–	32 241	32 241
Disposals	–	–	–
Depreciation	(1 897)	(15 536)	(17 433)

		2002 R	2001 R
3.	**Listed investments**		
	Investments at cost at beginning of year	1 216 564	1 371 943
	Net purchases/(sales) of investments	1 366 250	(155 379)
	Investments at cost at end of year	2 582 814	1 216 564
	Investments at market value	2 628 557	1 111 021

4. Loan

The interest-free loan is to the Western Cape Branch, an Institution independent from SAIMM. The financing is for a conference to be held in 2003, after which the loan will be repaid and a portion of the profits distributed to SAIMM.

5. Cash and cash equivalents

	2002 R	2001 R
Current account	20 189	(124 000)
Call account	745 538	445 422
Cash on hand	590	796
Total	766 317	322 218

The South African Institute of Mining and Metallurgy

Notes to the annual financial statements
for the year ended 30 June 2002 (continued)

		2002 R	2001 R
6.	**Funds**		
6.1	Prof. R.E. Robinson Fund		
	– balance at beginning of year	120 622	109 108
	– transfer from retained surplus	400 000	11 514
		520 622	120 622
6.2	Brigadier Stokes Memorial Fund		
	– balance at beginning of year	96 659	74 069
	– awards and expenses	(33 026)	(22 016)
	– transfer from retained surplus	50 000	22 016
	– reclassification of provisions	–	22 590
		113 633	96 659
6.3	PWJ van Rensburg Fund		
	– balance at beginning and end of year	153 778	153 778
	– Funding—J. Crossland Education Maths and Science	(4 000)	–
	– transfer from retained surplus	1 000 000	–
		1 149 778	153 778
6.4	MacArthur Forrest Memorial Fund		
	– balance at beginning of year	65 889	65 889
	– awards and expenses	(28 970)	(16 470)
	– transfer from retained surplus	50 000	16 470
		86 919	65 889
6.5	Safety in Coal Mining Award Fund		
	– balance at beginning of year	38 205	38 205
	– awards and expenses	(38 205)	–
		–	38 205
6.6	Infacon Bursary Fund		
	– balance at beginning of year	–	89 561
	– expenses repayment	–	(89 561)
		–	–
6.7	Gold Medal Awards—Pretoria & Wits Universities		
	– balance at beginning of year	–	–
	– donations received	130 000	–
	– awards and expenses	(74 656)	–
		55 344	–
	Total of funds at end of year	1 926 297	475 153

The South African Institute of Mining and Metallurgy

Notes to the annual financial statements
for the year ended 30 June 2002 (continued)

		2002	2001
		R	R
7.	**Income** comprises		
	Company affiliates subscriptions	**252 632**	225 964
	Membership entrance fees and subscriptions	**800 508**	708 328
	Conferences, colloquia and subscriptions	**1 508 337**	914 321
	Interest and dividends received	**164 953**	89 839
	Revaluation of investments	**151 288**	–
	Special Publication series		
	– Sales	**62 078**	43 253
	Less expenditure	**(25 543)**	(16 363)
	– Expenses net of postage recoveries	**(25 543)**	(16 363)
	– Cost of production	**–**	–
	Net income from Special Publications	**36 535**	26 890
		2 914 253	1 965 342

The South African Institute of Mining and Metallurgy

Notes to the annual financial statements
for the year ended 30 June 2002 (continued)

	2002		2001	
	R	**R**	R	R
9. Expenditure comprises				
Secretarial costs		**352 220**		271 786
Institute *Journal*		**353 567**		215 263
– Expenses	**851 310**		598 650	
– Secretarial fee	**94 885**		65 290	
	946 195		663 940	
Deduct	**592 628**		448 677	
– Advertising	**418 055**		333 386	
– Sales	**174 573**		115 291	
Administration expenditure		**431 832**		486 683
Audit fee		**14 850**		13 500
Revaluation of investments		–		5 268
Depreciation		**17 433**		15 387
Historical cost loss on sale of investments		**33 324**		7 252
Lease and moving expenditure		–		261
Provisions reversed/(created)		–		(34 626)
Subscriptions written off		**54 246**		75 295
		1 257 472		1 056 069

S.A.N.C.O.T.

