

## **Audit Report**

### **To the members of The SAIMM Scholarship Fund**

I have audited the annual financial statements of The SAIMM Scholarship Fund set out on pages 615 to 624 which comprise the balance sheet as at 30 June 2007, the income statement, statement of changes in reserves, cashflow statement for the year then ended as well as a summary of significant accounting policies and other explanatory notes.

### **Trustees' responsibility for the Annual Financial Statements**

The trustees are responsible for the preparation and fair presentation of these annual financial statements in accordance with the accounting policies of the fund. This responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the annual financial statements, that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

My responsibility is to express an opinion on these annual financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend upon the auditor's judgement, including the assessment of the risk of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the fund's preparation and fair presentation of the annual financial statements 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 fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustees, as well as evaluating the overall presentation of the annual financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the annual financial statements present fairly, in all material respects, the financial position of the fund at 30 June 2007 and the results of its operations and cashflows for the year then ended in accordance with the accounting policies of the fund.

7 August 2007

## Annual Financial Statements

### The Southern African Institute of Mining and Metallurgy

#### The SAIMM Scholarship Fund (Registration number IT 6837/02)

##### Financial statements

*for the year ended 30 June 2007*

##### Trustees' responsibilities and approval

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The trustees are to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with generally accepted accounting policies of the fund. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the accounting policies of the fund and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the fund and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the trustees set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequacy segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the trust and all employees are required to maintain the highest ethical standards in ensuring the fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the fund is on identifying, assessing, managing and monitoring all known forms of risk across the fund. While operating risk cannot be fully eliminated, the fund endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The trustees are of the opinion 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 annual financial statements set out on pages 615–624, which have been prepared on the going concern basis, were approved on 7 August 2007 and are signed by:



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Vice-Chairman

## Annual Financial Statements

### The Southern African Institute of Mining and Metallurgy

#### The SAIMM Scholarship Fund (Registration number IT 6837/02)

##### Financial statements

*for the year ended 30 June 2007*

##### Trustees' Report

The trustees submit their report for the year ended 30 June 2007.

##### 1. Registration

The fund was registered as a trust on 11 November 2002 with a registration number IT 6837/02. The fund can sue and be sued in its own name.

##### 2. Review of activities

##### Main business and operations

- The principal objects of the fund are to:
  - 1) support and promote, foster and advance the interests of the minerals industry by providing the beneficiaries with funds to be used to support the education of the students in the minerals industry;
  - 2) to collect monies and accept contributions in monies or otherwise by way of donations, bequests or otherwise and to apply the same or the income therefrom for all or any of the objects set out in 1 above.
- The principal address of the fund is 5th Floor, Chamber of Mines Building, 5 Hollard Street, Johannesburg. The fund has no full-time employees and is administered by The Southern African Institute of Mining and Metallurgy.

## Annual Financial Statements

### The Southern African Institute of Mining and Metallurgy

#### The SAIMM Scholarship Fund (Registration number IT 6837/02)

##### Balance Sheet at 30 June 2007

	<i>Note</i>	2007 R	2006 R
<b>Assets</b>			
Non-current assets			
The Southern African Institute of Mining and Metallurgy	2	187 612	370 325
<b>Total assets</b>		<b>187 612</b>	<b>370 325</b>
<b>Reserves and liabilities</b>			
<b>Reserves</b>			
Founding settlement		1 000	1 000
Distributable reserve		186 612	369 325
<b>Total reserves and liabilities</b>		<b>187 612</b>	<b>370 325</b>

## Annual Financial Statements

### The Southern African Institute of Mining and Metallurgy

#### The SAIMM Scholarship Fund (Registration number IT 6837/02)

##### Income statement

*for the year ended 30 June 2007*

	<i>Note(s)</i>	2007 R	2006 R
Donations received		230 836	247 272
Donations made and administration expenses		(413 549)	(212 746)
<b>Operating surplus/(deficit)</b>		<b>(182 713)</b>	<b>34 526</b>
<b>Surplus/(deficit) for the period</b>		<b>(182 713)</b>	<b>34 526</b>

## Annual Financial Statements

### The Southern African Institute of Mining and Metallurgy

#### The SAIMM Scholarship Fund (Registration number IT 6837/02)

##### Statement of changes in reserves *for the year ended 30 June 2007*

	Founding settlement R	Retained earnings R	Total equity R
<b>Balance at 1 July 2005</b>	<b>1 000</b>	<b>334 799</b>	<b>335 799</b>
Changes			
Deficit for the year		34 526	34 526
Total changes	–	34 526	34 526
<b>Balance at 1 July 2006</b>	<b>1 000</b>	<b>369 325</b>	<b>370 325</b>
Changes			
Surplus for the year		(182 713)	(182 713)
Total changes	–	(182 713)	(182 713)
<b>Balance at 30 June 2007</b>	<b>1 000</b>	<b>186 612</b>	<b>187 612</b>

## Annual Financial Statements

### The Southern African Institute of Mining and Metallurgy

#### The SAIMM Scholarship Fund (Registration number IT 6837/02)

**Cash flow statement**  
*for the year ended 30 June 2007*

	2007 R	2006 R
<b>Cash flows from operating activities</b>		
Cash generated from (used in) operations	(182 713)	34 526
<b>Cash flows from investing activities</b>		
(Increase)/decrease in loans receivable	182 713	(34 526)
<b>Net cash from investing activities</b>	<b>182 713</b>	<b>(34 526)</b>

# Annual Financial Statements

## The Southern African Institute of Mining and Metallurgy

### The SAIMM Scholarship Fund (Registration number IT 6837/02)

#### Financial statements

*for the year ended 30 June 2007*

#### Accounting Policies

##### 1. Presentation of financial statements

The annual financial statements have been prepared in accordance with accounting policies of the fund. The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

##### 1.1 Significant judgements

In preparing the annual financial statements, the trustees are required to make estimates and assumptions that effect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

##### 1.2 Financial instruments

###### 1.2.1 Initial recognition

The trust classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognized on the fund's balance sheet when the fund becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are recognized initially at cost, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the cost.

Assets carried at fair value: the change in fair value shall be recognized in profit or loss or in equity, as appropriate.

###### 1.2.2 Subsequent measurement

After initial recognition financial assets are measured as follows:

- loans and receivables and held-to-maturity investments are measured at amortized cost using the effective interest method;
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost;
- other financial assets, including derivatives, at fair values, without any deduction for transaction costs which may incur on sale or other disposal.

After initial recognition financial liabilities are measured as follows:

- financial liabilities at fair value through profit or loss, including derivatives that are liabilities, are measured at fair value.
- other financial liabilities are measured at amortized cost using the effective interest method.

##### 1.3 Loans receivable

This includes the loan to The Southern African Institute of Mining and Metallurgy, which earns no interest and has no repayment terms. This loan is carried at cost less any provision for bad debt.

##### 1.4 Revenue

Revenue comprises contributions received from donors and is recognized on receipt.



## Annual Financial Statements

### The Southern African Institute of Mining and Metallurgy

#### The SAIMM Scholarship Fund (Registration number IT 6837/02)

##### Notes to the Financial Statements

*for the year ended 30 June 2007*

	2007 R	2006 R
<b>2. Loans receivable</b>		
The Southern African Institute of Mining and Metallurgy	187 612	370 325
The loan is unsecured interest free with no fixed terms of repayment		
Non-current assets	<hr/> 187 612	<hr/> 370 325
<b>3. Taxation</b>		
The trust is exempt from tax in terms of Section 18A of the Income Tax Act		

## Annual Financial Statements

### The Southern African Institute of Mining and Metallurgy

#### The SAIMM Scholarship Fund (Registration number IT 6837/02)

##### Detailed Income Statement *for the year ended 30 June 2007*

	Note(s)	2007 R	2006 R
Donations received		230 836	247 272
Donations made and administration expenses			
Administration expenses		(6 549)	(34 746)
Donations made		(407 000)	(178 000)
		<hr/>	<hr/>
		(413 549)	(212 746)
		<hr/>	<hr/>
Operating surplus/(deficit)		(182 713)	34 526
		<hr/>	<hr/>
Surplus/(deficit) for the period		(182 713)	34 526
		<hr/>	<hr/>