Alec Wilson Memorial Award

For the best paper on Underground Construction

The South African National Council on Tunnelling (SANCOT) makes an annual award together with an appropriate certificate to the author(s) of the best paper concerned with the technology of underground construction. The papers must be published in any South African journal or presented at a conference in southern Africa or any paper by a South African author in overseas journals and/or in any overseas conference proceedings.

For the 2002 Award, papers published between September 2001 and August 2002, will be considered.

The criteria for judging by the panel will be orginality, interest value, quality of presentation, and the contribution of the paper towards the advancement of the technology of underground construction.

Should no paper published be considered of sufficient merit, no award will be made.

The award may be divided between the authors of papers judged of equal merit. If more than one paper is considered to be of exceptional merit, the runner may be carried forward for consideration together with nominations for the following year.

The presentation of the 2002 SANCOT Award will be made at the SANCOT Conference to be held on Friday 15th November 2002.

Should this Conference not take place the Award will be presented at a future General Meeting after the end of October 2002.

Nominations should be sent to Alan Davis by Friday 11 October 2002. to one of the following addresses:
E-mail: alanda@ionet.co.za or Fax:(031) 5022655 or
P.O. Box 1795
Mount Edgecombe CC, 4301. ◆

Scope widens for JKSimBlast*

The next six months into early 2003 could 'explode' into something big for the JKMRC and African Explosives Limited with both groups looking towards a long-term arrangement based around AEL's use of software blasting package JKSimBlast.

JKMRC Mining Research Manager Dr Gideon Chitombo said it was important for the JKMRC to collaborate with mining and explosive companies.

'We've established relationships with Dyno Nobel through Mine to Mill research where they have made a commitment to use JKSimBlast extensively through the organization, and with Enaex in Chile through 'Blasting To Customer Specification' research,' he said.

'Now we are establishing a long-term strategic alliance with African Explosives Limited in Africa.'

AEL Consulting Mining Engineer Mr Claude Cunningham said it made sense that rather than AEL develop blasting software for Africa's mining industry and the JKMRC develop software for the same industry, why not get together.

To initiate that process AEL recently sent one of their senior softwate engineers, Mauritz Kotze, from Johannesburg to Australia to work closely with JKMRC software engineers Italo Onederra, David La Rosa, Kai Riihioja and Alan Cocker.

Together they looked at the best direction to take in terms of software needs for both the JKMRC and AEL.

Mauritz Kotze said AEL is driven towards having a blasting history and blasting advisory system embedded in their software—the kind of facility provided by JKSimBlast.

'At the moment we don't have anything in the line of data capturing unless we look at individual reports,' Mr Kotze said.

He said JKSimBlast was the first software package of its type that incorporated a pure Blast Management System structure.

In its current form, JKSimBlast is a tool which manages historical data about a blasting operation, and can be oriented towards simulating bench, ring or face blasting depending on the module that comes with the controller.

The alliance between AEL and JKMRC will take this further.

'We will look at incorporating 3D modelling of blast faces and programmable detonators in the JKSimBlast software, making it much more than a historical data storage and blast management system,' Mr Kotze said.

Under the terms of the current agreement, mixed with the enthusiasm from the software engineers, AEL and the JKMRC are looking at having an upgraded product into the market-place within a year.

'What we've agreed is that we can make this work within a year, which is a relatively short timeframe for software projects of this type,' Mr Kotze said.

Media inquiries to: JKMRC Communications Coordinator, Mr David Goeldner, email: d.goeldner@mailbox.uq.edu.au, phone +61 7 3365 5848. ◆

* *Contact: JKMRC Mining Research Manager, Dr Gideon Chitombo, email: g.chitombo@mailbox.uq.edu.au Phone +61 7 3365 5865. African Explosives Limited, Consulting Mining Engineer, Mr Claude Cunningham, email: cvbc@ael.co.za Phone +27 82 556 1134.*